

## Communication from Public

**Name:** Neighbors for A Safe Environment & Pico Robertson Health and Safety Coalition

**Date Submitted:** 12/06/2023 04:28 PM

**Council File No:** 23-1352

**Comments for Public Posting:** Please see attached letter, with links to detailed documentation on long running violations of the PCEC Pipeline Franchise Agreement serving the West Pico Drill Site

## **Cover Note from Neighbors for a Safe Environment and the Pico Robertson Health and Safety Coalition**

### **Concerning the Expired and Long Violated Pipeline Franchise Agreement Between the City and Pacific Coast Energy Company and its Predecessor for the Proprietary Pipelines Serving the West Pico Drill Site**

Council Member Yaroslavsky's motion wisely addresses an exceptionally large number of serious violations of the Pipeline Franchise Agreements for the proprietary pipelines serving the West Pico Drill Site. These problems have existed and been compounded since at least 2001, and in December 2021 they caused a surface spill from a subterranean pipeline leak of unknown size and duration.

The pipeline leak was a direct consequence of illegal pipeline work, multiple CEQA violation, and false reporting to the City in 2001, followed by 20 years of violations of Federal and State pipeline safety requirements and numerous related violations of other terms of the Pipeline Franchise Agreement with the City.

We have previously provided City Council with extensive documentation about these events, violations, and their consequences. Those documents can be found in [CF 21-1025](#), which was a CEQA appeal that City Council voted unanimously to grant on May 10, 2023. We will provide links to the key submissions in that Council File which are pertinent to the current motion, CF 23-1352, directly concerning the Pipeline Franchise Agreement.

Our starting today is the Pipeline Franchise Agreement with Pacific Coast Energy Company (PCEC) for the proprietary pipeline serving the West Pico Drill Site. That Agreement has been expired since March 16, 2019.

### **City Pipeline Franchise Agreements**

All of the City's Pipeline Franchise Agreements are expired, except for the Agreement with SoCal Gas that was terminated and replaced by a new agreement in 2022 (see [CF 21-1267](#)). All agreements for Proprietary pipelines serving oil Drill Sites and oil wells in the City are expired, as are agreements for several other types of pipelines (water, aviation fuel, etc). [Council File 15-0387-S2](#) contains the reports, motions, draft ordinances, and final ordinances for the last mass renewal of expired Pipeline Franchise Agreements by new ordinances in 2017 and then their single allowable 9-month extension by the Board of Public Works in 2018. All of those Agreements and all other Pipeline Franchise Agreements have since expired. Only the SoCal Gas Franchise Agreement has been terminated and replaced by a new agreement.

The Pipeline Franchise Agreements for proprietary pipelines serving Drill Sites are essentially the same in form and terms, differing only in the details of the specific pipelines listed in each agreement.

The ordinance enacting the PCEC Pipeline Franchise Agreement in 2017 is [here](#). The 9-month extension in 2018 is [here](#). The previous Pipeline Franchise Agreement negotiated with PCEC's predecessor, Breitburn (which spun off PCEC in 2011-12) is from 2002. That 2002 ordinance is [here](#), and the associated reports and motions can be found in [CF 01-1994](#).

The terms of the 2002 Agreement with Breitburn and the 2017 Agreement with PCEC are identical in all important respects, including the sections on termination, violations, and fines for violations, which we will discuss here with screenshot excerpts from the 2017 Agreement.

First and foremost, because the Agreement has been expired since 2019, the City Charter, City Administrative Code, and the relevant law enable the City Council to 1) take action to announce it will not extend, renew, or offer a new Franchise Agreement to PCEC or any successor, and then 2) take action to terminate the Pipeline Franchise Agreement with PCEC, thereby ending the lease of space under City-owned streets and rights-of-way for pipeline use. The Franchise Agreement would then require decommissioning of the pipelines by removing them and/or purging, filling, and capping them as per State law.

The terms of the Pipeline Franchise Agreement also provide grounds for termination even before expiration of the Agreement. Here is the pertinent portion of Section 2.5 of the PCEC Pipeline Franchise Agreement concerning City Council's power to terminate the Agreement due to violations, or by way of buying the facilities, or simply because "The public interest would be served by the termination."

