



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: FEBRUARY 5, 2019

FROM: WATERFRONT AND COMMERCIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - ORDERS DIRECTING KINDER MORGAN TANK STORAGE TERMINALS, LLC, PBF ENERGY WESTERN REGION, LLC, AND SOUTHERN CALIFORNIA GAS COMPANY TO RELOCATE PIPELINES INTERFERING WITH THE ALAMEDA CORRIDOR SOUTHERN TERMINUS GAP CLOSURE PROJECT

SUMMARY:

Staff requests approval of the Orders directing various City of Los Angeles Harbor Department (Harbor Department) tenants to relocate pipelines interfering with the Alameda Corridor Southern Terminus Gap Closure Project (Project), previously referred to as the West Basin Lead Track Gap Closure Project. The Project will construct a second San Pedro mainline track, eliminating a short gap in trackage between the West Basin area of the Port of Los Angeles and the Alameda Corridor freight rail "expressway" which will significantly reduce delays for trains servicing various tenants in the West Basin area.

To allow for development of the Project, several underground, and possibly above-ground pipelines, from various companies must first be removed, relocated, or protected in place. The proposed Orders will serve as notice to impacted Harbor Department pipeline tenants, in accordance with each pipeline tenant's permit to remove, relocate, or protect in place the affected pipelines. Payment of costs associated with the relocation of affected pipelines will be the financial responsibility of the respective tenants.

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 statutorily, administratively, and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Section 15282(k) of the State CEQA Guidelines and Article II Section 2(f) and Article III Class 1(17) of the Los Angeles City CEQA Guidelines;
2. Approve the Order directing Kinder Morgan Tank Storage Terminals LLC to change the route or location of its pipelines pursuant to Section 8(j) of Permit No. 708;

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3. Approve the Order directing PBF Energy Western Region LLC to change the route or location of its pipelines pursuant to Section 106.4 of Permit No. 914;
4. Approve the Order directing Southern California Gas Company to change the route or location of its pipelines pursuant to Section 9(h) of Order No. 4506;
5. Authorize the Board Secretary to attest to the Orders directing the aforementioned Harbor Department tenants to relocate their pipelines; and
6. Adopt Resolution No. _____ and Order Nos. _____.

DISCUSSION:

Background - The Project will construct a second San Pedro mainline track eliminating a short gap in trackage between the West Basin area of the Port of Los Angeles and the Alameda Corridor freight rail "expressway". The existing rail network creates congestion which blocks both inbound and outbound rail cargo operation for up to two hours per occurrence during switching maneuvers at the West Basin Container Terminal and TraPac Intermodal Container Transfer Facility. The new second mainline track will significantly reduce such delays for trains servicing WBCT, TraPac, Pasha Terminals, and others in the West Basin area (Transmittal 1).

The Harbor Engineer has identified certain existing oil pipelines as affecting the progress of the Project. The Harbor Department has taken the initiative to contact the various tenants and informed them of the Project and conflicts. Accordingly, the various tenants have agreed to remove and/or relocate the pipeline(s) prior to the receipt of an Order (Transmittals 2-4), as mandated under the notice requirement associated with the relocation provision of their respective permits.

Affected Tenants - During the design process, the following Harbor Department tenants were identified as potentially having affected pipelines:

- Kinder Morgan Tank Storage Terminals LLC, Permit No. 708, Section 8(j)
- PBF Energy Western Region LLC, Permit No. 914, Section 106.4
- Southern California Gas Company, Order No. 4506, Section 9(h)

Permit Terms - Pursuant to the terms and conditions for each of the aforementioned Harbor Department Permits affected by the Project, the Board has the right to make any change in the route or location of any pipeline constructed on the premises by the tenant as may be required or made necessary by the progress of harbor development or the performance of any work within the jurisdiction of the Board. If the Board determines that any such change or relocation is necessary, the Board shall give at least 90 days' notice to the tenant. The cost of pipeline removal or relocation is borne by the respective tenant.

Prior to any work commencing, a Harbor Engineer's Permit will be required for any surface and/or subsurface pipeline work.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of Orders directing tenants to relocate pipelines interfering with the Alameda Corridor Southern Terminus Gap Closure Project, which is an administrative activity related to the repair, maintenance, minor alteration, or removal of subsurface pipelines, not exceeding one mile in length. Therefore, the Director of Environmental Management has determined that the proposed action is statutorily, administratively, and categorically exempt from the requirements of CEQA in accordance with Section 15282(k) of the State CEQA Guidelines and Article II Section 2(f) and Article III Class 1(17) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

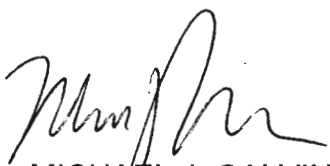
Costs associated with the removal and relocation of the affected pipelines will be borne by the tenants. Removal and relocation of pipelines is expected to be revenue neutral, since compensation will continue to be collected during the pipeline rerouting process.

CITY ATTORNEY:



The Orders have been prepared and approved as to form and legality by the Office of the City Attorney.

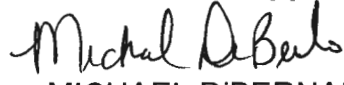
TRANSMITTALS:

- 1. Site Map
- 2. Order – Kinder Morgan Tank Storage Terminals LLC
- 3. Order – PBF Energy Western Region LLC
- 4. Order – Southern California Gas Company



MICHAEL J. GALVIN
Director of Waterfront & Commercial Real Estate

FIS Approval:  _____
CA Approval:  _____



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director