

## **BORDER ISSUES STATUS REPORT**

**Revised December 17, 2019**

*The following is a listing of the history and most recent status of all of the Border Issues that are currently being monitored by the City.*

### **PALOS VERDES PENINSULA WATER RELIABILITY PROJECT (ROLLING HILLS ESTATES, RANCHO PALOS VERDES AND UNINCORPORATED LOS ANGELES COUNTY)**

- *Last Update: December 17, 2019*

California Water Service Company (CWSC) made a presentation to the City Council regarding its master plan for the Palos Verdes District on February 17, 2004. Part of this plan envisioned placing two (2) new water mains under Palos Verdes Drive North to replace an existing line serving the westerly Peninsula (the so-called "D-500 System"); and to supplement existing supply lines to the existing reservoirs at the top of the Peninsula (the so-called "Ridge System"). Another previous Border Issue upon which the City commented in 2003 was the Harbor-South Bay Water Recycling Project, proposed jointly by the Army Corps of Engineers (ACOE) and the West Basin Municipal Water District (WBMWD) to provide reclaimed water for irrigation purposes. One of the proposed lines for this project (Lateral 6B) would be placed under Palos Verdes Drive North to serve existing and proposed golf courses and parks in Rolling Hills Estates, Palos Verdes Estates and County territory, as well as Green Hills Memorial Park in Rancho Palos Verdes. Adding to these water line projects is a plan by Southern California Edison (SCE) to underground existing utility lines along Palos Verdes Drive North between Rolling Hills Road and Montecillo Drive. All of these projects would require construction within the public right-of-way of Palos Verdes Drive North, which is already severely impacted by traffic during peak-hour periods.

On February 22, 2005, the Rolling Hills Estates City Council heard a joint presentation by CWSC, WBMWD and SCE representatives of plans to coordinate these three infrastructure projects as a single, large project. The traffic control measures proposed to accomplish these combined projects would involve phased closures of segments of Palos Verdes Drive North over a period of at least fifteen (15) months, assuming 2-shift, 16-hour workdays. Although controlled local access to residences, businesses and schools along Palos Verdes Drive North would be maintained throughout the project, both local and through traffic would be detoured at various times onto Hawthorne Boulevard, Crenshaw Boulevard, Rolling Hills Road, Palos Verdes Drive East/Narbonne Avenue and Pacific Coast Highway.

Both the RHE City Council and members of the public had significant concerns about the proposed project. Of primary concern were the justification for elements of the project; and the number and scope of possible alternatives considered. At the conclusion of the workshop, it was the City Council's consensus that additional public workshops were necessary, as was the preparation of a formal Initial Study (IS) to identify all of the

environmental effects of the proposed project. Staff intended to continue to monitor this project, and to review and comment upon the IS once it is completed.

Previously, Staff has monitored and reported on this project under the title “Joint CalWater-West Basin MWD-Edison Infrastructure Project.” However, it came to Staff’s attention in late 2011 that the scope of the project has changed in that it has reduced the amount of construction activity within Palos Verdes Drive North, and no longer involves reclaimed water or electrical lines.

The primary purposes of the CalWater Palos Verdes Pipeline Project are to “increase water system reliability, improve fire-fighting capability, and reduce the risk of property loss or damage on the Palos Verdes Peninsula.” The two-phase project proposes to replace an existing pipeline that currently traverses multiple private properties within the City of Rolling Hills Estates with two (2) new pipelines to be located primarily within street and bridle trail rights-of-way. One of the new pipelines (the so-called “Crenshaw/Ridge Supply Project”) would extend southward along Crenshaw Boulevard (mainly through unincorporated County territory) to a new reservoir and pump station to be constructed at the northwest corner of Crenshaw Boulevard and Silver Spur Road in the City of Rolling Hills Estates. This pipeline would then continue southward along Crenshaw Boulevard through the City of Rancho Palos Verdes to tie into an existing pipeline in Crest Road that supplies CalWater’s reservoir near the intersection of Crest and Highridge roads.

CalWater is currently conducting engineering and technical studies to identify the environmental impacts of the proposed project, as required pursuant to CEQA. Public Works Staff is aware of this proposal and will be working with CalWater on those portions of the project that are located within our jurisdiction.

Recently, CalWater advised Staff that the preliminary pipeline alignment and conceptual project planning are complete, and that the public environmental review process should begin. After a delay of several years to address concerns about the pipeline alignment in the Palos Verdes Dr. N. right-of-way, CalWater is now ramping up design and construction of this project. The revised alignment will take the buried water pipe along bridle trails in Rolling Hills Estates, between (roughly) the intersection of Palos Verdes Dr. E. and Palos Verdes Dr. N. and the intersection of Crenshaw Blvd. and Palos Verdes Dr. N. The pipe will then turn south and be installed under Crenshaw Blvd. from Palos Verdes Dr. N. to Crest Rd., where it will join an existing water main. CalWater has acquired a small property along Crenshaw Blvd. to build a small pump booster station, so the previous concept of a storage tank near Crenshaw Blvd. and Silver Spur Rd. has been abandoned. The project is about 30% designed and now is being advertised for further development under a design-build project delivery method, with construction expected to begin in early 2018. CalWater will be reaching out to Rancho Palos Verdes with more-frequent updates as the project nears its final design phase.

On September 13, 2016, the Rolling Hills Estates City Council considered a contract with an environmental consulting firm to prepare the environmental impact analysis for this project. For the purposes of the California Environmental Quality Act (CEQA), Rolling

Hills Estates will be the lead agency, while Rancho Palos Verdes and the County will be responsible agencies. The Rolling Hills Estates City Council was expected to approve the contract on September 27, 2016. Rolling Hills Estates Planning Staff will be working with the responsible agencies on the CEQA analysis for this project, and a draft Initial Study may be ready for public review and comment during the first quarter of 2017.

On May 22, 2017, Staff from the Community Development and Public Works departments met with Staff from Rolling Hills Estates and their environmental consultant to discuss the CEQA process for this project. The direct impacts of the project will be limited to the public right-of-way of Crenshaw Boulevard between Silver Spur Road and Crest Road. Indirect impacts are expected in terms of construction effects (e.g., noise, air quality, traffic, etc.) upon neighborhoods adjacent to the route of the pipeline, as well as upon motorists in general. There was mutual agreement for a presentation of the project's CEQA review to the City Council either just before or during the 30-day public review period for the project, which was expected to occur early the summer of 2017.

On September 19, 2017, CalWater made a presentation of the re-named "[Palos Verdes Peninsula Water Reliability Project](#)" to the City Council. At that time, the City awaited the release of the CEQA document for this project for public review and comment.

On January 8, 2018, Staff submitted the comments on the proposed Mitigated Negative Declaration (MND) for the Palos Verdes Peninsula Water Reliability Project (PVPWRP) to the City of Rolling Hills Estates (RHE). RHE is acting as the lead agency for this project since most of the proposed pipeline will be located within its jurisdiction.

The PVPWRP was presented to the RHE Planning Commission at its meeting on February 5, 2018. As proposed, construction of the new pipeline will result in the 1-month closure of a segment of eastbound Palos Verdes Dr. N. (between the Dapplegray Elementary School driveway and Dapplegray Ln.) during Summer 2018. Much of the pipeline construction along Palos Verdes Dr. N. is proposed to occur during overnight hours, while construction along Crenshaw Blvd. is expected to occur during daylight hours. The proposed pump station on Crenshaw Blvd. will be located below homes on Beechgate Dr. in the City's Peninsula Rim neighborhood. Residents and other interested parties expressed concern to the Planning Commission about the traffic impacts of the project during construction. Ultimately, the RHE Planning Commission adopted a resolution forwarding a recommendation of approval for the project to the RHE City Council, with direction to explore the feasibility of shifting construction on Crenshaw Blvd. to overnight hours.

In order to assess the issue of modified construction hours on Crenshaw Blvd., RHE Planning Staff convened a meeting with our City Staff, CalWater and County Public Works on February 20, 2018. CalWater stated that it had recently met with Rancho Palos Verdes residents on Beechgate Dr., who strongly opposed overnight construction hours. City Staff shared our concern that overnight construction on Crenshaw Blvd. would expose the Beechgate Dr. residents to nearly round-the-clock construction noise from the project's pump station and the installation of the new pipeline in Crenshaw Blvd.

Recognizing the desire to minimize both construction noise impacts on nearby residents and peak-hour traffic impacts on a large percentage of Peninsula residents, all parties agreed that the best approach would be to shift the construction hours on Crenshaw Blvd. to 9:00 AM to 7:00 PM. This solution would avoid overnight construction noise and reduce traffic congestion during the morning commute.

On March 27, 2018, the RHE City Council conducted a public hearing to consider the PVPWRP. Staff attended the public hearing to express the City Council's support for the project itself and its opposition to any proposal for overnight construction along Crenshaw Blvd. Several nearby residents from Rancho Palos Verdes and the unincorporated Westfield neighborhood expressed their concerns about the appearance, noise impacts and geological impacts of the proposed pump station on Crenshaw Blvd. just north of Silver Spur Rd. CalWater confirmed that there would be no overnight construction on Crenshaw Blvd. RHE Planning Staff stated that additional acoustical analysis of the pump station building was being conducted to address residents' concerns, and recommending continuing this matter (after receiving public testimony) to the April 10, 2018, RHE City Council meeting.

On April 10, 2018, the RHE City Council concluded its deliberations regarding the PVPWRP. RHE Planning Staff provided additional about the acoustical shielding and aesthetics of the proposed pump station on Crenshaw Blvd. just north of Silver Spur Rd. The RHE City Council then unanimously approved the project. Construction is expected to begin this summer, and Staff is keeping the City Council and residents informed about lane closures and other construction impacts as the project moves forward. Additional information about the project is also available on a dedicated CalWater webpage at [www.pvpwaterproject.com](http://www.pvpwaterproject.com).

CalWater is hosting community open houses for the PVPWRP in order to educate Peninsula residents about the benefits and construction impacts of this project. The first open house was held at Dapplegray Elementary School in Rolling Hills Estates on May 9, 2018, and a second open house will be held at Palos Verdes High School in Palos Verdes Estates on June 21, 2018 from 10:00 AM to noon. The 1-month closure of the eastbound lane of Palos Verdes Dr. N. between the Dapplegray Elementary School driveway and Dapplegray Ln. is scheduled to start on July 9, 2018.

Following community open houses on CalWater's Palos Verdes Peninsula Water Reliability Project (PVPWRP) in May and June of 2018 in order to educate Peninsula residents about the benefits and construction impacts of this project, the 1-month closure of the eastbound lane of Palos Verdes Dr. N. between the Dapplegray Elementary School driveway and Dapplegray Ln. started on July 9, 2018. Eastbound through traffic was detoured at Rolling Hills Rd. Construction work within the closure area was completed by the time classes resumed at Dapplegray Elementary School on August 22, 2018.

The next segment of pipeline work in Palos Verdes Dr. N. has been between Dapplegray Ln. and Montecillo Ln., which has resulted in periodic lane closures, turning

restrictions at Palos Verdes Dr. E., and some overnight construction activity. Outside of the public right-of-way of Palos Verdes Dr. N., pipeline construction has been proceeding in nearby equestrian trail easements in Rolling Hills Estates and along the southerly boundary of the South Coast Botanic Garden.

