



**THE PORT  
OF LOS ANGELES**  
Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: JUNE 6, 2018**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ APPROVE PERMIT  
NO. 924 WITH CARDINAL PIPELINE L.P. A CALIFORNIA LIMITED  
PARTNERSHIP**

**SUMMARY:**

Staff requests approval of Permit No. 924 between the City of Los Angeles Harbor Department (Harbor Department) and Cardinal Pipeline L.P. A California limited partnership (Cardinal) for a term of five years. The premises consists of 10,795 square feet of subsurface area located north of Sepulveda Boulevard along the Intermodal Container Transfer Facility, and another 1,585 square feet of subsurface area located near the Dominguez Channel. The premises will be used for the continuing operations of existing pipeline facilities.

Cardinal will pay annual compensation of \$18,570 (\$1,547.50 monthly) plus Consumer Price Index (CPI) annual adjustments during the five-year term, based on an estimated market value of \$30 per square foot, with a 50 percent discount for subsurface pipeline area.

Cardinal will be responsible for all costs associated with maintenance and operation of the site.

**RECOMMENDATION:**

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

1. Find that the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 1(18) of the Los Angeles City CEQA Guidelines;
2. Approve Permit No. 924 with Cardinal Pipeline L.P. A California limited partnership;
3. Authorize the Executive Director to execute and the Board Secretary to attest to Permit No. 924; and
4. Adopt Resolution No. \_\_\_\_\_

**SUBJECT: PERMIT NO. 924 WITH CARDINAL PIPELINE L.P. A CALIFORNIA LIMITED PARTNERSHIP**

**DISCUSSION:**

Background – Shell Oil Products US, doing business as Equilon Enterprises LLC (Equilon), operates various pipelines in the area under Permit No. 715. Two of the pipelines, the Brea Crude West pipeline and the Thums Crude Oil pipeline, have now been assigned and transferred to Cardinal. The proposed permit will provide the necessary Board consent and approval for the transfer of the pipelines. The remaining pipelines will continue operations under Equilon.

In 2011, Equilon informed the Harbor Department that the Brea Crude West Pipeline and Thums Oil pipelines were being assigned to Cardinal. However, an oil spill known as the Youngstown Lateral Spill, occurred and staff had to cease negotiations on a new permit transferring occupancy rights to Cardinal until litigation was concluded. The settlement was reached in 2016, which restarted negotiations that resulted in the proposed permit (Transmittal 1).

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of a proposed permit with Crimson to maintain and operate existing subsurface pipelines, which is an activity involving the issuance of a permit granting the use of subsurface pipelines serving industrial facilities with no expansion of use. Therefore, the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Article III Class 1(18) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Cardinal will pay annual rent of \$18,570 (\$1,547.50 monthly) plus CPI annual adjustments during the five-year term of this permit. The amount is based on the estimated land market value of \$30 per square foot per year, with a 50 percent discount for subsurface use (Transmittal 2).

<u>Drawing No.</u>	<u>Parcel No. /Name of Pipeline</u>	<u>Sq. Ft.</u>	<u>Land Value</u>	<u>Rate of Return</u>	<u>Subsurface Discount</u>	<u>Annual Compensation</u>	<u>Monthly Compensation</u>
45684	Parcel 1 - Brea Crude West Pipeline	10,795	\$ 30.00	10%	50%	\$ 16,192.50	\$ 1,349.38
5-7350	Parcel 1 - 10" Thums Crude pipeline	1,585	\$ 30.00	10%	50%	\$ 2,377.50	\$ 198.13
<b>Proposed Compensation:</b>						<b>\$ 18,570.00</b>	<b>\$ 1,547.50</b>
<b>Total Sq. Ft.</b>		<b>12,380</b>					

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CITY ATTORNEY:

Permit No. 924 was reviewed and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

1. Permit No. 924
2. Site Map

  
JACK C. HEDGE  
Director of Cargo & Industrial Real Estate

FIS Approval:   
CA Approval:   
  
MICHAEL DiBERNARDO  
Deputy Executive Director

APPROVED:

 FOR  
EUGENE D. SEROKA  
Executive Director

EDS:JH:PA:EPP:jg  
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BL730jg Cardinal Permit