



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: DECEMBER 29, 2014

FROM: REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVING ASSIGNMENT OF MASTER JOINT REVOCABLE PERMIT NOS. 09-14 AND 09-16 AND JOINT REVOCABLE PERMIT NOS. 07-22 AND 09-10 FROM BP WEST COAST PRODUCTS LLC AND ARCO TERMINAL SERVICES CORPORATION TO TESORO SOCAL PIPELINE COMPANY LLC

SUMMARY:

BP West Coast Products LLC (BP) and certain affiliates, including ARCO Terminal Services Corporation (ARCO), owned multiple subsurface petroleum pipelines that cross through various railroad properties owned by the City of Los Angeles Harbor Department (Harbor Department) and the Port of Long Beach (POLB) under Master Joint Revocable Permit (MJRP) Nos. 09-14 and 09-16, and Joint Revocable Permit (JRP) Nos. 07-22 and 09-10 (Permits). BP and ARCO have requested the Harbor Department to consent to the transfer of the Permits to Tesoro SoCal Pipeline Company LLC (Tesoro). The financial responsibility for compensation required under the MJRPs and JRPs is proposed to be assigned to Tesoro, who is a tenant in good standing.

RECOMMENDATION:

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

1. Approve the proposed Assignment and Assumption Agreements consenting to transfer of Master Joint Revocable Permit Nos. 09-14 and 09-16 and Joint Revocable Permit Nos. 07-22 and 09-10 from BP West Coast Products LLC and ARCO Terminal Services Corporation to Tesoro SoCal Pipeline Company LLC;
2. Authorize the Executive Director to execute and the Board Secretary to attest to the Assignment and Assumption Agreements; and
3. Adopt Resolution No. _____.

SUBJECT: PROPOSED ASSIGNMENT AGREEMENTS WITH TESORO SOCIAL PIPELINE COMPANY LLC

DISCUSSION:

Background/Context – On December 22, 1994, the Harbor Department and POLB jointly purchased properties along the former Southern Pacific Railroad (SPRR) and Union Pacific Railroad (UPRR) right-of-way (ROW) in the County of Los Angeles as part of the Alameda Corridor construction project (Transmittal 1). The SPRR ROW was acquired to serve as the main rail line for the Alameda Corridor. The UPRR ROW was acquired to serve as a possible alternative route for the Alameda Corridor. All railroad properties purchased are held by the Harbor Department and POLB as tenants in common, each holding an undivided 50 percent interest in the property. In addition, the Harbor Department and POLB became successors-in-interest to all the railroad agreements, leases, and licenses related to the acquired railroad ROW, including MJRP Nos. 09-14 and 09-16 and JRP Nos. 07-22 and 09-10 with BP and ARCO (BP/ARCO).

Proposed Assignment and Assumption Agreements – On June 1, 2013, BP/ARCO notified the Harbor Department that Tesoro had acquired BP/ARCO's pipeline facilities and was now requesting that the Harbor Department consent to the assignment of the Permits that corresponds with the acquired pipelines. As such, the proposed Assignment and Assumption Agreements (Transmittal 2) with BP/ARCO are for the purpose of consenting to the transfer of BP MJRP Nos. 09-14 and ARCO MJRP 09-16 and ARCO JRP Nos. 07-22 and 09-10 from BP/ARCO to Tesoro.

POLB prepared its own separate agreements whereby POLB consents to the transfer of the Permits from BP/ARCO to Tesoro. POLB, through its Board of Harbor Commissioners, approved its agreements at its meeting held on June 9, 2014.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the transfer MJRP Nos. 09-14 and 09-16 and JRP Nos. 07-22 and 09-10 from BP/ARCO to Tesoro. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

This Board action will have no direct employment impact.

FINANCIAL IMPACT:

If the proposed assignments from BP/ARCO to Tesoro are approved, Tesoro will be responsible for all obligations under the MJRPs and JRPs, including financial compensation to the Harbor Department. The total compensation under the subsurface MJRPs and JRPs is \$241,662, half of which is the Harbor Department's share and the other half POLB's share. All other aspects of the MJRPs and JRPs remain the same, as the proposed action is an assignment only.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the Assignment Agreements as to form and legality.

TRANSMITTALS:

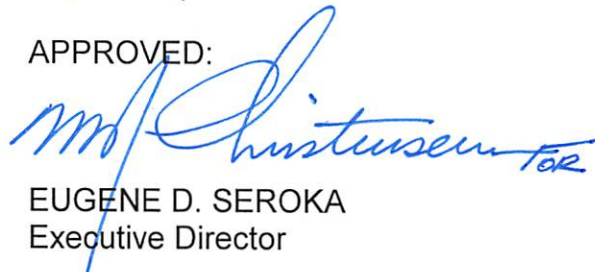
1. Site Map
2. Proposed Assignment and Assumption Agreements

FIS Approval:  (initials)
CA Approval:  (initials)



JACK C. HEDGE
Director of Real Estate

APPROVED:



EUGENE D. SEROKA
Executive Director

GS:JH:ER:FFS:raw
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BL511raw Tesoro SoCal Assignment