As of early December 2018, construction for the new pump station on Crenshaw Blvd. near Silver Spur Rd. has begun and is expected to continue through the end of 2019. Motorists and Rancho Palos Verdes residents living adjacent to the pump station site will start to see crews clearing the area around the location as part of preparatory site work.

According to California Water Service, most of the pipeline installation in the Palos Verdes Peninsula Water Reliability Project will be complete by the end of 2019, with some additional work connecting the pipeline to the existing system continuing into 2020. Construction on the new pump station on Crenshaw Boulevard near Silver Spur Road continues.

The next leg of the project is on Crenshaw Boulevard and is scheduled to begin at the end of June or in early July 2019 in Rancho Palos Verdes. Crews will work in small segments starting at Crest Road and moving toward the new pump station site north of Silver Spur Road, working from 9 a.m. to 7 p.m. on weekdays.

Construction from Crest Road to the pump station location is expected to last approximately five months, but could change depending on unforeseen circumstances. Preparatory work includes surveying and equipment staging and is expected to last approximately two weeks before pipeline installation begins. The estimated duration for all work on Crenshaw Boulevard (from Crest Road to the South Coast Botanic Garden) is approximately seven months.

Crews plan to work in the following stages on Crenshaw Boulevard:

- Crest Road to Crestridge Road
- Crestridge Road to Indian Peak Road
- Indian Peak Road to Silver Spur Road
- The intersection of Silver Spur Road and Crenshaw Boulevard
- Silver Spur Road to the new pump station site
- Pump station site to Chadwick Lane
- Chadwick Lane to the South Coast Botanic Garden (Nightwork from 8 p.m. to 6 a.m.)

At least one lane of traffic will be open in each direction at all times and all lanes will be open during non-work hours.

- From Crest Road to Silver Spur Road, the southbound lanes of Crenshaw Boulevard will be shut down in stages and all traffic will be shifted across the median to the northbound lanes, with one lane open in each direction.

- From Silver Spur Road to the pump station site, the northbound lanes of Crenshaw Boulevard will be shut down and all traffic will be shifted across the median to the southbound lanes, with one lane open in each direction.
- From the pump station to about 2,300 feet south of Palos Verdes Drive North, the northbound lanes will be closed and all traffic will be shifted to the southbound lanes, with one lane open in each direction.
- From that point to Palos Verdes Drive North, only one southbound lane will be closed, with all northbound lanes open.

Cal Water has [produced a handout](#) showing what traffic control will look like along each of these stages.

Drivers are advised to expect traffic delays, drive slowly and with caution, and to take alternate routes, such as Hawthorne Boulevard, when possible.

Please note that drivers traveling north on Crenshaw Boulevard during working hours will be able to turn left at either Indian Peak Road or Silver Spur Road to head west, meaning one of these roads will be accessible when work reaches this area.

In late June 2019, Cal Water began a major segment of the Palos Verdes Peninsula Water Reliability Project, installing pipeline along Crenshaw Boulevard. Construction began at Crest Road in Rancho Palos Verdes, moving north down Crenshaw Boulevard toward the pump station site near Silver Spur Road. The work included partial lane closures, sending all north and southbound traffic over the median to one side of Crenshaw Boulevard during work hours, with one lane open in each direction.

In October, Cal Water announced it made a change to its project team and would re-evaluate the sequence of construction to ensure timely completion.

Drivers began experiencing significant traffic delays when roadwork reached the intersection of Crenshaw Boulevard and Indian Peak Road in mid-November. Traffic control personnel were stationed in intersections impacted by the work to facilitate traffic movement. Additionally, the City adjusted the timing of signal lights at the intersections of Hawthorne Boulevard and Indian Peak Road as well as Hawthorne Boulevard and Highridge Road to optimize traffic flow. The City of Rolling Hills Estates informed Staff it would make necessary adjustments to the traffic signal light at Hawthorne Boulevard and Silver Spur Road.

In late November, Cal Water announced a new construction sequence for the remainder of work on Crenshaw Boulevard, with two phases of 24/7 traffic control:

Phase 1

- Boundaries: Indian Peak Road to south of Chadwick Lane
- Traffic control: Single lane of northbound and southbound traffic. Traffic control in place at all times. Permanent (glued down) construction delineators and dual

yellow striping will be on the northbound lanes of Crenshaw Boulevard to indicate the new flow of traffic

- Work hours: Monday to Friday, from 7 a.m. to 7 p.m. with intermittent Saturday work
- Completion: Approximately the end of December 2019

After Phase 1 is completed, traffic control between Indian Peak and Silver Spur roads will be taken down and all lanes of traffic will re-open.

## Phase 2

- Boundaries: Silver Spur Road to south of Chadwick Lane
- Traffic control: Single lane of northbound and southbound traffic. Traffic control in place at all times. Permanent (glued down) construction delineators and dual yellow striping will be on the southbound lanes of Crenshaw Boulevard to indicate the new flow of traffic
- Work hours: Monday to Friday, from 7 a.m. to 7 p.m. with intermittent Saturday work
- Completion: Early 2020

Drivers are advised to expect traffic delays, drive slowly and with caution, and to take alternate routes, such as Hawthorne Boulevard, when possible.

These changes are expected to result in significant time savings for the remainder of work on Crenshaw Boulevard. Cal Water has produced a handout showing traffic control for each of these phases, which is viewable at [bit.ly/2reGO9t](http://bit.ly/2reGO9t). The pump station is expected to be completed by the end of 2019.

Cal Water now expects all work for the Palos Verdes Peninsula Water Reliability Project to be completed by mid-2020. In total, seven miles of new drinking water pipeline will be installed to serve residents of the Peninsula.

For additional information about the Palos Verdes Peninsula Water Reliability Project, visit <http://www.pvpwaterproject.com> or call 310-257-1400 (mention the PVP Water Reliability Project).

Staff will continue to monitor this issue in future Border Issues Status Reports.

## **BUTCHER SOLANA RESIDENTIAL DEVELOPMENT PROJECT (TORRANCE)**

- *Last Update: December 17, 2019*

On July 27, 2017, the City of Torrance released the Notice of Preparation (NOP) of an Environmental Impact Report (EIR) for the Butcher-Solana Residential Development Project. The project proposes a 248-unit apartment complex on a 5.71-acre portion of a 24.68-acre former quarry site located at the southwesterly corner of Hawthorne Blvd. and Via Valmonte in the City of Torrance. The project site abuts city-owned parkland in Palos

Verdes Estates and Ernie Howlett Park in Rolling Hills Estates. The 30-day public comment period was set to end on August 28, 2017 and a public scoping meeting was scheduled at Torrance City Hall on August 10, 2017. Click [here](#) for additional information on the City of Torrance's website.

On August 10, 2017, the City of Torrance held a scoping meeting for the proposed 248-unit Butcher-Solana Residential Development Project. The meeting was well-attended by residents from Torrance, Palos Verdes Estates and other nearby neighborhoods and cities. Speakers were universally opposed to the proposed project, citing issues related to traffic and parking, neighborhood compatibility, general plan consistency, geology and landslides, noise, air quality, cultural resources and other issues. During the latter half of August 2017, City Staff planned to meet with our colleagues at Palos Verdes Estates and Rolling Hills Estates to coordinate our written comments on the scope of the project's EIR. Comments on the scope of the EIR were due to the City of Torrance by 5:00 PM on August 28, 2017.

On August 23, 2017, Staff members from all four (4) Peninsula cities met to discuss our responses to the request for comments on the scope of the Environmental Impact Report (EIR) for the proposed 248-unit Butcher-Solana apartment project in the *Walteria* neighborhood of the City of Torrance. Issues of concern to the Peninsula cities included construction impacts, traffic/parking impacts, noise and open space. Each of the cities submitted comments to Torrance by the August 28, 2017 comment deadline. However, Torrance indicated that it would continue to "informally" accept comments on the scope and content of the EIR until September 18, 2017.

On June 19, 2019, the City of Torrance released a draft environmental impact report (DEIR) for the proposed Butcher Solana apartment project at the southwest corner of Hawthorne Boulevard and Via Valmonte. The project would consist of 248 one- and two-bedroom apartments in three five-story buildings with 484 parking spaces in a six-story structure. The public comment period for the DEIR was extended from 45 to 60 days.

The DEIR can be viewed at <https://www.torranceca.gov/our-city/community-development/planning/butcher-solana>

In early August, Staff attended a meeting with staff from the cities of Palos Verdes Estates and Rolling Hills Estates to discuss the project and how each city intended to comment. Several concerns were raised, including inconsistencies throughout the document, purportedly outdated information, and erroneous analyses. Staff also attended a community meeting about the project at the Red Onion restaurant in Rolling Hills Estates.

According to planning staff at the City of Torrance, because the project falls in that city's Hillside Overlay Area, the applicant was required to construct silhouettes showing the structures' visual impacts. Due to heightened interest, Torrance planning staff required

the silhouettes go up for a longer-than-usual period of at least 60 days before the development's first hearing at the Planning Commission.

Silhouettes were constructed in late July, but Torrance planning staff was unable to certify them because they were damaged. The project application is therefore considered incomplete.

On August 19, 2019, the City submitted its [comments on the DEIR](#), noting that although several issues the City previously raised were addressed in the analysis, numerous other concerns were not, as well as inaccuracies that the City identified.

According to the City of Torrance, more than 690 comment letters came in, and in mid-September, the project developer notified planning staff it was putting the project on hold while it reviewed them.

The project is not withdrawn and the developer is expected to touch base with the City of Torrance about its next steps in 2020, according to city staff.

Staff will continue to monitor this issue in future Border Issues Status Reports.

### **DEFENSE FUEL SUPPORT POINT SAN PEDRO (LOS ANGELES (SAN PEDRO))**

- *Last Update: December 17, 2019*

On October 15, 2018, Staff received notice from the Navy that it is beginning the environmental review process to lease a portion of the Defense Fuel Support Point (DFSP) San Pedro for commercial fueling operations. The Navy sought comments on the scope of the proposed Environmental Assessment (EA) for a 35-day period from October 10, 2018, through November 13, 2018.

On October 17, 2018, Staff attended a special meeting of the Northwest San Pedro Neighborhood Council's (NWSPNC) Planning and Land Use Committee at which this proposal was discussed. The Navy has prepared a fact sheet for the proposal but the details remain rather vague. The lease area could include both the main terminal on Gaffey St. and the marine terminal at Pier 12 in the Port of Long Beach, as well as existing pipelines connecting to these facilities. The type(s) of fuel to be stored or transshipped is unknown at this time. It is possible that the three (3) remaining aboveground fuel tanks at DFSP San Pedro—located off Western Ave. just south of Palos Verdes Dr. N.—might be put back into service.

On November 13, 2018, Staff sent the attached comments on the scope of the draft EA to the Navy. The Navy reportedly expects to release the draft EA for public review and comment in Spring 2019. Staff has asked for the standard 15-day public comment period to be expanded to forty-five (45) days.

