



## Legislation Text

File #: 2022-940, Version: 1

### Report to Mayor and City Council

Tuesday, December 06, 2022

Discussion

#### **SUBJECT:**

**CONSIDERATION OF RESOLUTION NO. 22-232 AMENDING THE NONPUBLIC UTILITY PIPELINE FRANCHISE WITH TESORO REFINING & MARKETING COMPANY LLC (CITY COUNCIL)**

#### **I. SUMMARY**

On December 3, 2009, the City Council adopted Ordinance No. 09-1416, granting to Tesoro Refining & Marketing Company, LLC ("Tesoro") a 25-year nonpublic utility pipeline franchise, and on July 18, 2017, the City Council adopted Ordinance No. 17-1629, which amended Ordinance No. 09-1416 by reducing the 25-year franchise term to 15 years commencing on the date Ordinance No. 17-1629 became effective, and amended other terms of said ordinance.

On September 6, 2022, City Council approved Tesoro's installation and operation of two (2) additional pipelines, each 90 feet in length, and appurtenant facilities, under Alameda Street. No work has been commenced as of yet.

The locations, lengths and descriptions of the new pipelines and appurtenant facilities were to be as follows: (1) Alameda Street - Fuel Gas Line (8-inch in 12-inch casing) at 90 feet in length; and (2) Alameda Street - Steam Line (18-inch in 32-inch casing) at 90 feet in length. However, as the project design developed, Tesoro determined that due to the design of the above-ground portion of the pipelines on its property on either side of Alameda Street, the Alameda Street underground crossing needed to be relocated 105 feet south. Additionally, during a constructability review, Tesoro determined that the diameters of the casings protecting the new pipelines need to be increased, one increased from 12 to 24 inches and the other from 18 to 36 inches.

Now, Tesoro seeks City Council's approval to allow it to install and operate two (2) additional pipelines, each 90 feet in length, and appurtenant facilities, in accordance with the updated locations and casing diameters.

## **II. RECOMMENDATION**

TAKE the following actions:

WAIVE further reading and ADOPT RESOLUTION NO. 22-232, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DELINEATING CERTAIN LOCATIONS FOR THE INSTALLATION AND OPERATION OF PIPELINES OR OTHER FACILITIES IN CONNECTION WITH A NONPUBLIC UTILITY PIPELINE FRANCHISE AWARDED TO TESORO REFINING & MARKETING COMPANY LLC"

## **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate that is consistent with the requirements of the law.

## **IV. BACKGROUND**

On December 5, 2000, the City Council of the City of Carson ("City Council") adopted Resolution No. 00-112 delineating certain locations for the installation and operation of seven (7) pipelines and other appurtenant facilities in connection with a nonpublic utility pipeline franchise awarded to Equilon Enterprises LLC ("Equilon"). On December 19, 2022, the City Council approved Ordinance No. 00-1208, granting to Equilon a 25-year franchise ("Equilon Franchise") to construct, lay, operate, and maintain pipelines for conducting, transporting, conveying and carrying oil, gas, petroleum, wet gas, hydrocarbon substances, water, wastewater, mud, steam and other liquid substances on, along, under and across designated public streets, ways, alleys and places within the City of Carson. On May 10, 2007, Equilon sold part of the Equilon Franchise to Tesoro Refining & Marketing Company, LLC ("Tesoro").

On December 3, 2009, the City Council adopted Ordinance No. 09-1416, granting to Tesoro a nonpublic utility pipeline franchise ("Franchise") for a period of 25 years to lay or construct, maintain, operate, renew, repair, change the size of, remove or abandon in place pipes and pipelines for the collection, transportation or distribution of oil, gas, gasoline, petroleum, wet gas, hydrocarbon substances, water, wastewater, mud, steam and other liquid substances not more hazardous than the aforementioned substances, in, under, along or across any and all streets within the City of Carson, as approved from time to time by Resolution of the City Council. On July 18, 2017, the City Council adopted Ordinance No. 17-1629, which amended Ordinance No. 09-1416 by reducing the 25-year Franchise term to 15 years commencing on the date said Ordinance No. 17-1629 became effective, and amended other terms of said ordinance.

On September 6, 2022, by approval of Resolution No. 22-184, City Council approved Tesoro's installation and operation of two (2) additional pipelines, each 90 feet in length, and appurtenant facilities, under Alameda Street. No work has been commenced as of yet.

The locations, lengths and descriptions of the new pipelines and appurtenant facilities were to be as follows: (1) Alameda Street - Fuel Gas Line (8-inch in 12-inch casing) at 90 feet in length; and (2) Alameda Street - Steam Line (18-inch in 32-inch casing) at 90 feet in length. However, as the project design developed, Tesoro determined that due to the design of the above-ground portion of the pipelines on its property on either side of Alameda Street, the Alameda Street underground crossing needed to be relocated 105 feet south. Additionally, during a constructability review, Tesoro determined that the diameters of the casings protecting the New Pipelines need to be increased, one increased from 12 to 24 inches and the other from 18 to 36 inches.

Now, Tesoro seeks City Council's approval to allow it to install and operate two (2) additional pipelines, each 90 feet in length, and appurtenant facilities, in accordance with the updated locations and casing diameters. If approved, like with Resolution No. 22-184, the total pipeline footage authorized under the Franchise would be 29,990.79 feet (29,810.79 existing + 180 new). Also, approval of Resolution No. 22-232 would result in rescission of Resolution No. 22-184.

## **V. FISCAL IMPACT**

The fiscal impact from City Council approval of Resolution No. 22-184 was determined to be based on the updated rate of \$2.56 per lineal foot as set out in Ordinance No. 17-1629, and the increase in franchise fees from the addition of the two lines was to be \$460.80 annually. This amount does not include the annual CPI adjustment, so the actual revenue received by the City over the balance of the Franchise term will be greater than this amount. Because Resolution No. 22-232 would essentially replace Resolution No. 22-184 with identical fee calculations, approval of Resolution No. 22-232 while rescinding Resolution No. 22-184 will have no fiscal impact.

## **VI. EXHIBITS**

1. Resolution No. 22-232 (pgs. 4-9)

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