#### **Section 2.5 - DURATION OF GRANT**

(continues on next page)

- (b) This franchise shall expire at midnight one year after the effective date of this ordinance unless terminated sooner by Council, by ordinance. Additionally, prior to the ordinance expiring, this franchise may be extended with one optional nine month extension at the discretion of the Board if there are no material changes to the franchise. The Council, by ordinance, may terminate the franchise in the event the Council finds any of the following, provided, however, that Grantee shall be afforded due process including the opportunity to cure any noncompliance prior to the beginning of any termination proceedings:
- (i) Grantee has failed to comply with any provision of this franchise;
  - (ii) Any provision of this franchise becomes invalid or unenforceable and the Council expressly finds that the provision constituted a consideration material to the grant of this franchise;
  - (iii) Grantee is found by any court of competent jurisdiction to have practiced any fraud or deceit upon the City;
  - (iv) The City purchases all of the facilities of Grantee as provided for in the Charter; however the Grantee shall be given 30 days notice prior to the beginning of any termination proceedings; or
  - (v) The public interest would be served by the termination.

The public interest in terminating the Pipeline Franchise Agreement should need little explication at this point.

If the Agreement were not expired and if the public interest needing termination of the Agreement were not so obvious, the City Council could act to terminate an active Agreement due to failure “to comply with any provision” of the Franchise Agreement.

So let us look at the section of the PCEC Franchise Agreement that defines violations of the Agreement, which also specifies fines that can be levied in response. Here are screenshots of the pertinent parts of Section 2.6 of the Agreement. All of the highlighted items in the list of potential violations are violations committed with the West Pico Drill Site pipelines in 2001 and every year thereafter up through 2021 and, we believe, still to this day in most cases.

#### **Section. 2.6 - MONETARY PENALTIES FOR VIOLATIONS OF FRANCHISE ORDINANCE TERMS AND CONDITIONS**

- (a) The Board may levy a monetary penalty on Grantee as an alternative to, or in addition to, suspending all or part of the franchise privileges for Grantee’s failure to abide by the terms and conditions of the franchise ordinance for activities listed in Section 2.6(b). The amount of penalty shall be assessed per the schedule listed in Section 2.6(c).



**(b)** Any of the following activities shall constitute a Grantee violation of the terms and conditions of the franchise ordinance, which may subject Grantee to a monetary penalty:

- (i)** Unauthorized sale, lease, transfer or other disposition of facilities for which consent of the City is required;
- (ii)** Failure to maintain City required insurance, including late submission of insurance documentation to the City resulting in missing coverage periods even if the coverage documentation and policies are later adjusted to full coverage duration;
- (iii)** Failure to conduct pressure tests or facilities inspections as required by State and Federal Codes, and as may be required by the Board;
- (iv)** Failure to maintain in full force and effect or upgrade the amount, as directed by the Board, the required faithful performance bond;
- (v)** Failure to provide the Board and Department access to facilities and records;
- (vi)** Late application/notification or failure to submit application/notification to the Board or the Department for changes, additions to or repair of franchise facilities;
- (vii)** Failure to promptly make necessary repairs and modifications to facilities, City property or to pay compensation for damage to private property;
- (viii)** Failure to submit to the Department or Board any information required by this franchise or that is requested or required by the Board as provided for in this franchise ordinance or in any Board or City directive;
- (ix)** Fraudulent reporting to the Department or Board of any requested or required information;
- (x)** Using the facilities in any manner not specifically authorized under the franchise ordinance; and
- (xi)** Failure to comply with the rules, regulations, and standards of local, state, federal, and other governmental entities, to the extent that they may have safety or regulatory authority over pipeline operations.

**(c)** Following a due process procedure as established by the Board, the Board may levy the following monetary penalties against Grantee for the violations in Section 2.6(b):

- (i)** Up to \$10,000 for the first offense;
- (ii)** Up to \$25,000 for the second offense within a 12-month period; and
- (iii)** Up to a maximum of \$50,000 for third and subsequent offenses within the same 12-month period.