On April 17, 2019, Staff received notice from the Navy of the release of a [draft environmental assessment \(EA\)](#) of a proposal to renew fueling operations under a

commercial lease at Defense Fuel Support Point San Pedro (DFSP), the sprawling, inactive Navy fuel tank farm on North Gaffey Street (which borders the City on a stretch of Western Avenue), and an 8-acre marine terminal about five miles southeast in the Port of Long Beach.

The Navy deactivated DFSP in late 2015, filling its underground tanks with foamcrete for permanent closure, and began exploring how the site could be used in the future. The Navy determined DFSP is desirable for fueling needs for the growing Pacific Fleet. According to the Navy, leasing the property to a commercial operator is optimal because it would enable the Navy to use the site for fueling operations, but have the lessee cover the costs of rehabilitation and maintenance of facilities.

The draft EA studied two alternatives: Alternative 1 proposed renewing fueling operations for a mix of commercial and Navy use on 311 acres at the San Pedro site, the marine terminal and about 14 miles of underground pipelines; and Alternative 2 proposed renewing operations at the marine terminal and pipelines only. A No Action Alternative was also studied, but the Navy determined this would not meet its needs.

The analysis assumed a maximum of 30 million barrels of fuel a year being transported for commercial and Navy use, noting the historical use by the Navy of 4 million to 12 million barrels per year. The assessment found that, with mitigation, there would be no significant impacts across 13 resource areas. Development would be limited to previously disturbed areas and biological resources that support sensitive species, including the Palos Verdes blue butterfly population, would not be disturbed. Three aboveground storage tanks near Western Avenue and Palos Verdes Drive North could be reactivated and additional facilities, including new tanks, could be constructed.

On May 16, 2019, Staff submitted a comment letter to the Navy raising serious concerns with the proposal, including the unknowns of potential commercial uses and the construction of new facilities at the San Pedro site, public safety hazards, increased traffic, and biological and visual impacts.

Los Angeles City Councilman Joe Buscaino, who represents the Harbor Area, sent a letter to the Navy opposing reactivating the San Pedro site, saying multiple existing liquid bulk facilities in the twin ports of Los Angeles and Long Beach are capable of meeting the Navy's needs.

In response to requests from the community, the Navy extended the public comment deadline for the draft EA from May 20, 2019 to June 3, 2019.

On May 29, 2019, Staff attended a meeting of the Northwest San Pedro Neighborhood Council Community Issues Committee, where the panel heard an overview of the proposal from Gregg Smith, a public affairs officer for Naval Weapons Station Seal Beach. Smith took questions and clarified that the Navy would not collect rent from the lessee, saying the arrangement would be for in-kind services (improvements and maintenance). Smith also said that since announcing plans to potentially reactivate

DFSP, the Navy has been approached by several local oil industries that expressed interest in the potential outlease.

The committee members raised various public safety concerns about renewing and significantly increasing fueling operations at the depot site in San Pedro, given its proximity to homes, populated areas, the nearby Rancho LPG storage tanks and the Phillips 66 oil refinery. Smith said that under Alternative 2, one possibility could be for a nearby oil refinery with existing pipelines capable of connecting to the marine terminal to enter an outlease, meaning, the use of the site near homes could be avoided.

The Navy granted the Northwest San Pedro Neighborhood Council an extension to submit comments on the draft EA after June 3, 2019 so they could be discussed at the council's next board meeting after the deadline. On June 10, 2019 the board voted unanimously to send a letter opposing Alternative 1 over various environmental and public safety concerns, expressing strong opposition to the construction of new storage tanks, and calling for additional alternatives to be studied before making a decision on Alternative 2.

According to the Navy, a final EA should be released by the end of 2019. The Navy would then put out a request for proposals and make a final decision on its next steps soon after. Any potential development not studied in the EA would require additional analysis.

On November 4, 2019, the U.S. Navy released a request for proposals (RFP) for a proposed outlease of Defense Fuel Support Point San Pedro (DFSP), the sprawling, inactive Navy fuel tank farm on North Gaffey Street (which borders the City on a stretch of Western Avenue), and an 8-acre marine terminal about five miles southeast in the Port of Long Beach.

The RFP can be viewed online at [https://beta.sam.gov/opp/5154a49bfb9b09f33f91a9eb276e3a03/view?index=opp&page=1&sort=-relevance&keywords=defense%20fuel%20support&date\\_filter\\_index=0&inactive\\_filter\\_values=false](https://beta.sam.gov/opp/5154a49bfb9b09f33f91a9eb276e3a03/view?index=opp&page=1&sort=-relevance&keywords=defense%20fuel%20support&date_filter_index=0&inactive_filter_values=false)

Proposals are due January 17, 2020. Prior to the release of the RFP, the Navy indicated it had been approached by several local oil industries that expressed interest in the potential outlease.

The RFP states that the Navy's target lease execution date is August 31, 2020. All federal, state and local permits and licenses required to meet the Navy's fueling requirement would need to be obtained by the end of August 2022, and the operator would need to be capable of delivering fuel to the Navy via pipeline at the fuel pier by the end of August 2023.

According to the Navy, the final EA is in a holding pattern as officials consider releasing the document after proposals come in so it can fully analyze the most likely scenarios for future use of the site. If the EA is released after responses to the RFP come in, the Navy has indicated to Staff that this would likely not occur until March 2020. In any event, the EA would be completed before any decision on outleasing is made.

Staff will continue to monitor this issue in future Border Issues Status Reports.

## **RANCHO LPG BUTANE STORAGE FACILITY (CITY OF LOS ANGELES)**

- *Last Update: December 17, 2019*

For many years, residents in San Pedro and the *Eastview* area of Rancho Palos Verdes have been concerned about the existing Rancho LPG (formerly AmeriGas) butane storage facility at 2110 North Gaffey Street. The Rancho LPG facility is a 20-acre site located at the northeast corner of Gaffey Street and Westmont Drive, across the street from Home Depot and roughly three-quarters of a mile from the nearest homes in Rancho Palos Verdes. The site's most visually-prominent features are two (2) large refrigerated butane storage tanks with a combined capacity of over twenty-five (25) million gallons. Nearby residents have actively sought the relocation of the former Amerigas facility to another site, most recently to Pier 400 in the Port of Los Angeles (POLA).

The Rancho LPG facility handles and stores butane—a by-product of petroleum refining—from the nearby Valero and BP refineries in Wilmington and Carson, respectively. In the past, the transportation of butane from the site utilized an underground pipeline to nearby Berth 120 in Los Angeles Harbor. In 2004, POLA declined to renew AmeriGas' lease for Berth 120. Currently, butane is transported from the facility via rail car and tanker truck. However, Staff understands that Rancho LPG may be pursuing a new lease with POLA to resume the use of the existing underground pipeline.

The explosion of an underground natural gas transmission line in a residential neighborhood in San Bruno, CA, on September 9, 2010, has renewed concerns about the Rancho LPG facility among nearby residents. On September 15, 2010, the *Daily Breeze* reported on a closed-door meeting held by the new owners of the facility, Plains LPG. Another *Daily Breeze* article on October 18, 2010, reported that the City of Los Angeles' Northwest San Pedro Neighborhood Council (NWSPNC) had commissioned an independent risk assessment of the Rancho LPG facility. The September 2010 Quantitative Risk Assessment (QRA) has identified a variety of possible accident scenarios for the facility. These range from a relatively small, on-site mishap with impacts mainly contained to the site, to a sudden, catastrophic failure of the butane storage tanks with impacts extending within a 5- to 7-mile radius from the facility.

The NWSPNC Planning and Land Use Committee was scheduled to meet to discuss the Rancho LPG facility and the QRA on October 28, 2010. Staff planned to attend this meeting.

The Planning and Land Use Committee of the Northwest San Pedro Neighborhood Council (NWSPNC) met on October 28, 2010 to discuss the September 2010 quantitative risk assessment of the Rancho LPG butane storage facility that it commissioned earlier that year. The meeting was attended by roughly two (2) dozen residents and interested parties. NWSPNC's consultant, Cornerstone Technologies, did not attend the meeting to answer questions about its report. Rancho LPG did send representatives to refute the findings and conclusions of the Cornerstone report. Rancho LPG asserts that the Cornerstone report is inaccurate, not credible and not a "true" risk assessment. Of the eight (8) scenarios analyzed in the Cornerstone report, Rancho LPG claims that four (4) were incorrectly modeled and the other four (4)—including the most catastrophic scenarios—are "impossible."

Rancho LPG indicated that it is preparing its own risk assessment for the facility, which it planned to release to the public in January 2011. Staff sent a letter to Rancho LPG on November 5, 2010, asking to be invited to the meeting at which the risk assessment would be presented. In telephone conversations on November 10, 2010, and November 29, 2010, Rancho LPG representatives confirmed that the City would be invited to attend this meeting, which was tentatively set for January 11, 2011.

At the November 30, 2010, City Council meeting, several San Pedro and Rancho Palos Verdes residents addressed the City Council (under "Audience Comments") expressing their concerns about the Rancho LPG facility. Language for a draft resolution was presented to the City Council by members of the San Pedro and Peninsula Homeowners' Coalition. Rather than adopting a resolution, however, Staff recommended sending a letter from the Mayor to Los Angeles City Councilwoman Janice Hahn, relaying our residents' concerns about this facility. A draft letter for this purpose was prepared for the City Council's review and consideration on December 21, 2010.

On December 17, 2010, Staff received an invitation from Rancho LPG Holdings, LLC to attend a January 11, 2011, community meeting regarding the risk analysis for the Rancho LPG facility on North Gaffey Street in San Pedro. The invitation to attend this meeting was extended to elected and appointed community representatives, mostly from San Pedro and its neighborhood councils (Northwest, Central and Coastal).

On December 21, 2010, the City Council considered a letter from Mayor Long to Los Angeles City Councilwoman Hahn regarding the Rancho LPG facility. The letter was approved with modifications that evening, and sent to Councilwoman Hahn on January 6, 2011. Staff has provided a copy of this letter to Rancho LPG.

The January 11, 2011, meeting hosted by Rancho LPG was held at the Crowne Plaza Hotel in San Pedro. It was the first opportunity for Rancho LPG to present its own risk analysis for the butane storage facility. At the outset, Rancho LPG representatives restated their position that the type of catastrophic explosion that occurred in 2010 in San Bruno, CA could not occur at its San Pedro facility; and that the report prepared in 2010 on behalf of the Northwest San Pedro Neighborhood Council (NWSPNC) by Cornerstone

Technologies was flawed and could not be relied upon as a “true” quantitative risk analysis for the facility.

Rancho LPG’s consultant, Quest Consultants, presented an extremely detailed 2½-hour oral presentation about the preparation of quantitative risk analyses (in general) and the risks associated with the Rancho LPG facility (specifically). The analysis concluded that the area potentially affected by the most catastrophic events that could realistically occur at the Rancho LPG facility would be several orders of magnitude less than the nearly 7-mile radius affected under the most-catastrophic scenario identified in the Cornerstone report. As modeled by Quest, the nearest residents to the Rancho LPG facility would experience a risk of fatality that is consistent with international standards of “acceptable risk” for similar facilities. It should be noted that seismic risk was not addressed in Quest’s analysis of the Rancho LPG facility. The explanation provided was that there is insufficient data available on the frequency of seismic events for Quest’s risk analysis models to generate meaningful results. However, it was noted that the refrigerated butane storage tanks have passed recent inspections and that they comply with the current International Building Code (IBC). Finally, the Quest representative touched briefly upon the risk of intentional/terrorist attacks upon the facility. Rancho LPG expected to conduct another similar meeting with elected and appointed community representatives in May 2011.

