



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

April 15, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AN ORDINANCE TO EXTEND THE TERM OF PETROLEUM PIPELINE FRANCHISE
ORDINANCE NO. 10,896, AS AMENDED, GRANTED TO UNION OIL COMPANY
(ALL) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the amendment to Ordinance No. 10,896, as amended, to extend the term of the petroleum pipeline franchise granted to Union Oil Company, through December 31, 2003.
2. Introduce, waive reading, and place on your Board's agenda for adoption the accompanying ordinance which implements the above recommendation.
3. Find that this project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e), of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to extend the term of the petroleum pipeline franchise granted to Union Oil Company (Unocal) from July 1, 2003 to December 31, 2003.

This extension will allow Unocal additional time to finalize the sale of the LAX Pipeline to ConocoPhillips Company (ConocoPhillips), successor to Tosco Corporation (Tosco).

The Honorable Board of Supervisors
April 15, 2003
Page 2

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The County Strategic Plan directs that we provide the public with quality service that is beneficial and responsive (Goal 1). The Board's consent to extend the term of this pipeline franchise is consistent with this goal.

FISCAL IMPACT

Unocal has paid the County a \$5,000 fee to process an ordinance to amend the franchise. The Unocal franchise generates over \$46,000 in annual franchise fees for the County each calendar year.

The base rate during the extended term of Unocal's franchise shall remain 21 cents per linear foot for pipelines of eight inches or less in nominal internal diameter, plus three cents per nominal diameter inch for each inch over eight inches. The base annual fees will be subject to an annual adjustment for inflation using the Producers Price Index.

FINANCING

Not applicable. The recommended Board action does not involve any financing.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In 1974, your Board granted a 25-year Countywide petroleum pipeline franchise to Unocal. During the five years prior to the expiration date of the franchise, Unocal sold most of its California assets.

In 1996, Unocal sold its oil and gas minerals, leases and production to Nuevo Energy Company, and began negotiations to sell its refineries, terminals, service stations and pipelines to Tosco. However, negotiations continued between Unocal and Tosco to clearly identify the various pipelines included in the transfer.

The Honorable Board of Supervisors
April 15, 2003
Page 3

Accordingly, in order to allow Unocal additional time to finalize these pipeline transfers, in June 1999, December 2000, and June of 2002, your Board adopted ordinances to extend the term of Unocal's franchise (Ord. No. 99-0049F, Ord. No. 2000-0073F and Ord. No. 2002-0052F). By letter dated January 20, 2003, Unocal requested a six-month extension of the term of its franchise (Ord. No. 10,896, as amended), in order to allow additional time to finalize the sale of one pipeline, the LAX Pipeline, which Unocal leased to Tosco in 1997.

Tosco was acquired by Phillips Petroleum Company in 2001, which merged with Conoco Inc. in 2002 and became ConocoPhillips. Tosco is now fully merged into ConocoPhillips. Once Unocal completes the sale of the LAX Pipeline to ConocoPhillips, the County can negotiate a renewal of the franchise with Unocal, which will include all pipelines owned and operated by Unocal in unincorporated County areas. The County notified Unocal that future extensions of the term of its franchise would be for periods of six months, to be requested six months in advance, and submitted with a \$5,000 fee.

The Audit Division of the Auditor-Controller has no objection to the term extension for the pipeline franchise. The Fire Department and Department of Public Works have reviewed the request and have no objections to extending the term of the franchise.

County Counsel has reviewed the accompanying ordinance and approved it as to form.

CONTRACTING PROCESS

Not applicable. The recommended Board action does not involve any contracting.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not applicable. The recommended Board action will not impact or adversely affect any current services.

The Honorable Board of Supervisors
April 15, 2003
Page 4

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The term extension of this pipeline franchise is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

CONCLUSION

Instruct the Executive Officer, Board of Supervisors, to send an approved copy of this letter and the adopted ordinance to Unocal Corporation, 376 South Valencia Avenue, Brea, California 92823-6345, Attention: Mr. Jack Cierley, and forward approved copies of this letter and the adopted ordinance to the offices of County Counsel, Department of Public Works, and the Chief Administrative Office, Real Estate Division, Attention: Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SNY
CWW:RB:pe

c: County Counsel
Auditor-Controller
Fire Department
Department of Public Works

ANALYSIS

This ordinance extends through December 31, 2003, the petroleum pipeline franchise granted to Union Oil Company by Ordinance No. 10,896, as amended.

LLOYD W. PELLMAN
County Counsel

By
LILLIAN D. SALINGER
Senior Deputy County Counsel
Public Works Division

LDS:jn

2/24/03 (requested)

2/27/03 (revised)

ORDINANCE NO. _____

An ordinance extending through December 31, 2003, the petroleum pipeline franchise granted to Union Oil Company by Ordinance No. 10,896, as amended.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 1 of Ordinance No. 10,896, as amended, is hereby amended to read as follows:

Section 1. A. The right, privilege, and franchise is granted to Union Oil Company (hereinafter "Franchisee"), its successors and assigns, through ~~June 30, 2003~~ December 31, 2003, to lay, construct, maintain, operate, repair, renew, change the size of, and remove or abandon in place pipes and pipelines for the collection, transportation and distribution of oil, gas, gasoline, petroleum, wet gas, other hydrocarbon substances, chemicals, water, waste water, mud, steam, and other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. 9601 et seq., as it may hereafter be amended; the "Federal Water Pollution Control Act," 33 U.S.C. 1251 et seq., as it may hereafter be amended; and the "Solid Waste Disposal Act," 42 U.S.C. 6901 et seq., as it may hereafter be amended, together with all manholes, valves, appurtenances, and service connections necessary or appropriate for the operation of said pipes or pipelines, including poles, conduits, wires, cables, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or convenient for the Franchisee's business, in, under, along, or across any and all

highways now or hereafter dedicated to public use in the unincorporated territory of the County of Los Angeles, State of California.

B. The scope of the franchise shall not be expanded without the prior approval of the Board of Supervisors.

[UnionOilFrn123103Ext]