We will be providing links to the documentation of violations below.

For the moment, just consider that in 2001 Breitburn conducted illegal work that violated State pipeline safety regulations and regulations for abandoning pipelines, gave the City false information denying that Breitburn planned making any changes to pipelines at the very time they were making such plans, and then Breitburn and PCEC failed year after year to report the work, report the changes to pipelines that abandoned and replaced a set of 7 pipelines, failed to show the changed pipeline layout on Federally required SPCCP Spill Prevention plans and later on State required PMP Pipeline Management Plans, and year after year Breitburn and PCEC failed to take action to correct a dangerous situation that literally had a flag protruding from pipelines that Drill Site crew were required to observe, inspect, and repair promptly on a routinely frequent basis.

For more than 20 years, there were about half a dozen violations committed year after year. At up to \$10,000 for the first violation, up to \$25,000 for the second, and up to \$50,000 for the third and additional expenses, the fines could be up to \$235,000 per year for 20 years. That is a potential \$4,700,000 fine, and if we are correct that some of the violations have continued since 2021, then cracking \$5 million as the top limit would be a cinch. If the fine were only a fraction of the maximum, it would be large nonetheless.

But let us go back to termination. Any subset of these violations would be grounds for termination if the Agreement were not expired and needed to be terminated because of violations (as opposed to being terminated on grounds of “public interest”).

Combining all of the violations and the public interest argument would make quite a case for termination.

**Now factor in that the Agreement is expired and can simply be terminated for that reason alone.**

**The case for terminating the PCEC Pipeline Franchise Agreement is massive.**

### **Record of violations**

We have compiled a substantial archive of records stemming from the December 11, 2021 spill that was caused by an underground pipeline leak. The records come mainly from CalGEM, but also from LAFD, and LA County FD. There are agency reports and Notices of Violation. And there are statements and documents provided by PCEC, including documents that PCEC inherited from Breitburn when Breitburn spun off PCEC. Those records show that the original cause of 2021 spill was a pipeline leak caused by illegal actions first taken in 2001 and never rectified over the next 20 years despite the fact the physical danger was visible to Drill Site crew who are required to be trained to spot and correct such problems.

The Pipeline Franchise Records from Council Files, which we gave you links to above, show that Breitburn lied to the City in June 2001 about not planning to make any changes to pipelines.

Breitburns own documents show they were planning the pipeline changes at the exact same time. The Franchise renewal was given a Categorical Exemption from CEQA on that basis.

Breitburn also obtained final ZA approval in 2001 for a major “modernization project” that Breitburn told the ZA and the EIR team would involve no changes to any pipelines and no changes to the Western half of the Controlled Drill Site – both of which were knowingly false statements.

We have also reviewed SPCCP and PMP plans concerning pipelines, which require full schematics that include abandoned pipelines, but the pipelines abandoned by illegal means in 2001 were not listed, year after year. The SPCCP and PMP, and their underlying Federal and State regulations, require frequent inspection of visible pipelines and prompt repair of worn or deteriorated components to prevent spills. Breitburn and PCEC violated these requirements in egregious ways that you will be able to see from photographs in CalGEM’s December 2021 field inspection report following the spill.

Breitburn and PCEC never reported the pipeline changes to the relevant City agencies in charge of the Pipeline Franchise before the spill, and we do not believe that PCEC has done so since the spill. The list of pipelines covered by the Franchise Agreements finalized by ordinances in 2002 and 2017 remains incomplete and inaccurate.

Since 2017, the Petroleum Administrator and the Board of Public Works have been in charge of administering the Pipeline Franchises. We will show a March 24, 2022 letter from the ZA to PCEC containing documentation of the spill and its roots in illegal work done in 2001. The ZA sent a copy of the letter to the Petroleum Administrator. Also, we have correspondence between and among PCEC, CalGEM, and the Petroleum Administrator concerning PCEC’s attempts to get Bureau of Engineering excavation permits in 2022 to remove contaminated soil pursuant to orders from CalGEM and to get BOE permits to conduct soil borings and tests pursuant to LAERWQCB directives. And we also obtained some (but not all) of several sets of related pipeline records from the Petroleum Administrator.