At the April 5, 2011, City Council meeting, a representative of the San Pedro and Peninsula Homeowners’ Coalition addressed the Council and asked it to direct Staff to prepare a letter to U.S. Senators Dianne Feinstein and Barbara Boxer regarding the Rancho LPG facility. A draft letter and other materials were submitted as “Late Correspondence” at that meeting. The City Council received these materials and the comments of the speaker, but did not provide direction to Staff regarding the request for letters to be sent to our U.S. Senators regarding this matter.

On May 11, 2011, Staff attended Rancho LPG’s community relations meeting in San Pedro. At that meeting, a representative of Rancho LPG provided updates on a number of topics related to the facility for the 2010 calendar year, including:

- Incident (i.e., accident) rates for the Rancho LPG facility—which has never had a “significant release event”—were roughly one-third ( $\frac{1}{3}$ ) of the industry standard for similar facilities;
- Facility security has been enhanced with upgraded fencing, video surveillance and security personnel;
- The facility operators have worked with the Department of Homeland Security (DHS) and the Los Angeles Police Department (LAPD) on counter-terrorism issues and training;
- Facility operations have been upgraded by the addition of personnel and the implementation of system automation;
- Under the auspices of the California Accidental Release Prevention (CalARP) program, facility infrastructure has been inspected and (where needed) brought into compliance with the most recent building codes; and,

- A geotechnical seismic evaluation found negligible risks of surface rupture, slope failure or liquefaction at the facility.

Rancho LPG planned to hold another community relations meeting in September 2011.

At the June 7, 2011, City Council meeting, the City Council discussed the previous request to send letters to U.S. Senators Dianne Feinstein and Barbara Boxer regarding the Rancho LPG facility. Staff subsequently prepared these letters for the Mayor's signature, which were sent to Senator Feinstein and Senator Boxer on June 21, 2011.

On August 26, 2011, a member of San Pedro and Peninsula Homeowners United e-mailed Staff, asking for the City Council to support a letter being written to Los Angeles City Attorney Carmen Trutanich. Staff responded that we believed that previous letters from the Mayor that were sent to then-Councilwoman (now-Congresswoman) Janice Hahn, Senator Dianne Feinstein and Senator Barbara Boxer expressed the City Council's concerns and position regarding the Rancho LPG facility. We understood from a report published in the *Daily Breeze* on September 2, 2011, that a similar request was made by this group to the Los Angeles Board of Harbor Commissioners on September 1, 2011.

On September 14, 2011, Staff attended Rancho LPG's latest community relations meeting in San Pedro. At that meeting, a representative of Rancho LPG provided updates on a number of topics related to the facility for the 2011 calendar year. He also distributed copies of a 3<sup>rd</sup>-party independent assessment of the Fall 2010 Cornerstone Technologies and Quest Consultants risk assessment reports for the facility, which was prepared at the request of the Environmental Protection Agency (EPA) by Dr. Daniel Crowl with the Department of Chemical Engineering at Michigan Technical University. Dr. Crowl's assessment concluded (in general) that the Cornerstone report was flawed in its analysis of the risk of catastrophic upset at the Rancho LPG facility, while the Quest report defined more realistic scenarios that were indicative of the actual risk posed by the facility upon the surrounding community. Unfortunately, the meeting deteriorated into a rather heated discussion about the credibility of the analysis on each side of the argument, and the perceived lack of transparency about the operation of the facility.

On September 21, 2011, Staff received a follow-up letter from Rancho LPG. Staff believes that Rancho LPG plans to continue holding community relations meetings in the future.

As "Late Correspondence" for the October 4, 2011, City Council meeting, Staff distributed a copy of a letter from Rancho LPG to the Central San Pedro Neighborhood Council, which included as an attachment a letter from Los Angeles City Attorney Carmen Trutanich to the attorney representing San Pedro and Peninsula Homeowners United. In essence, the letter concluded that the Los Angeles City Attorney's office did not have sufficient evidence or grounds upon which to revoke Rancho LPG's right to use a railroad line in Los Angeles city right-of-way or to compel the preparation of a new environmental impact report for the Rancho LPG butane storage facility.

Related to this issue, additional developments and information include the following:

- On October 4, 2011, "Late Correspondence" for that evening's City Council meeting included an e-mail chain from Jeanne Lacombe.
- On October 7, 2011, Staff was copied on an e-mail from Janet Gunter to the City and Port of Los Angeles regarding the discussion of the Rancho LPG facility at the Board of Harbor Commissioner's meeting on September 1, 2011.
- On October 10, 2011, the Los Angeles *Times* published an article regarding the Rancho LPG facility.
- On October 13, 2011, Janet Gunter forwarded to Staff a copy of the revocable permit granted to rancho LPG by the Port of Los Angeles for the use of a portion of the rail spur line serving the property.
- On October 17, 2011, Staff received a flyer announcing a community protest to be staged near the Rancho LPG facility on October 29, 2011 (the *Daily Breeze* subsequently reported on this protest on October 30, 2011).
- On October 21, 2011, Staff received a letter from Rancho LPG, which included a letter from the State Attorney General's office concluding that the State had no grounds to issue an injunction to shut down the facility.
- On October 29, 2011, the Los Angeles *Times* reported that Los Angeles City Councilwoman Jan Perry was calling for an investigation of the Rancho LPG facility.
- On November 14, 2011, Jeanne Lacombe forwarded to Staff a copy of a proposed motion by the Northwest San Pedro Neighborhood Council regarding the insurance requirements for Rancho LPG (which was subsequently adopted).
- On November 20, 2011, Jody James forwarded to Staff a copy of the November 15, 2011, motion by the Port Community Advisory Committee (PCAC) demanding that the Port of Los Angeles revoke the permit allowing Rancho LPG to use the rail spur line serving the property.

On January 9, 2012, Staff received an invitation from Rancho LPG Holdings, LLC to attend the latest regular community relations meeting regarding the Rancho LPG facility. The invitation to attend this meeting was extended to elected and appointed community representatives, mostly from San Pedro and its neighborhood councils (Northwest, Central and Coastal).

On January 25, 2012, Staff attended Rancho LPG's community relations meeting in San Pedro. At that meeting, representatives of Rancho LPG provided updates on a number of topics related to the facility for the 2011 calendar year, including:

- Facility security continues to be enhanced with upgraded fencing, anti-vehicle measures and security personnel;
- The facility operators continue to work with the Department of Homeland Security (DHS) and the Los Angeles Police Department (LAPD) on counter-terrorism issues and training;
- Facility operations continue to be upgraded by the addition of personnel, the implementation of system automation and upgrades to the on-site rail spurs;

- Facility personnel completed a total of two hundred one (201) hours of safety training; and,
- The facility passed fourteen (14) audits by various oversight agencies, with no “Notices of Violation” issued.

It was noted that, during 2011, the facility received third-party validation of its regulatory and CEQA compliance from the Los Angeles City Attorney and the State Attorney General, as well as third-party validation of the Quest risk analysis by Michigan Tech under the direction of the Environmental Protection Agency (EPA). Also, the facility operator recently launched a new website (<http://www.RanchoLPG.com>) to provide information about the facility to the general public. During the question-and-answer session at the end of the presentation, however, it was clear that concerned members of the nearby community remain opposed to the presence of the facility on the site due to its proximity to homes, schools and businesses, regardless of how safely it may be operated by Rancho LPG.

Rancho LPG has not yet scheduled its next community relations meeting.

The following events have transpired since the last Border Issues update on this facility in early February 2012:

- On February 28, 2012, the *Daily Breeze* reported that LAUSD Board Vice President Richard Vladovic had sent a letter to Governor Brown asking for further investigations into the Rancho LPG facility;
- On March 8, 2012, Staff received an e-mail and photographs from Jody James after a collision between a truck and a train just outside the Rancho LPG facility at Gaffey Street and Westmont Drive;
- On March 12, 2012, Staff received another e-mail from Jody James announcing that the Board of Harbor Commissioners would be discussing the Rancho LPG facility at its meeting on March 15, 2012; and,
- On March 13, 2012, Staff received an e-mail from Jeanne Lacombe regarding the Los Angeles City Attorney’s review of the Rancho LPG facility.

On May 1, 2012, Los Angeles 15<sup>th</sup> District City Councilman Joe Buscaino announced that he was asking the City Council’s Public Safety Committee to hold a special meeting in San Pedro to consider issues related to liquid bulk storage facilities in the harbor area. Councilman Buscaino posted a brief video of this announcement on the 15<sup>th</sup> District website (<http://www.la15th.com/>), which can also be viewed on YouTube at the following link:

[http://www.youtube.com/watch?feature=player\\_embedded&v=ptadTRmTQ3U](http://www.youtube.com/watch?feature=player_embedded&v=ptadTRmTQ3U)

In late May 2012, Staff received the e-mails from Janet Gunter regarding the June 7, 2012, Board of Harbor Commissioners (BHC) meeting as it related to a rail permit for the Rancho LPG butane storage facility in San Pedro. The rail permit in question covers a very short segment of the existing rail spur line adjacent to the Rancho LPG facility where

it crosses Westmont Drive. A request for the BHC to revoke this permit was on the June 7<sup>th</sup> BHC agenda.

As a bit of background, in Fall 2011 the City of Los Angeles' Port Community Advisory Committee (PCAC) adopted a resolution recommending that the BHC revoke the permit for the rail spur line serving the Rancho LPG facility; perform risk assessments of the Rancho LPG facility and all hazardous commodities transported through the Port of Los Angeles; and establish a working group to examine the risks associated with the Rancho LPG facility. Port Staff recommended denying the PCAC recommendation, generally on the grounds that:

- Revoking the permit for the rail line would not prevent its continued use by Rancho LPG, but would deprive the Port of insurance coverage, indemnification and lease revenue related to the rail spur; and,
- The Port does not have jurisdiction over the operations of the Rancho LPG site because it is located outside of the Port Master Plan Area and the Coastal Zone.

The Staff report did suggest that the BHC had the authority to ask an agency with direct jurisdiction over the Rancho LPG facility to undertake the studies requested by PCAC. Prior to the BHC meeting, Staff was copied on an e-mail exchange between Janet Gunter and Port of Los Angeles Executive Director Geraldine Knatz regarding the acceptance of public comments on this topic at the BHC meeting. Ms. Knatz clarified that PCAC and Rancho LPG would each be allotted ten (10) minutes to address the BHC, with all other public speakers limited to the customary three (3) minutes each.

The BHC met on Thursday, June 7, 2012, at the Port of Los Angeles Administration Building in San Pedro to consider (among other things) the PCAC recommendation. The *Daily Breeze* subsequently reported on June 8, 2012, that the BHC had rejected the PCAC recommendation to revoke this permit.

