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CITY OF LOS ANGELES
CALIFORNIA



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HELEN GINSBURG
Chief, Council and Public Services Division

04-1645-S1

CD 15

July 6, 2005

Councilmember Hahn
Councilmember Rosendahl
Councilmember Parks
Harbor Department
Board of Harbor Commissioners

RE: ASSERTING JURISDICTION OVER THE JUNE 22, 2005 ACTION OF THE
BOARD OF HARBOR COMMISSIONERS RELATIVE TO TERMINATING THE
PERMIT FOR AMERIGAS' USE OF A PIPELINE RIGHT-OF-WAY AT THE
PORT OF LOS ANGELES

At the meeting of the Council held on July 5, 2005, the attached
Motion (Miscikowski - Parks) was RECEIVED AND FILED.

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JUN 28 2005

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| MOTION | TO CITY CLERK FOR PLACEMENT ON NEXT REGULAR COUNCIL AGENDA TO BE POSTED | #61 |
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AmeriGas Propane, L.P., reputed to be the nation's largest propane company, has been operating a liquefied petroleum gas (LPG, such as butane or propane) receiving and loading facility at Berth 120 in the West Basin of the Port of Los Angeles under a Port permit for use of a pipeline right-of-way and a tertiary berth assignment.. AmeriGas has been receiving excess butane by underground pipeline primarily from two oil refineries (BP North America and Valero) and has been storing the butane in two 12 million-gallon, refrigerated storage tanks, which are located on privately-owned land on North Gaffey Street in San Pedro. AmeriGas has been transporting its butane by pipeline to Berth 120 for loading onto ships for export.

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Knowing that its permit for use of the pipeline right-of-way was to expire on May 27, 2004, AmeriGas asked the Port in December 2003 to begin negotiations for a successor permit. The Harbor Department notified AmeriGas in February 2004 that its permit would not be renewed because, under the Port Master Plan, the preferred use for the area occupied by the pipeline is to be for expansion of the adjacent container storage uses.

On February 19, 2004, the Port Community Advisory Committee (PCAC, a standing committee of the Board of Harbor Commissioners), approved a Motion proposing that the Board of Harbor Commissioners not renew the pipeline permit with AmeriGas. PCAC's action was in response to local residents who have feared that the flammable material stored in AmeriGas' tanks pose a dangerous risk to nearby communities.

Prior to the expiration of AmeriGas' pipeline permit in May 2004, the Board granted "month-to-month holdover status" to AmeriGas, pending the outcome of a public forum on the permit, to be sponsored by local neighborhood councils. News articles indicate that the three neighborhood councils in San Pedro have supported the immediate termination of AmeriGas' pipeline permit, but that neighborhood councils in Wilmington and Harbor City have preferred to allow AmeriGas to continue using its pipeline until it can relocate its storage tanks. If AmeriGas cannot use its pipeline, its representatives have said that they will have to transport butane supplies by truck and by rail through local neighborhoods—an undesirable result from the neighborhoods' perspectives. The public forum for neighborhood councils, held on July 18, 2004, concluded with a request that AmeriGas and its two oil refinery clients find a way to terminate the storage tank facility operations on North Gaffey Street.

Unfortunately, during the intervening year, the Harbor Department and AmeriGas have been unable to find another suitable location for its storage tanks in the vicinity of either the Port of Los Angeles or the Port of Long Beach. While AmeriGas says that it needs 20 acres to operate its two storage tanks, no land area that large has been identified to be available. On Tuesday, June 21, 2005, the Commerce, Energy & Natural Resources Committee recommended that the Harbor Commission be asked to postpone for 30 days any action on the PCAC Motion proposing that AmeriGas' pipeline permit not be renewed, pending an attempt by a proposed City-led task force to work with the involved parties to find a solution for relocation of AmeriGas' storage tank operation. The Committee felt, on a vote of 2-1, that the City should make one last effort to

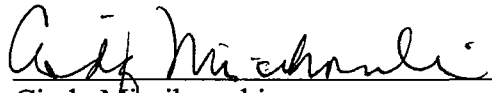
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find a way to avoid the dangerous transport of butane by truck or rail through local communities. However, the Board of Harbor Commissioners chose to act on Wednesday, June 22, 2005 to concur with the Port Community Advisory Committee, and terminated AmeriGas' permit for use of the pipeline right-of-way that connects Berth 120 with AmeriGas' storage tanks in San Pedro.

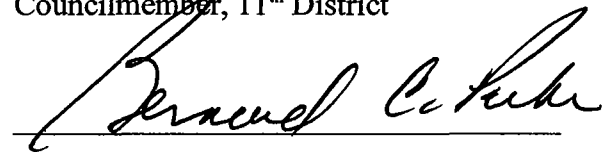
I THEREFORE MOVE that, pursuant to Charter Section 245, the City Council hereby asserts jurisdiction over the action taken by the Board of Harbor Commissioners on June 22, 2005 to terminate AmeriGas' permit for use of a pipeline right-of-way at the Port (Board Agenda Item E.III.1 re PCAC Recommendation No. 17 - Unloading of LPG and Like Products at Berth 120 and the Pipeline Permit Not Be Renewed), in order to allow the Council the opportunity to hold a broader discussion of the potential impacts of closing AmeriGas' access to its pipeline, as well as to allow additional time for efforts to be made to relocate AmeriGas' huge butane storage tanks; and

I FURTHER MOVE that, upon assertion of jurisdiction, this matter be referred to the Commerce, Energy and Natural Resources Committee for further review.

PRESENTED BY


Cindy Miscikowski
Councilmember, 11th District

SECONDED BY



JUL 05 2005 - Received and Filed

June 28, 2005