



SACHI A. HAMAII  
Chief Executive Officer

County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

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*"To Enrich Lives Through Effective And Caring Service"*

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December 20, 2016

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

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22 December 20, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

**APPROVE THE INTRODUCTION OF AN ORDINANCE TO AMEND THE  
COMMON CARRIER PETROLEUM PIPELINE FRANCHISE GRANTED  
TO SHELL CALIFORNIA PIPELINE COMPANY LLC  
(ALL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

These actions will approve the introduction, and schedule for adoption, an ordinance to amend the common carrier petroleum pipeline franchise granted to Shell California Pipeline Company LLC, to extend the term of the franchise through December 31, 2021.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that these actions are categorically exempt under the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors on November 17, 1987, and Section 15301 of the State of California Guidelines for implementing of the California Environmental Quality Act (Existing Facilities).
2. Approve the introduction and schedule for adoption on January 10, 2017, an ordinance to amend the common carrier petroleum pipeline franchise granted to Shell California Pipeline Company LLC, by Ordinance No. 91-0155F, as amended, to extend the term of the franchise through December 31, 2021.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approving and adopting this ordinance will extend through December 31, 2021, the term of the common carrier petroleum pipeline franchise granted to Shell California Pipeline Company LLC

(Shell-California), by Ordinance No. 91-0155F, as amended, which will otherwise expire on February 18, 2017. The extension will keep the agreement active while the County of Los Angeles (County) finalizes a Board recommendation to transfer portions of the franchise rights targeted for the Board's agenda in the first quarter of 2017.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. Approving and adopting an ordinance to amend and extend the term of the Shell-California franchise is consistent with this goal.

### **FISCAL IMPACT/FINANCING**

Shell-California has paid the County a one-time fee of \$2,500 to process an ordinance to amend the franchise. Shell-California is a regulated public utility petroleum company that calculates its base annual franchise fee using rates in Section 6231.5 of California Public Utilities Code, applied to the diameter and length of the pipelines, and adjusted upward annually by the Consumer Price Index. Shell-California paid an adjusted annual fee of \$18,874 during the 2015 calendar year.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In December 1991, the Board approved and adopted Ordinance No. 92-0021F, to renew the petroleum pipeline franchise granted to Shell Oil Company (SOC). Prior to this renewal, in October 1991, the Board approved the transfer of certain SOC pipelines to Shell California Pipeline Company (SCPC), and granted SCPC a 25-year common carrier petroleum pipeline franchise (Ord. 91-0155F), that will expire February 18, 2017.

The Board approved more transfers of SOC of pipelines to SCPC and amended the SCPC franchise in 1997 (Ord. 97-0057F), to add franchise rights to SCPC franchise for the pipelines being transferred. The SCPC franchise was amended again in 2005 (Ord. 2005-0008F), to transfer the franchise rights from SCPC, a California corporation, to Shell-California, a Delaware limited liability company, and transfer to Shell-California, the franchise rights granted to Texaco California Pipelines Inc. (TCPI), for common carrier petroleum pipelines TCPI sold to Shell-California.

Shell-California currently maintains and operates over 58,000 linear feet of common carrier petroleum pipelines installed in County highways within the various franchises areas described in the accompanying ordinance to amend the franchise. Department of Public Works has reviewed this recommendation and expressed no objection. County Counsel has reviewed and approved as to form the ordinance to amend the Shell-California franchise, to extend the term through December 31, 2021.

### **ENVIRONMENTAL DOCUMENTATION**

This project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

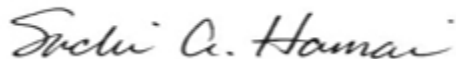
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

This project will not negatively affect or impact any current services or future projects.

**CONCLUSION**

It is requested that the Executive Office, Board of Supervisors, return a certified copy of this adopted recommendation and the certified ordinance to Michael Elmore, Senior Land Agent, Shell Pipeline Company L.P., 20945 South Wilmington Avenue, Carson, CA 90810, and the Department of Public Works and the Chief Executive Office, Real Estate Division.

Respectfully submitted,



SACHI A. HAMAI  
Chief Executive Officer

SAH:DPH:CMM  
KW:RB:gb

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Public Works