On June 18, 2012, Staff was notified that San Pedro Peninsula Homeowners United, the San Pedro & Peninsula Homeowners' Coalition and other concerned community groups would be hosting a screening of their 12-minute video *Before the Ashes* on Thursday, June 21, 2012 at Holy Trinity Parish Center in San Pedro. Staff was unable to attend this screening.

On June 27, 2012, Los Angeles 15<sup>th</sup> District City Councilman Joe Buscaino hosted a meeting of the Los Angeles City Council's Public Safety Committee to investigate the potential risks and overall safety of liquid bulk storage facilities in the harbor area, including the Rancho LPG butane storage facility. Councilman Buscaino invited experts and regulators from numerous Federal, State, regional and city agencies to testify before the Committee, and concerned residents were encouraged to attend. The meeting was held at Taper Avenue Elementary School in San Pedro.

At the outset of the hearing, Councilman Buscaino invited elected officials to address the Committee. Dr. Richard Vladovic, Los Angeles Unified School District (LAUSD) Board of

Education member representing the San Pedro area, expressed his concerns about the Rancho LPG facility and his desire to protect children attending nearby schools. Rancho Palos Verdes City Councilman Jerry Duhovic stated that he appreciated Councilman Buscaino's efforts in this matter, and noted that his family members and constituents on the east side of Rancho Palos Verdes were concerned about the Rancho LPG facility.

Councilman Buscaino was joined by Councilman Dennis Zine and Councilwoman Jan Perry at the dais. They began with questioning of a number of representatives of Federal, State and regional agencies regarding their respective jurisdictions over liquid bulk storage. Agencies represented included the California Occupational Safety and Health Administration (Cal-OSHA); the U.S. Environmental Protection Agency (USEPA); the Defense Logistics Agency (DLA), which operates the Navy fuel depot in San Pedro; the U.S. Occupational Safety and Health Administration (OSHA); and the South Coast Air Quality Management District (SCAQMD). Based upon the testimony provided, it was clear that each of these agencies has a very limited scope of authority over aspects of the operation of liquid bulk storage facilities.

The Committee then continued with questioning of representatives of a number of City of Los Angeles departments and agencies, including the Emergency Management Department, the Department of Sanitation, the Fire Department (LAFD), the Building and Safety Department, the Police Department (LAPD), the Planning Department, the Port of Los Angeles and the City Attorney's Office. Again, each agency appeared to have a limited scope of authority over liquid bulk storage (generally) and the Rancho LPG facility (specifically). However, based upon the discussion of the Committee, it appeared that the Emergency Management and Planning departments had the greatest potential to address the issue of the community impacts of liquid bulk storage on a more "global" scale.

After completing its questioning, the Committee offered members of the public to comment on the issue at hand. The vast majority of these comments expressed specific opposition to the Rancho LPG facility (rather than addressing the general topic of liquid bulk storage), and a desire for the City of Los Angeles to take action to remove this facility. Staff understands that representatives of Rancho LPG may have been in attendance at the hearing, but they were not questioned by nor did they address the Committee. Videos of the entire hearing—both agency staff testimony and public comment—may be viewed on-line at <http://www.la15th.com/tanksafety>.

At the August 21, 2012, City Council meeting Councilwoman Susan Brooks presented an item regarding the Rancho LPG butane storage facility during the "Study Session" portion of the agenda. Two (2) members of the public addressed the City Council, urging it to consider taking a more proactive role in addressing community concern about the facility. The City Council unanimously agreed to direct Staff to agendize this matter for discussion at a future meeting, which is scheduled for October 16, 2012.

As was reported in the *Daily Breeze* on October 18, 2012, the City Council received a report from Staff laying out options to address community concerns about the Rancho

LPG facility on October 16, 2012. The City Council unanimously agreed to “step up” monitoring of the facility as a part of the Border Issues Status Report; to reach out to surrounding jurisdictions and agencies; to evaluate the applicability of the Contra Costa County Risk Management Ordinance as model legislation; and to ask Rancho LPG to provide information about liability coverage for the facility. Staff is actively working on all of these initiatives.

On October 20, 2012, the *Daily Breeze* reported on complaints about an odor emanating from the Rancho LPG facility on October 18, 2012. Nearly forty (40) complaints were received from residents all over the South Bay. The South Coast Air Quality Management District (AQMD) has issued a notice of violation to Rancho LPG and launched an investigation.

In response to the City Council’s direction of October 16, 2012, Staff prepared a letter from the Mayor to Councilman Buscaino on November 7, 2012. The letter expresses support for Councilman Buscaino’s recent motions regarding the facility, and urges him to follow-up with the AQMD regarding the leak on October 18, 2012. Copies of this letter were provided to the City Councils and City Managers of Lomita, Palos Verdes Estates, Rolling Hills and Rolling Hills Estates.

Councilman Buscaino made a further motion regarding the Rancho LPG facility on November 13, 2012. This motion directs the Los Angeles City Attorney to report on the insurance requirements and liability coverage of Liquid Bulk Storage/Liquid Petroleum Gas facilities, and to suggest improvements to City laws in this respect.

Following up on the City Council’s direction of October 16, 2012, Staff has been attempting to obtain copies of insurance information regarding the Rancho LPG facility. However, as of the date that this report was completed, legal counsel for the facility operator has not indicated whether or not such information will be provided to the City.

As mentioned in the discussion of the *Ponte Vista* project above, Janet Gunter submitted extensive comments in opposition to the project on the basis that the risk of upset posed by the nearby Rancho LPG facility was not adequately addressed.

As Staff reported orally at the February 4, 2013, City Council meeting, Rancho LPG refused to provide the City Attorney with the requested information regarding its insurance and liability coverage on the grounds that such information was “proprietary.” In response to further requests from Staff and the City Attorney regarding the basis for making this determination, Rancho LPG has not responded. However, Rancho LPG did respond that:

- They had offered to show Councilman Knight and Staff the procedures related to recapturing spilled fuel from the containment basin during a site tour on October 16, 2012, but that we had said that we didn’t have time to review them at the time (Staff does not recall this conversation). They further stated that, while there are procedures in place that are available for review at the site, they would not provide copies of them.

- They were not required to report the normal emergency operation of the flare in January 2013 to the AQMD, the EPA or any other agency.

On February 19, 2013, the Chief Legislative Analyst's (CLA) Office of the City of Los Angeles released its report on "Safety Regulations and Precautions at Liquefied Petroleum Gas (LPG) Facilities". The report was prepared in response to several motions by Los Angeles City Councilman Joe Buscaino. After summarizing the legislative and regulatory background affecting the Rancho LPG facility in its report, the CLA made two (2) recommendations:

1. Instruct the Fire Department to develop potential options for a community outreach effort and preparedness exercise with City departments and stakeholders in the San Pedro area, including the facility operator, local Neighborhood Councils, homeowner groups, and other community based organizations.
2. Instruct the Fire Department and Department of Building and Safety, with the assistance of the Chief Legislative Analyst, to report back with a list of inspections conducted by non-City agencies at liquid bulk storage facilities that would benefit City agencies by receiving automatic notification of inspection deficiencies.

Local citizen groups were disappointed in this response, as demonstrated in some of their e-mails.

On February 23, 2013, several concerned citizen groups opposed to the Rancho LPG facility held a "Leadership Forum" at Taper Street Elementary School in San Pedro. Mayor Pro Tem Duhovic, Councilman Campbell and Councilman Knight all attended the meeting, and the meeting was reported upon by the *Daily Breeze* on February 24, 2013.

On March 14, 2013, the U.S. Environmental Protection Agency (EPA) issued a "Notification of Potential Enforcement Action for Violation of Section 112(r)(7) of the Clean Air Act" to the Rancho LPG facility. This notice apparently stems from site inspections conducted by the EPA in April 2010 and January 2011. The allegations against Rancho LPG include:

- Failing to include the rail storage area of the site in its Risk Management Plan;
- Failing to adequately evaluate seismic impacts upon the facility's emergency flare;
- Failing to address the consequences of a loss of City water for fire suppression during an earthquake;
- Failing to conduct a timely internal inspection of Tank 1 (i.e., one of the 12½-million-gallon butane storage tanks);
- Failing to develop an Emergency Response Plan to protect public health and the environment; and,
- Failing to include a drain pipe and valve in the containment basin in the Mechanical Integrity Program.

Rancho LPG has been given until April 15, 2013, to file written responses to EPA's allegations. EPA anticipates filing its complaint by May 15, 2013. Both the Los Angeles

*Times* and the *Daily Breeze* reported on this matter.

At the April 2, 2013, City Council meeting, Mayor Brooks noted that the U.S. Environmental Protection Agency (EPA) had issued a "Notification of Potential Enforcement Action for Violation of Section 112(r)(7) of the Clean Air Act" to the Rancho LPG facility. Rancho LPG was given until April 15, 2013, to file written responses to EPA's allegations. On May 6, 2013, Staff e-mailed the EPA to inquire into the status of Rancho LPG's response. However, as of the date that this report was last updated, Staff had received no response from the EPA.

Beginning in November 2012, San Pedro Peninsula Homeowners United has made several requests of the Los Angeles Department of City Planning (DCP) to initiate nuisance abatement proceedings against the Rancho LPG facility. DCP's response to each of these requests has been that there are no grounds upon which to pursue nuisance abatement against the facility.

In the past two (2) months, Janet Gunter has forwarded several items via e-mail, drawing comparisons between the Rancho LPG facility and other recent hazard issues and events. These have included:

- The Chevron refinery fire in Richmond, CA in August 2012
- The PG&E gas line explosion in San Bruno, CA in September 2010
- The fertilizer plant explosion in West, TX in April 2013
- Recent offshore earthquakes in May 2013

At the June 4, 2013, City Council meeting, the City Council directed Staff to prepare letters to Los Angeles Councilman Joe Buscaino, U.S. Congresswoman Janice Hahn and U.S. Congressman Henry Waxman regarding the Rancho LPG facility. The letters were completed and signed by the Mayor on June 18, 2013. Copies of these letters were also provided to State Senator Ted Lieu and State Assemblymember Al Muratsuchi.

On July 8, 2013, Staff received a phone call from the EPA, advising us that Rancho LPG had submitted written responses to their March 14, 2013, notice, and that the EPA was reviewing these responses. Subsequently, in response to the Mayor's letter of June 18, 2013, Congresswoman Hahn also sent a letter to the EPA on July 10, 2013, asking the EPA to expedite its review of Rancho LPG's response to the violations alleged in the EPA's notice of March 14, 2013. In addition, on July 31, 2013, Congressman Waxman sent a letter to the Department of Homeland Security (DHS), asking for an explanation of apparent discrepancies between the assessment of the risks posed by the Rancho LPG facility to DHS and EPA.

In the past two (2) months, several interested parties have forwarded items via e-mail, drawing comparisons between the Rancho LPG facility and other recent hazard issues and events. These have included:

- The Chevron refinery fire in Richmond, CA in August 2012;

- The fertilizer plant explosion in West, TX in April 2013;
- The train derailment and resulting fire in Quebec, Canada in July 2013, and,
- A gas plant explosion in Florida in July 2013.

