

# Extension of Franchise Agreement with Zenith Energy West Coast Terminals LLC for 25-Year Term

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July 16, 2024



# BACKGROUND

- Zenith Energy West Coast Terminals LLC (Zenith) operates a pipeline carrying petroleum products between Southern California Edison (SCE) facilities.
- A Franchise Agreement has been in place between the City and Zenith (or its predecessors) since 1967.
- Current Agreement set to expire on August 19, 2024.
- Under the franchise, Zenith may conduct, transport, convey or carry gas, oil, petroleum products, water, and wastewater through the City within its pipeline.
- The pipeline is 8,333 feet long.



# ZENITH PIPE LOCATIONS



# FRANCHISE AGREEMENT TIMELINE

Entity	Date	Event
Southern California Edison (SCE)	April 19, 1967	Initial Pipeline Franchise Agreement approved by City Council
SCE	July 20, 1999	Granted new 25-year Agreement (Ordinance No. 2002) by City Council
Pacific Terminals LLC	August 2003	Assigned rights from SCE
Plains West Coast Terminals LLC	June 2009	Name change from Pacific Terminals LLC
Zenith Energy West Coast Terminals LLC (Zenith)	October 2020	Name change from Plains West Coast Terminals LLC
Zenith	2024 (Pending)	Request for 25-year franchise extension



# DISCUSSION

Two ordinances have been prepared for City Council consideration:

- 1) Urgency Ordinance No. 24-0007-U, if adopted, becomes effective immediately
- 2) Regular Ordinance No. 24-0007 that requires a first and second reading and becomes effective 30 days after the second reading on August 6, 2024.



# FRANCHISE TERMS AND CONDITIONS

## Franchise Agreement Compliance

- Grantee must adhere to the Municipal Code, Franchise Act of 1937, and ordinance terms
- Payment per Public Utilities Code Section 6231.5 over 25-years

## Performance and Insurance

- Posting of a performance bond
- Insurance with City as additional insured

## Legal Protections for the City

- Indemnification against franchise-related claims
- Written acceptance of terms by Grantee



# STAFF RECOMMENDATION

Staff recommends that the City Council:

- 1) Conduct a Public Hearing;
- 2) Find the proposed action categorically exempt from environmental review pursuant to the California Environmental Quality Act (CEQA);
- 3) Adopt Urgency Ordinance No. 24-0007-U granting an extension of an existing franchise agreement to Zenith Energy West Coast Terminals LLC for a 25-year term; and
- 4) Introduce Ordinance No. 24-0007 granting an extension of an existing franchise agreement to Zenith Energy West Coast Terminals LLC for a 25-year term.



