



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

DATE: JANUARY 25, 2023

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF FIRST AMENDMENT TO MASTER JOINT REVOCABLE PERMIT NO. 09-17 AMONG PACIFIC PIPELINE SYSTEM LLC AND CITY OF LOS ANGELES HARBOR DEPARTMENT AND PORT OF LONG BEACH, AS JOINT OWNERS

SUMMARY:

Staff requests approval of the First Amendment (Amendment) to Master Joint Revocable Permit No. 09-17 (MJRP) among Pacific Pipeline System LLC (Pacific), the City of Los Angeles Harbor Department (Harbor Department or POLA), and the Port of Long Beach (POLB, and with POLA collectively Ports), as joint owners, for subsurface pipeline facility segments owned and maintained by Pacific covering 13,075 square feet of area along the Alameda Corridor in Wilmington, Carson, and Compton; and on the San Pedro Branch line in Wilmington, Long Beach, and South Gate. Staff further requests approval of Pacific's parent guaranty from Plains All American Pipeline, L.P (Parent Guaranty).

Under the First Amendment, the following substantive changes are made to the MJRP:

- 1) adds facilities located in the Ports' right-of-way not previously included in the MJRP increasing the total permit area from 8,935 square feet to 13,075 square feet; and
- 2) increases the monthly compensation to account for the addition of new facilities and an adjustment to market rates; 3) revises the facilities index exhibits to list additional facilities and expansion in square footage of the premises area; 4) updates the map exhibit per the revised facilities index, and 5) adds a corporate guaranty from Pacific's parent entity.

Currently, the Harbor Department receives rent of \$389.51 per month under the MJRP. Under the proposed First Amendment, monthly rent will increase by \$839.91, or 216 percent, to \$1,229.42 per month, or \$14,753.04 per year, retroactive to 2018. Annual rent increases based upon the Consumer Price Index (CPI) will be retroactively applied beginning in 2019, and annually thereafter.

The First Amendment requires approval from both Ports' Board of Harbor Commissioners. The POLB Board of Harbor Commissioners approved this Amendment at its meeting held on March 24, 2022.

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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 Section 15301 of the State CEQA Guidelines;
2. Approve the First Amendment to Master Joint Revocable Permit No. 09-17 among Pacific Pipeline System LLC and the City of Los Angeles Harbor Department and Port of Long Beach, as joint owners;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the First Amendment to Master Joint Revocable Permit No. 09-17;
4. Approve the Parent Guaranty provided by Plains All American Pipeline, L.P. for Master Joint Revocable Permit No. 09-17; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background - On December 22, 1994, the Harbor Department and POLB jointly purchased rail properties as part of the Alameda Corridor Transportation Authority (ACTA) construction project. The properties contain the former Southern Pacific Railroad and Union Pacific Railroad (UPRR) right-of-way (ROW) within the County of Los Angeles and are held by the Ports as tenants-in-common, with each holding an undivided 50 percent interest in the properties. In addition, the Ports became successors-in-interest to all railroad agreements, leases, and licenses related to the acquired railroad ROW.

On August 30, 2012, the Ports and Pacific entered into the MJRP allowing Pacific to operate and maintain subsurface pipeline facility segments that are part of a network of mid-stream pipes transporting oil products from storage facilities to various end users and refineries in the Southern California area.

Under the First Amendment, the following substantive changes will be made to the MJRP: 1) adds facilities located in the Ports' ROW not previously included in the MJRP increasing the total permit area from 8,935 square feet to 13,075 square feet (see Transmittal 1 for areas where new facilities are added); 2) increases the monthly compensation to account for the addition of new facilities and an adjustment to market rates; 3) revises the facilities index exhibit to list additional facilities and expansion in square footage of the premises area; 4) updates the map exhibit per the revised facilities index; and 5) adds a corporate guaranty from Pacific's parent entity, Plains All American Pipeline, L.P.

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Details on the addition of 4,140 square feet to the premises are as follows: 1) two small segments of 320 square feet on the east side of Dominguez Channel north of Anaheim Street revealed following an extensive audit of Pacific's alignment sheets; 2) a 2,520 square foot adjustment in the location of a previously approved pipeline segment design reflecting as-built conditions; and 3) an approximately 1,300 square foot segment south of the Long Beach Lead at the intersection of the former AT&SF line discovered during a forensic audit of ownership records. The incorporation of the foregoing facilities into the MJRP was delayed due to a protracted negotiation process and record research and disclosure processes.

Material terms of the First Amendment to MJRP 09-17 (Transmittal 2) are provided below:

<u>Provisions</u>	<u>Current Terms - Description</u>	<u>Proposed Amendment</u>
Premises	8,935 square feet.	13,075 square feet.
Compensation ¹	Total permit fee is \$779.02 per month split equally between the Ports; the Harbor Department receives \$389.51 per month.	The total permit fee for the first month is \$2,458.84, split equally between the Ports; the Harbor Department will receive \$1,229.42 per month. Increase is retroactive to 2018.
Guarantor	None	Plains All American Pipeline, L.P.
Notes: ¹ See Transmittal 3 for additional details.		

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the First Amendment to MJRP 09-17, which is an activity involving the amendment to a permit to use existing structures involving negligible or no expansion of existing or former use. Therefore, the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Section 15301 of the State CEQA Guidelines.

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FINANCIAL IMPACT:

Approval of the proposed First Amendment will result in Pacific paying the following to the Ports, which amounts have been collected and paid in full as of the date of this report:

Period	Annualized Fee	Monthly Fee	POLA Share	POLB Share
8/30/2018 - 8/29/2019	\$29,506.25	\$2,458.85	\$1,229.42	\$1,229.43
8/30/2019 - 1/29/2020	\$30,490.60	\$2,540.88	\$1,270.44	\$1,270.44
*1/30/2020 - 8/29/2020	\$33,328.48	\$2,777.37	\$1,388.69	\$1,388.68
8/30/2020 - 8/29/2021	\$33,782.89	\$2,815.24	\$1,407.62	\$1,407.62
8/30/2021 - 8/29/2022	\$35,130.82	\$2,927.57	\$1,463.78	\$1,463.79
8/30/2022 - 8/29/2023	\$38,149.79	\$3,179.15	\$1,589.57	\$1,589.58

*A mid permit-year adjustment to market rent was made effective January 30, 2020.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved as to form and legality the proposed First Amendment to Master Joint Revocable Permit No. 09-17.

TRANSMITTALS:

1. Modified Premises Maps
2. First Amendment to Master Joint Revocable Permit No. 09-17
3. Exhibit A-1

FIS Approval: MB
CA Approval: SO

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Director, Cargo & Industrial Real Estate

Michael DiBernardo
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APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director