In late July and early August, there was a flurry of correspondence from State and Federal legislators—and even the White House—related to the Rancho LPG facility. These included:

- A July 29<sup>th</sup> response from the Environmental Protection Agency (EPA) to Congresswoman Janice Hahn's inquiry about the status of EPA's investigation of alleged violations at the Rancho LPG facility;
- A July 31<sup>st</sup> letter from Congressman Henry Waxman to the Department of Homeland Security (DHS), requesting an explanation of apparent discrepancies between the public safety assessments for the Rancho LPG facility by EPA and DHS;
- A July 31<sup>st</sup> letter from State Senator Ted Lieu to the State Fire Marshal, raising a number of questions about the safety of a facility such as Rancho LPG in close physical proximity to surrounding homes, schools and businesses;
- An August 1<sup>st</sup> Executive Order from the White House, calling for a variety of initiatives to improve the safety and security of chemical facilities; and,
- An August 1<sup>st</sup> letter from Congresswoman Janice Hahn to the House Subcommittee on Railroads, Pipelines and Hazardous Materials, asking the Subcommittee to conduct a local field hearing on the laws and regulations that govern hazardous facilities near homes and schools.

As reported to the City Council in the October 1<sup>st</sup> Border Issues Status Report, Senator Ted Lieu sent a letter to the State Fire Marshal on July 31, 2013, asking her to investigate a number of issues related to the Rancho LPG facility. On December 12, 2013, *Rolling Hills Riviera* Homeowners' Association President Jeanne Lacombe forwarded to Staff a copy of the response from the State Fire Marshal. The State Fire Marshal's letter states that bulk LPG storage facilities are not within that agency's "statutory and regulatory responsibilities," and referred Senator Lieu to the State Office of Emergency Services and the Los Angeles Fire Department.

In August 2013, President Obama issued Executive Order No. 13650 (EO 13650) regarding the safety and security of chemical facilities in the United States, shortly after explosions at a fertilizer plant in Texas and a propane plant in Florida. Under EO 13650, a working group of high-level officials of various Federal agencies was formed to address this issue. On January 8, 2014, Staff learned from Representative Henry Waxman's office that the working group would be hosting two (2) public "listening sessions" to receive input on EO 13650 over the next two (2) days. Staff attended the daytime session held at UCLA on Friday, January 10, 2014, and also sent an e-mail regarding these "listening sessions" to subscribers of the City's Border Issues listserve group.

At the January 10<sup>th</sup> meeting, Staff addressed officials of the Environmental Protection Agency (EPA), the Occupational Health and Safety Administration (OSHA), the

Department of Homeland Security (DHS) and the Department of Transportation (DOT). We asked that the EO 13650 working group to:

- Take a holistic approach to reviewing the safety and security of all liquid bulk storage facilities in the Los Angeles Harbor area;
- Make the existing risk management plans for these facilities more easily accessible for public review than is currently the case; and,
- Facilitate the preparation of a quantitative risk assessment for Rancho LPG and similar facilities in the Harbor area by an independent, neutral third party.

Rancho LPG opponents and the facility's operator also addressed the EO 13650 working group at the meeting.

On Monday, January 13, 2014, Lisa Pinto, District Director for 33<sup>rd</sup> District U.S. Congressman Henry Waxman, was invited to address the Northwest San Pedro Neighborhood Council (NWSPNC). Last summer Congressman Waxman sent a letter to the then-Secretary of DHS, Janet Napolitano, asking DHS to explain apparent discrepancies between the EPA and DHS assessments of the preparedness of the Rancho LPG facility to respond to an accident. Ms. Pinto stated that Congressman Waxman was still waiting for a response from DHS. She also stated that, with respect to the EPA notice issued to Rancho LPG last March, she was aware of updates to the status of this enforcement action but was not yet at liberty to discuss them publicly. On Tuesday, January 21, 2014, sent the attached e-mail to NWSPNC meeting attendees and other interested parties, confirming that there was very little that could be shared publicly about the status of the open EPA enforcement action.

In December 2013 and January 2014, interested parties have continued to forward items regarding and related to the facility via e-mail.

As "Late Correspondence" at the February 4, 2014, City Council meeting, Senator Ted Lieu's office sent an e-mail and additional correspondence from the State Fire Marshal and the Governor's Office of Emergency Services (CalOES). These letters clarified that the State Fire Marshal does have jurisdiction over the butane storage tanks, and that no violations were noted when they were last inspected in March 2012. The letter from CalOES also noted that the facility had passed recent local, State and Federal inspections.

On February 10, 2014, the City received a request from Rudy Svorinich on behalf of Rancho LPG Holdings for the City to remove certain content related to the Rancho LPG facility from the City's website. Staff sent a response to Mr. Svorinich on February 20, 2014, declining to remove this content on the grounds that it expresses its authors' beliefs and views, and is a matter of public record since it was submitted to the City in relation to a matter on a City Council agenda.

In February 2011, the Port of Los Angeles renewed a month-to-month permit with Rancho LPG, allowing it to continue to use a small portion of a rail spur line crossing Westmont

Drive at Gaffey Street. The rail spur along Gaffey Street carries rail tank cars to and from the Rancho LPG facility, and is operated by Pacific Harbor Lines, the railway that provides for the internal movement of cargo and materiel within and between the ports of Los Angeles and Long Beach. In June 2012, the Port of Los Angeles Community Advisory Committee (PCAC) and opponents of the Rancho LPG facility unsuccessfully sought the revocation of this permit by the Board of Harbor Commissioners (BHC).

The use and stewardship of public tidelands within the Port of Los Angeles is subject to the oversight of the State Lands Commission (SLC), which consists of the Lieutenant Governor, the State Controller and the State Finance Director (or their respective designees). For several years, opponents of the Rancho LPG facilities have asserted that the Port improperly issued this rail spur permit. Therefore, when the Commission recently met in Los Angeles on April 23, 2014, a group of Rancho LPG opponents appeared and spoke about this issue under "Public Comments." At the conclusion of their testimony, the Commission agreed to agendaize the matter for its next meeting, seeking from its staff answers regarding:

- The Commission's role and possible actions to be taken in this matter; and,
- The State's liability exposure as a result of this matter.

The next SLC meeting will be on Thursday, June 19, 2014, at 10:00 AM. Although the Commission will be meeting at the State Capitol in Sacramento, a remote location in the Los Angeles area will be provided to view the proceedings and provide testimony.

On April 24, 2014, the City Council received a letter from Ron Conrow of Rancho LPG Holdings, LLC, regarding insurance coverage for the facility and other related issues. It was not immediately clear what precipitated this unsolicited letter, although Staff presumed that it was related to issues expected to be raised at a refinery safety meeting to be held in Wilmington the following week. Rolling Hills Riviera Homeowners' Association President Jeanne Lacombe submitted responses to Mr. Conrow's letter on April 28, 2014.

On April 29, 2014, Staff attended the above-mentioned refinery safety meeting in Wilmington. The meeting of the State Interagency Refinery Task Force was held at Wilmington Middle School. A fire at the Richmond, CA Chevron refinery in August 2012 has raised public questions and concerns about refinery safety and emergency response in California. Following a directive from Governor Brown's July 2013 report "Improving Public and Worker Safety at Oil Refineries," CalEPA formed an Interagency Task Force on Refinery Safety in August 2013. The Task Force membership includes ten (10) state agencies, U.S. EPA, and local agencies from areas of the State that contain refineries. Their mandate is to work collaboratively to achieve the highest possible level of safety for refinery workers and local communities, and prepare for and effectively respond to emergencies if they occur.

At the April 29th "information session," issues discussed included workplace safety and injury prevention; emergency preparedness and response; and air quality monitoring in

surrounding communities. Concerned community members raised issues for the task force to consider regarding the safety of both harbor area refineries (generally) and the Rancho LPG facility (specifically). Mr. Conrow attended this meeting. Following the meeting, Janet Gunter forwarded additional information to the Task Force. Additional information regarding the activities of the Task Force is available on the CalEPA website at <http://www.calepa.ca.gov/refinery>.

On May 14, 2014, Lisa Pinto of Congressman Henry Waxman's Staff e-mailed interested parties to advise them of the status of the EPA enforcement action that was initiated in March 2013. Unfortunately, Ms. Pinto was unable to provide much more information than to confirm that settlement negotiations are on-going.

At the request of Councilman Campbell, during the Study Session at the City Council meeting of May 20, 2014, the City Council considered agendaizing the Rancho LPG issue at a future meeting. In addition to the posted report from Councilman Campbell, several interested parties submitted Late Correspondence and/or oral testimony. This included a letter from Congresswoman Janice Hahn encouraging the Rancho Palos Verdes City Council to "take the lead on this issue." Ultimately, the majority of the City Council supported a motion to:

Direct Mayor Duhovic to contact City of Los Angeles Councilman Buscaino to address the issues raised and return with a full report to the City Council; and direct Mayor Duhovic and City of Los Angeles Councilman Buscaino to work out the particulars of a possible public joint workshop to hear the concerns of all members of the public regarding the Rancho LPG Tank Facility.

Janet Gunter contacted Staff the following day and requested a copy of the PowerPoint slide submitted by Ron Conrow, which was displayed at the May 20th meeting. She later expressed her belief that this exhibit was inaccurate.

In response to "Late Correspondence" submitted during the May 20, 2014, Study Session item to consider agendaizing the Rancho LPG matter as a "stand alone" item on a future City Council agenda, Rancho LPG's Ron Conrow provided a copy of a letter to Congresswoman Hahn on May 29, 2014. The letter criticizes many of the points raised in Congresswoman Hahn's May 20<sup>th</sup> letter.

Back in October 2013, the Los Angeles City Council Public Safety Committee considered a motion by Councilmembers Buscaino and Englander relative to establishing a CalARP inspection section on the Los Angeles Fire Department (LAFD) website. The purpose of the CalARP program is to prevent accidental releases of substances that can cause serious harm to the public and the environment, to minimize the damage if releases do occur, and to satisfy community right-to-know laws. This is accomplished by requiring businesses that handle more than a threshold quantity of a regulated substance listed in the regulations to develop a Risk Management Plan (RMP).

An RMP is a detailed engineering analysis of the potential accident factors present at a business and the mitigation measures that can be implemented to reduce this accident potential. The CalARP program is implemented at the local government level by Certified Unified Program Agencies (CUPAs) also known as Administering Agencies (AAs). The LAFD has been designated the City of Los Angeles' local agency tasked with CalARP inspections and compliance oversight, including the review of RMPs, and conducts safety inspections at fifty (50) facilities within city limits that fall under CalARP monitoring standards.

At the request of the 15<sup>th</sup> City Council District, the City of Los Angeles Chief Legislative Analyst's (CLA's) office completed a review of CalARP standards to determine the safety of above ground liquid-bulk storage tanks. CLA analysis did not find any flaws in the safety standards or the inspections performed by LAFD. However, it was suggested that while LAFD is completing all CalARP inspections, the information is not effectively communicated to nearby residents and other interested parties. Therefore, it was recommended that the LAFD find a new way to educate the public regarding the standards that CalARP-identified facilities must adhere to, and the results of inspections they conducted. In response, LAFD has developed a CalARP inspection page for its website.

