



THE PORT
OF LOS ANGELES

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: FEBRUARY 16, 2021

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF REVOCABLE PERMIT NO. 20-22 BETWEEN PARAMOUNT PIPELINE, LLC AND THE CITY OF LOS ANGELES HARBOR DEPARTMENT

SUMMARY:

Staff requests approval of Revocable Permit (RP) No. 20-22 between Paramount Pipeline, LLC (Paramount) and the City of Los Angeles Harbor Department (Harbor Department) for maintenance and operation of a subsurface hydrogen pipeline located along the westerly perimeter of the Intermodal Container Transfer Facility (ICTF) in Wilmington. The pipeline is owned by Paramount and will be operated by Air Products and Chemicals, Inc. (Air Products). The initial annual rent is \$81,270.00 and is subject to annual increases based on the Consumer Price Index (CPI).

As part of this action, the Harbor Department must make certain findings and determinations pursuant to the California Environmental Quality Act (CEQA) because it is considered a Responsible Agency in granting a permit for the hydrogen pipeline (Line 4) of the project.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that since certification of the Final Environmental Impact Report by the City of Carson (State Clearinghouse No. 2020059038), there have been (1) no substantial changes to the Project which would require major revisions of the Final Environmental Impact Report, (2) no substantial changes with respect to the circumstances under which the Project is being undertaken which would require major revisions in the Final Environmental Impact Report, and (3) no new information has become available which was not known or could have been known at the time the Final Environmental Impact Report was certified as complete;
2. Adopt the Findings of Fact and Statement of Overriding Considerations;
3. Adopt the mitigation measures contained in the Mitigation Monitoring and Reporting Plan that pertain to the operation of Line 4 project element of the certified Final Environmental Impact Report;
4. Authorize the Environmental Management Division to file the Notice of Determination with the Los Angeles County Clerk and the State Clearinghouse;

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5. Find that the Director of Environmental Management has determined that the proposed action has been previously assessed in the Air Products Hydrogen Pipeline Environmental Impact Report (State Clearinghouse No. 2020059038), certified by the City of Carson on November 10, 2020;
6. Approve Revocable Permit No. 20-22 between Paramount Pipeline, LLC and City of Los Angeles Harbor Department, which has incorporated the measures contained in the Mitigation Monitoring and Reporting Plan that pertain to the operation of Line 4 project element of the certified Final Environmental Impact Report;
7. Authorize the Executive Director to execute and the Board Secretary to attest to Revocable Permit No. 20-22; and
8. Adopt Resolution No. _____.

DISCUSSION:

Background – Following a series of transfers and conveyances, the pipeline included in the proposed RP is currently owned by Paramount and is located along the westerly perimeter of the ICTF in Wilmington. Powerine Oil Company (Powerine) originally installed this existing pipeline (also known as Line 4) for petroleum transport to and from its marine terminal located at Berth 73 in the Port of Long Beach and their refinery in Santa Fe Springs, CA. Powerine filed for bankruptcy and ultimately shut down all its operations in 1995. Both the marine terminal and the refinery have since been demolished and the properties used for other purposes. Line 4 went dormant with no active entitlement with the Harbor Department’s jurisdiction.

Paramount recently decided to re-use the former petroleum pipeline for the transport of hydrogen gas from the City of Carson to a bio-fuel refinery in the City of Paramount. The proposed re-use of the pipeline is for a collaboration between Paramount and Air Products to transport hydrogen gas via Line 4 that will total 12 miles in length. Tanker trucks currently transport the hydrogen gas to the refinery. Air Products will operate the hydrogen pipeline under an operating agreement with Paramount.

Project Assessment - The Air Products Hydrogen Pipeline Project (State Clearinghouse No. 2020059038), also known as the Carson to Paramount Hydrogen Gas Pipeline Project, was certified and adopted by the City of Carson Planning Commission (City of Carson) on November 10, 2020. It assessed the construction of 0.5 miles of new pipeline within the City of Carson and connection of this newly constructed segment with 11.5 miles of existing pipeline. Construction of the 0.5 miles will not occur within the Ports’ (Los Angeles and Long Beach) jurisdiction; however, the transport of hydrogen gas through the Ports’ jurisdiction was included in the document.

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There are companion items regarding Line 4 which are subject to Board consideration. Those items cover the segment of Line 4 on property owned jointly by Ports of Los Angeles and Long Beach (Master Joint Revocable Permit No. 21-01 and 20-18 with Paramount, and Air Products, respectively).

Proposed RP - Provided below are the material terms of the RP:

<u>Provisions</u>	<u>Description</u>
Permitted Use	The non-exclusive right to operate and maintain an underground pipeline for the transportation of hydrogen gas pipeline.
Term	Month-to-month
Termination	Subject to termination by either party with 90 days' written notice.
Premises	Approximately 36,120 square feet of subsurface land, as depicted on Transmittal 1.
Compensation	\$81,270 per year
Adjustments	1. Annual CPI adjustment with a minimum increase of 2% 2. Adjust rents to market rates upon 30 days' written notice to Paramount.
Maintenance and Restoration	Paramount, at its sole cost, will keep and maintain the permit areas and facilities and restore the premises. Additionally, Tenant will be responsible for any contamination associated with the pipeline since its installation.
Insurance	All standard insurance requirements apply, plus additional coverage for Environmental Impairment Insurance.
Corporate Guaranty	Proposed RP will also include a corporate guaranty from AltAir Paramount, LLC that guarantees the performance of all the terms and conditions of the RP. Financial Management Division has reviewed and approved guarantor's financial statements.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an RP (Transmittal 2) with Paramount for a subsurface pipeline associated with Line 4 of the Air Products Hydrogen Pipeline Project that crosses Harbor Department property. This RP includes the entitlement for an existing pipeline to begin transporting hydrogen gas. The transport of hydrogen gas was previously assessed in the Air Products Hydrogen Pipeline Project Final EIR prepared by the City of Carson (State Clearinghouse No. 2020059038). As part of this action, the Harbor Department must make certain findings and determinations pursuant to CEQA because it is considered a Responsible Agency in granting a permit for a portion of the Air Products Hydrogen Pipeline Project described in the Final EIR as "Line 4".

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Based on its review of the certified Final EIR, the Harbor Department has made certain findings of fact regarding the environmental effects of the Air Products Hydrogen Pipeline Project pursuant to Public Resources Code Section 21081 and Title 14 California Code of Regulations Section 15091; findings regarding the Statement of Overriding Considerations pursuant to Public Resources Code Section 21081 and Title 14 California Code of Regulations Section 15093; and sets forth a Mitigation Monitoring and Reporting Plan (MMRP) that pertains to the "Line 4" project element of the certified Final EIR pursuant to Public Resources Code Section 21081 and Title 14 California Code of Regulations Section 15097. The Findings of Fact, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Plan are provided as Transmittal 3.

FINANCIAL IMPACT:

Under the proposed RP, Paramount will pay the Harbor Department \$81,270 for rent representing the first year of recurring revenue. Annual adjustments based on the CPI will commence on the first anniversary of the proposed RP.

CITY ATTORNEY:

Revocable Permit No. 20-22 has been reviewed and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

1. Premises Maps
2. Revocable Permit No. 20-22
3. Findings of Fact, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Plan

FIS Approval: MB
CA Approval: SO

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