

**ATTACHMENT "H"**

CITY OF LOS ANGELES  
INTRA-DEPARTMENTAL CORRESPONDENCE

DATE: June 10, 2005

TO: HONORABLE MEMBERS OF THE LOS ANGELES CITY COUNCIL  
COMMERCE, ENERGY, AND NATURAL RESOURCES COMMITTEE

FROM: ~~cc:~~ BRUCE E. SEATON, INTERIM EXECUTIVE DIRECTOR  
HARBOR DEPARTMENT

SUBJECT: TERMINATION OF AMERIGAS PIPELINE PERMIT No. 263; BERTH  
120 (C.F. No. 04-1645)

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BACKGROUND

Amerigas Propane, L.P. (Amerigas) currently occupies Harbor Department property under Permit 263 on a conditional month-to-month holdover. The permit was granted to Petrolane Incorporated in May 1974, for a term of 30 years and assigned to Amerigas in April 1995, pursuant to a reorganization of the lessee. The permit is for construction, maintenance, and operation of subsurface pipelines for transport of petroleum products. The pipeline supports a storage tank facility located off Harbor Department property in the San Pedro community. The community is seeking the relocation of the storage tank facility due to potential risks from the operation and its proximity to residential and commercial activities. Near the end of its term, Amerigas proposed negotiating a successor permit for continued operation of the pipeline and berthing facility at Berth 120. Amerigas was notified in February 2004, that renewal of the permit would not be consistent with the Department's future plans for the area and that the permit would terminate upon completion of its term in May 2004. Under the Port Master Plan, the long range preferred use for the Berth 120 area is to accommodate the expansion of adjacent general cargo uses (containers).

Under the terms and conditions of Permit 263 Amerigas is obligated to remove its pipeline facilities prior to returning the premises to the City. Pursuant to the May 2004 notice granting Amerigas a conditional month-to-month holdover, Amerigas was allowed to handle additional vessel calls for the export of liquid butane and additional time for it to restore the premises as is required by the permit. The Non-exclusive Berth Assignment granted Amerigas for the Berth 120 unloading facility was terminated effective July 5, 2004.

PUBLIC FORUM AND COUNCIL MOTION

In February 2004, the Port Community Advisory Committee (PCAC) approved a motion that recommended that the Board of Harbor Commissioners not renew the Amerigas permit. Amerigas requested that the Board postpone consideration of the PCAC motion until Neighborhood Council input was received. It was decided to postpone Board action on the

PCAC motion and Amerigas permit pending the outcome of a Neighborhood Council public forum. That meeting was held on July 18, 2004 and resulted in directions to Amerigas and its two clients, BP North America and Valero, to work towards a solution that would allow the Amerigas storage facility in San Pedro to be removed.

At the meeting of the Los Angeles City Council on August 17, 2004, Councilwoman Hahn authored a motion, seconded by Councilman Cardenas, directing the Harbor Department to work with Amerigas and its clients to identify relocation sites and to report back to committee. The motion acknowledged the month-to-month status of the permit, directing that it remain in effect until recommendations were developed and adopted by the Board of Harbor Commissioners, the Commerce, Energy, and Natural Resources Committee, and the City Council.

#### FACILITY SITING ASSESSMENT

Harbor Department staff has met several times with Amerigas and the refinery representatives to discuss potential relocation opportunities and other operational solutions to the North Gaffey Street and Berth 120 operations. Amerigas completed siting criteria studies for relocating the storage facility and along with BP and Valero assessed potential alternative sites for the storage facility.

Amerigas determined that a minimum of 15 to 18 acres with vessel berthing, highway, rail and pipeline access is required as a potential relocation site. Based on the assessments by Amerigas and the refineries, no potential relocation sites were identified outside the Port. According to Amerigas, no feasible sites were available in the Port of Long Beach or in the adjacent areas surrounding the San Pedro Bay port complex. Both Valero and BP indicated that there was not sufficient space within their respective refineries to accommodate the relocation of the storage tank operations.

Harbor Department staff assessed potential sites within the Port, specifically Pier 400. It was determined that there was insufficient available acreage in a contiguous parcel to meet the minimum requirements for a storage facility operation. The only available site on Pier 400 that is currently unencumbered with an entitlement is a 15-acre irregularly shaped parcel on the southern edge of Pier 400. Due to its irregular shape and the limited opportunity to provide rail access to the site, this does not meet the minimum requirements for Amerigas. Additionally, an environmental assessment is currently in progress for a proposed crude oil receiving facility at this site. This use has a smaller footprint requirement in this area and does not require rail access.

#### CONCLUSION

Harbor Department staff has indicated that Amerigas' berthing operations on the west face of Pier 400 for product transfer via a pipeline could potentially be accommodated. The pipeline would need to connect to a new remote storage location either within the premises of the refineries or at another private site between the refineries and the waterfront activity. However, as stated above, neither Amerigas nor the refineries have identified any potential off port storage tank locations.

The Harbor Department is prepared to discuss the potential of developing a berthing operation at Pier 400 and associated pipeline to a remote storage facility. However, it recommends that Berth 120 shall no longer be used for export of this product due to deterioration of the berth itself and that Amerigas be required to restore the pipeline right-of-way that it occupies under Permit 263 and return the premise to the Harbor Department.

BES:SK/pp

cc:     Mayor James K. Hahn  
          Mayor Elect Antonio Villaraigosa