On June 13, 2014, the Public Safety Committee received a presentation from Councilman Buscaino's Staff and LAFD Staff regarding the CalARP inspection page. Interested parties addressed the Committee and expressed their objections to the continued operation of the Rancho LPG facility. The Committee then moved to recommend approval of the CalARP inspection page to the full Los Angeles City Council on June 24, 2014.

At the Los Angeles City Council meeting on June 24<sup>th</sup>, the Los Angeles City Council unanimously approved the Public Safety Committee's motion and forwarded it to Los Angeles Mayor Eric Garcetti for his signature. The LAFD CalARP page is now operational at <http://lafd.org/CalARP>.

The State Lands Commission (SLC) held its regular, bi-monthly meeting on Thursday, June 19, 2014. Based upon requests made by interested parties at the April 2014 SLC meeting, the June 19<sup>th</sup> agenda included an item for the review of the revocable permit issued by the Port of Los Angeles in 2011 for a segment of the rail spur that serves the Rancho LPG facility. Although the SLC meeting was held in Sacramento, a remote location in Long Beach was provided for observation and testimony. Staff and Councilman Campbell attended the meeting at the remote location in Long Beach.

SLC Staff summarized the conclusions of the Staff report. They noted that the SLC has limited authority to challenge the actions of trustee agencies such as the Port of Los Angeles, short of filing suit. They also laid out an argument that the issuance of the revocable permit for the rail spur serving the Rancho LPG facility is "not inconsistent" with the Port's statutory trust grant or the common law Public Trust Doctrine. It was noted that revocation of this permit would not prevent Rancho LPG from continuing to use the rail

spur—which is governed by Federal law—but would deprive the Port of the lease revenue (approximately \$15,000/year), insurance coverage (\$1 million) and indemnification from Rancho LPG. SLC Staff also noted that they were unsuccessful in obtaining copies of insurance and bond information from Rancho LPG on the grounds that the information is proprietary—the same response that our City received to its request in 2012. However, in a letter to SLC Staff, the parent company of Rancho LPG apparently stated that it carries \$500 million in 3<sup>rd</sup>-party liability coverage.

The SLC accepted public testimony on this matter, both live in Sacramento and via video teleconference in Long Beach. Speakers in Sacramento included Rancho LPG opponents (Noel Weiss, Janet Gunter and Chuck Hart) and Rancho LPG representatives (Rudy Svorinich and Ron Conrow). Speakers in Long Beach included City Staff, Councilman Campbell, Port of Los Angeles Staff and a number of Rancho LPG opponents from San Pedro and Rancho Palos Verdes. Meeting video is on the SLC website at <http://www.cal-span.org/cgi-bin/archive.php?owner=CSLC&date=2014-06-19> (starting at approximately 27:30).

At the conclusion of public testimony, SLC Chairman Alan Gordon expressed his sympathy with concerned residents living near the Rancho LPG facility, noting that the facility would probably not be permitted at this location today. He also noted that Rancho LPG has the permits that it needs to continue to operate and is not located on land within the SLC's jurisdiction. However, he expressed concern about Rancho LPG's reluctance to provide information to demonstrate that the Port is sufficiently indemnified for the financial risk posed by the lease of the rail spur line, opining that the \$500 million in 3<sup>rd</sup>-party liability was "absurd." Therefore, he made a motion to re-agendize this matter for a future meeting, pending the submittal of additional information from Rancho LPG to determine the liability exposure of the State, the City of Los Angeles and other potentially affected parties. The motion was approved.

Since the SLC meets bi-monthly, Staff anticipates that the continued discussion of this matter will probably not occur until the meeting of August 15, 2014, which is scheduled to be held in the Bay Area. We have made inquiries with SLC Staff about the possibility of arranging for another local remote location for this future SLC meeting, but had not received any response as of the date that this report was completed.

While Staff was attending the SLC meeting on June 19<sup>th</sup>, we received the an e-mail from Congressman Waxman's office, indicating that senior staff from the Department of Homeland Security (DHS) would be hosting a community meeting to discuss issues related to the Rancho LPG facility sometime in late summer to early fall of this year. Staff has subsequently learned that this meeting is tentatively scheduled for the first half of September 2014. We will forward additional information about the date, time and location of this meeting as it becomes available.

On July 15, 2014, Councilman Campbell forwarded the "Interim Chemical Accident Prevention Advisory" from the EPA to Staff. The was apparently issued as an advisory to the operators of natural gas processing plants that store and process liquefied

petroleum gas (LPG) products, with the purpose of raising industry awareness of codes and standards that may be applicable to such facilities. Since the Rancho LPG facility does not process natural gas, it was not clear to Staff how applicable this advisory would be to its operations. The public comment period on the interim advisory ended on July 31, 2014.

In March 2013, the EPA issued a Notice of Potential Enforcement Action to Rancho LPG for alleged violations of the Clean Air Act. There were six (6) allegations cited in the notice, resulting from EPA inspections to the facility in April 2010 and January 2011. A copy of the March 2013 notice is attached for reference.

On July 24, 2014, the EPA filed a Consent Agreement and Final Order (Agreement) in the matter. The Agreement found that Rancho LPG had violated the Clean Air Act on four (4) of the six (6) counts articulated in the March 2013 notice, and fined Rancho LPG \$260,000. At this point, it is not clear why the other two (2) counts from the March 2013 notice—related to the Rancho LPG facility's rail storage area and its emergency response plan—are not addressed in the Agreement. However, Staff has been advised by the EPA that a subsequent letter explaining the status of these additional counts is forthcoming.

Rancho LPG opponents have characterized the EPA penalty as “a slap on the wrist.” Rancho LPG has thirty (30) days to remit payment of the penalty to the EPA.

On September 10, 2014, Congressman Henry Waxman's office hosted a public meeting with senior staff from the Department of Homeland Security (DHS) and the Environmental Protection Agency (EPA) to discuss Federal chemical safety and security programs and issues related to the Rancho LPG facility. Staff attended the September 10th meeting at Peck Park in San Pedro, as did Mayor Duhovic, Mayor Pro Tem Knight and Councilmember Campbell. In a statement read by a member of her staff, Congresswoman Janice Hahn reiterated her belief that the relocation of the Rancho LPG facility will be “the only permanent solution” to community concerns. She reiterated that she had called for a field hearing of the House Transportation and Infrastructure Subcommittee on Railroads, Pipelines and Hazardous Materials regarding the Rancho LPG facility in August 2013. She also stated that she believed that the recent \$260,000 settlement with EPA helped to minimize the risk of the facility to the community.

DHS Staff described DHS' focus on counter-terrorism and stated that the Rancho LPG facility is one of approximately 4,000 facilities nationwide that are required to have approved site security plans under the Chemical Facility Anti-Terrorism Standards (CFATS) program. It was announced that Rancho LPG had had its CFATS inspection just a week or so before the September 10th meeting. For security reasons, however, DHS was not able to discuss any specific measures undertaken to secure the Rancho LPG facility.

EPA Staff described EPA's focus on emergency preparedness and prevention, noting that there are only six (6) EPA inspectors to cover 1,100 EPA-regulated facilities in Region 9 (Arizona, California, Hawaii and Nevada). There was also discussion of Executive

Order No. 13650, wherein EPA, DHS and the Occupational Health and Safety Administration (OSHA) are seeking community input about how to make existing chemical facilities safer. Finally, EPA Staff reviewed the final outcome of the investigation into the six (6) causes of action listed in the March 2013 “show cause” letter from EPA to Rancho LPG, which resulted in the \$260,000 settlement that was announced earlier this year.

In general, both DHS and EPA indicated that the Rancho LPG facility was operating in compliance with the Federal regulations applicable to the facility. In response to a question posed by City Staff, EPA stated that the two (2) causes of action from the March 2013 letter that were not addressed in the settlement had been effectively “dropped” as a result of additional consultations between EPA and Rancho LPG. Based upon the questions posed by many attendees, it is clear that they were not satisfied with the answers and explanations provided by DHS and EPA.

After considering the revocable permit issued by the Port of Los Angeles in 2011 for a segment of the rail spur that serves the Rancho LPG facility on June 19, 2014, the State Lands Commission (SLC) agreed to re-agendize the matter for a future meeting, pending the submittal of additional information from Rancho LPG to determine the liability exposure of the State, the City of Los Angeles and other potentially affected parties. Staff anticipates that the continued discussion of this matter may occur appear on the agenda for the SLC’s meeting of October 14, 2014, which is scheduled to be held somewhere in the Los Angeles area. Staff will keep the City Council and interested parties apprised as we receive more information about the agenda and location of the upcoming SLC meeting.

In August and September 2014, interested parties have continued to forward items regarding and related to the Rancho LPG facility via e-mail.

Under the Border Issues Status Report at the October 7<sup>th</sup> City Council meeting, the Council discussed sending a letter to the State Lands Commission (SLC) regarding the Rancho LPG-related item on its October 14<sup>th</sup> agenda. Mayor Duhovic had prepared a draft letter and, after some Council discussion and revisions, read it into the record of the meeting. It was Staff’s understanding of the City Council motion that the letter read into the record would be sent to Staff to then be routed to the Councilmembers for review, but if any Councilmember objected to sending the letter as proposed, the letter would not be sent to the SLC unless it was presented to the Council for formal review as an agendized item at a subsequent, duly-noticed public meeting. An objection to the letter was raised by a Councilmember, so the letter was not sent to the SLC.

On October 14, 2014, the SLC met in Santa Monica. At the conclusion of its June 19, 2014, review of the revocable permit for the rail spur serving the Rancho LPG facility that had been approved by the Port of Los Angeles, the SLC had asked for additional information regarding the insurance coverage provided for the Rancho LPG facility; the relationship of the owner/operator of the Rancho LPG facility to its parent company, Plains All-American Pipeline, LP (Plains); and the status of the EPA enforcement action initiated by the “show cause” letter of March 14, 2013.

With respect to insurance coverage, Rancho LPG provided a listing of insurance policies totaling \$500 million in liability coverage to cover 3<sup>rd</sup>-party claims. However, as it had done with our City Council, Rancho LPG refused to provide either the SLC or the State Attorney General with copies of its insurance policies. Rancho LPG legal counsel advised the SLC that it had no authority to review these policies and that their contents were proprietary. Interestingly, however, the Staff report noted that Plains had offered to provide a 3-year parental guarantee agreement in favor of the SLC and the Port of Los Angeles to cover uninsured losses or damages from a “casualty event” at the Rancho LPG facility. Under questioning from the SLC, Rancho LPG legal counsel was unsure if this agreement would cover loss or damage occurring outside the boundary of the Rancho LPG facility, but he seemed to suggest that it might.

With respect to the familial relationship of the Rancho LPG facility to Plains, an abbreviated organizational chart was provided to the SLC. The chart shows several layers of limited partnerships and limited-liability corporations between Rancho LPG and Plains.

Finally, with respect to the EPA’s enforcement action, the SLC was updated on the conclusion of the EPA’s review and the assessment of the \$260,000 fine earlier this year. The September 10<sup>th</sup> meeting with EPA and the Department of Homeland Security (DHS) was also discussed. The SLC was advised that the Rancho LPG facility was currently operating on compliance with EPA and DHS regulations.

The SLC received public comments from nearly twenty (20) speakers, mostly local community members opposed to the Rancho LP facility who raised issues and concerns with which the City Council is already familiar. Although representatives of Rancho LPG were present, only their legal counsel spoke (reluctantly) under questioning from the SLC. To Staff’s knowledge, there were no representatives of the City or Port of Los Angeles in attendance.

At the conclusion of the hearing, SLC Chair Alan Gordon (representing State Controller John Chiang) acknowledged the concerns of the community regarding the Rancho LPG facility, but noted that the SLC’s authority was limited to the segment of the rail spur covered by the revocable permit. He noted that even if the permit were revoked, it was likely that Rancho LPG could and would continue to use the rail spur. At most, the SLC would only be able to send a letter to the Port asking it to consider revoking the permit. However, the SLC did approve a motion to direct its Executive Director to:

- Continue pressing the Port to review its permitting procedures;
- Negotiate with Plains regarding the proposed parental guaranty agreement; and,
- Contact the Los Angeles Mayor’s Office and Fire Department regarding the status of City inspections.

If this matter is agendized again in the future for the SLC’s review, Staff will advise the City Council of this as far in advance as possible.

In October and November 2014, interested parties have continued to forward items regarding and related to the Rancho LPG facility via e-mail.

On the early afternoon of Friday, December 5, 2014, Staff received an e-mail from *Rolling Hills Riviera Homeowners' Association* President Jeanne Lacombe regarding an incident that her husband had just observed at the Rancho LPG facility. The e-mail stated:

*At approximately 12:35 pm today my husband Pete was on Westmont and Taper Avenue area and observed a massive burn off at the refinery next to Rancho Holdings and he was alarmed to see three large fountains of water shooting near the impound basin at the Rancho Holdings facility. Fearing for his safety and knowing they do not have any public notification system like sirens he immediately turned around and left the area.*

*I would like to know what happened today. Was there an accidental release of butane?*

*This facility has no warning system and we are uninsured for any damage that is caused by the Rancho facility and that is a huge concern for our community.*

Northwest San Pedro Neighborhood Council Ray Regalado subsequently asked Jacob Haik and Ryan Ferguson in Councilman Buscaino's office to find out what had happened at Rancho LPG. Mr. Ferguson then contacted Ron Conrow with Rancho LPG to inquire about the incident observed by Mr. Lacombe. Within less than two (2) hours of Mr. Ferguson's inquiry, Mr. Conrow responded as follows:

*I would recommend that Mr. Lacombe contact the refinery if he saw a massive burn off from their flare as we do not make responses for other facilities.*

*With regards to Rancho, they were performing due diligence by testing fire suppression and all safety shutdown systems in the facility due to an electrical wiring issue associated with the recent heavy rainfall. The LAFD Station 36 and the SCAQMD was notified by the Facility Supervisor prior to testing the systems. All systems tested and worked as designed and both agencies were notified following testing. The 3-fountains were the fire water cannons which can be maneuvered as needed from the control room.*

*There was no product (butane/propane) release from the Facility as a result of fire/safety systems testing. For the record, Rancho has numerous vapor detectors located throughout the Facility as well as flame detectors. Any product alarms at 20% LEL and at 40% LEL the Facility Emergency Shutdown (ESD) automatically shuts down the entire facility immediately activates fire suppression systems and cannot be overridden by the*

*Operator. Should such an event occur all ESD's must be manually reset by the Operator and then cleared on the Control Room PC to restart the facility.*

*Per our Emergency Response Plan (ERP), should a product release occur the Operator will call 911 and responders will notify and direct the community as warranted.*

Mrs. Lacombe forwarded this response to Staff and to Councilmembers Campbell and Duhovic on the afternoon of Saturday, December 6, 2014. Mrs. Lacombe states that the Environmental Protection Agency (EPA) told her that the Fire Department and SCAQMD were not notified of this test in advance, as claimed by Mr. Conrow in his response to Mr. Ferguson. Later, on December 8, 2014, Mrs. Lacombe advised Staff that the flare observed by her husband was Rancho LPG's flare, not one at the adjoining ConocoPhillips refinery.

The Northwest San Pedro Neighborhood Council (NWSPNC) was scheduled to hold its regular monthly board and stakeholder meeting on Monday, December 8, 2014, at Peck Park in San Pedro. Staff attended this meeting to see what additional information might be presented regarding the December 5<sup>th</sup> incident at the Rancho LPG facility. Staff from Councilman Buscaino's office regularly provides information and fields questions from meeting attendees about issues of concern as a "standing" agenda item. Mr. Conrow was present for this portion of the agenda to discuss the incident and respond to questions.

Mr. Conrow stated that the recent heavy rains had caused an electrical "short" at the facility. In order to make the necessary repair, the Rancho LPG facility had to be shut down temporarily. Mr. Conrow stated that the Los Angeles Fire Department and the AQMD were advised before the shutdown. Mr. Conrow stated that before the facility could be brought back "on-line," the fire safety and suppression systems for the facility needed to be tested. These were the "fountains of water" observed by Mr. Lacombe and others. In response to questions and discussion, it was clarified that the "massive flare" observed was Rancho LPG's flare, not one of the flares at the adjacent ConocoPhillips refinery. Mr. Conrow did not have any knowledge of the Rancho LPG flare in this incident (as it had been originally reported to him), although he pointed out that the burning of the Rancho LPG flare was "normal," and this could have been a part of bringing the facility back "on line" after the temporary shutdown. Mr. Conrow stated that Rancho LPG would notify Council District No. 15 in the event of similar testing or incidents at the facility in the future.

Another flaring event occurred at the adjacent ConocoPhillips refinery on the evening of Monday, January 12, 2015. This event was unrelated to the Rancho LPG facility.

In December 2014 and January 2015, interested parties have continued to forward items regarding and related to the Rancho LPG facility via e-mail.

In February and March 2015, interested parties have continued to forward items regarding and related to the Rancho LPG facility via e-mail.

In April and May 2015, interested parties have continued to forward items regarding and related to the Rancho LPG facility via e-mail.

In June and July 2015, interested parties have continued to forward items regarding and related to the Rancho LPG facility via e-mail.

In August and September 2015, interested parties have continued to forward items regarding and related to the Rancho LPG facility via e-mail.

A public hearing on the safety of the Rancho LPG butane storage facility that was to be hosted by 35<sup>th</sup> District State Senator Isadore Hall on October 3, 2015, was canceled on September 15, 2015. Staff understands that this hearing may be rescheduled for some time during the first quarter of 2016.

On November 7, 2015, there was a flaring incident at the Rancho LPG butane storage facility in San Pedro. A report forwarded to the City via e-mail indicated that the incident lasted about seven (7) minutes, and also involved the dousing of the butane and propane tanks with water. On November 9, 2015, Staff contact Rancho LPG for information about the incident. Rancho LPG provided a response to Staff on November 16, 2015. The flare and the water dousing of the butane and propane tanks were the result of a brief electrical “blip” that triggered an automatic shutdown of the facility.

On November 15, 2015, the City received an e-mail containing a copy of a request from the Rancho LPG opponents’ attorney to the Building and Safety Department of the City of Los Angeles, asking for a public hearing to initiate nuisance abatement proceedings against the owner of the Rancho LPG facility. It should be noted that the original owner of the facility (Petrolane) was unsuccessfully sued on both public and private nuisance theories in a case that was decided in 1980 (*Don Brown v. Petrolane* (1980) 102 Cal.App.3d 720).

In October and November 2015, interested parties have continued to forward items regarding and related to the Rancho LPG facility and its owner/operator via e-mail.

In January 2016, two (2) local governmental agencies took up the Rancho LPG issue for discussion. The Board of Harbor Commissioners received a report from its staff on January 7, 2016, which reiterated the position that the Port of Los Angeles has little to no direct authority or jurisdiction over the operations of the Rancho LPG facility. On January 12, 2016, LAUSD Boardmember Dr. Richard Vladovic put forth a resolution supporting the relocation of the Rancho LPG facility.

In December 2015 and January 2016, interested parties have continued to forward items regarding and related to the Rancho LPG facility and its owner/operator via e-mail. Copies of these e-mails are attached to tonight’s report.

The U.S. Navy's release of a draft environmental assessment of a proposed outlease of Defense Fuel Support Point San Pedro (DFSP) in April 2019 renewed community discussion about longstanding concerns with the nearby Rancho LPG facility on North Gaffey Street in San Pedro, where 25 million gallons of butane are stored in two aboveground tanks, and another five horizontal storage tanks each hold 60,000 gallons of propane.

During a discussion of the Border Issues Status Report on June 18, 2019, the City Council considered supporting H.R. 6489, a bill introduced in Congress in July 2018 by U.S. Rep. Nanette Barragán (D-San Pedro), which would have authorized the use of up to \$500 million in federal grant funding to cover half the cost of relocating LPG storage facilities that are within five miles of populated areas, homes or schools. The bill did not advance in Congress.

After some discussion, the council decided instead to direct Staff to prepare a letter more broadly supporting the relocation of Rancho LPG and other liquid bulk storage tanks that are close to the public, without taking a stance on proposed funding. The council also restated its concerns with the Navy's proposal to resume storing millions of barrels of combustible jet fuel in aboveground tanks at nearby DFSP.

The letter was approved at the August 20, 2019 City Council meeting and was sent the following day to Rep. Barragán, Rep. Ted Lieu, Senator Dianne Feinstein, Senator Kamala Harris, Senator Steven Bradford, Senator Ben Allen, Assemblymember Patrick O'Donnell, Assemblymember Al Muratsuchi, L.A. County Supervisor Janice Hahn, L.A. City Councilmember Joe Buscaino and San Pedro Peninsula Homeowners United.

Staff continues to reach out to Rep. Barragán's office about efforts to relocate the tanks or reintroduce the bill in the 116th Congress.

On August 22, 2019, Janet Gunter of San Pedro Peninsula Homeowners United distributed a news release about a new study by researchers from Harvard University, the University of Southern California and the U.S. Geological Survey on the Wilmington Blind-Thrust fault. The research found that the 12.5-mile long fault is not dormant as previously believed and has the potential to cause a 6.4 magnitude earthquake. The fault stretches from Huntington Beach and runs beneath the ports of Los Angeles and Long Beach, and the Palos Verdes Peninsula.

On September 3, 2019, the City received an email from Ron Conrow of Rancho LPG Holdings expressing disappointment in the City's letter, stating that funding in Rep. Barragán's bill would be insufficient to relocate the facility and casting doubt on the bill's likelihood to be signed into law if it were re-introduced. Mr. Conrow disputed various concerns raised by members of San Pedro Peninsula Homeowners United, including concerns about the new findings about the Wilmington Blind-Thrust fault. Mr. Conrow included letters and reports from regulators and government agencies over the years concerning the facility's safety record and determinations of jurisdictional authority.

The City's August 2019 letter, as well as the above-mentioned correspondence, can be viewed in the December 17, 2019 Border Issues staff report at [https://rpv.granicus.com/MetaViewer.php?view\\_id=5&event\\_id=1295&meta\\_id=77777](https://rpv.granicus.com/MetaViewer.php?view_id=5&event_id=1295&meta_id=77777)

Staff will continue to monitor this issue in future Border Issues Status Reports.