The Petroleum Administrator has known about illegalities and violations of the Pipeline Franchise Agreement at West Pico since at least March 2022, if not earlier, and has known about the ongoing LARWQCB cleanup case.

The ZA never followed up on their March 24, 2022 letter to PCEC and even continued to argue that their Categorical Exemption from CEQA and their whitewashed ZA review of the West Pico Drill Site (ZA-1989-17683-PA2) from 2020-2023 was all proper and correct, despite their knowledge of spill, illegal work, safety violations, and violations of CEQA in 2001. The ZA defended their granting of a Categorical Exemption from CEQA until City Council overturned it on May 10, 2023.

The issue now is not to dwell on past failures, but to right historic and continuing wrongs that jeopardize public health, safety, and the environment.

It is important to know that, to date, the City has taken no action in response to the December 2021 spill, the pipeline leak, and the 20 years of violations that caused it.

The documents concerning the causes of the pipeline leak that we submitted during the CEQA appeal case (CF 21-1025) were presented as part of our successful appeal to overturn the improper Categorical Exemption, which was already wrong long before the December 2021 spill surfaced.

We will provide you here with direct links to 5 sets of documents we submitted during the CEQA appeal that are about the proprietary pipeline serving the West Pico Drill Site and thus have direct relevance to the current City Council motion (23-1352) requesting options and action toward terminating the Franchise Agreement and levying fines. Please filter out the contextual argument about the CEQA appeal, which we won on May 10, 2023, and follow the documentation showing massive and continuing violations of the Pipeline Franchise Agreement.

Our submissions included:

- Documentation from PCEC (inherited from Breitburn) proving that illegal work was done in 2001 when Breitburn told multiple City agencies it was not modifying pipelines, including during the 2001-02 Franchise Agreement renewal.
- The ZA March 24, 2022 letter to PCEC, showing ZA and Petroleum Administrator awareness that the December 2021 spill was caused by violations originally committed in 2001.
- The CalGEM and Fire Department Notices of Violation from 2021
- The CalGEM field inspection report from 2021 with photos of the visible pipelines where two “slip blinds” ( also known as “paddle blinds” for their visibly protruding handles) were used illegally for 20 years and were left in place despite their visibility. There is also a photo of one of the failed illegally deployed slip blinds. The purpose of the handle on the slip blind is to make its temporary use easier and to be a visible reminder that a temporary seal is on a pipeline. It was left on pipelines for 20 years and corroded because it was designed for temporary use, only.
- The directive initiating the LARWQCB site assessment and clean up case in 2022

It will be best to read these submissions in reverse chronological order, as follows:

[https://clkrep.lacity.org/online/docs/2021/21-1025\\_PC\\_PM\\_04-14-2023.pdf](https://clkrep.lacity.org/online/docs/2021/21-1025_PC_PM_04-14-2023.pdf)

[https://clkrep.lacity.org/online/docs/2021/21-1025\\_PC\\_AB\\_05-06-2022.pdf](https://clkrep.lacity.org/online/docs/2021/21-1025_PC_AB_05-06-2022.pdf)

[https://clkrep.lacity.org/online/docs/2021/21-1025\\_PC\\_AB\\_05-05-2022.pdf](https://clkrep.lacity.org/online/docs/2021/21-1025_PC_AB_05-05-2022.pdf)

[https://clkrep.lacity.org/online/docs/2021/21-1025\\_PC\\_AB\\_05-04-2022.pdf](https://clkrep.lacity.org/online/docs/2021/21-1025_PC_AB_05-04-2022.pdf)

[https://clkrep.lacity.org/online/docs/2021/21-1025\\_PC\\_AB\\_04-28-2022.pdf](https://clkrep.lacity.org/online/docs/2021/21-1025_PC_AB_04-28-2022.pdf)

In the April 14, 2023 communication to City Council, we referred to PCEC's attorney missing some documents and consequently some facts. On April 14, PCEC's attorney submitted a letter



to Council claiming the clean \up from the spill had been completed months ago and that we were "entirely inaccurate" on just about everything concerning the pipeline leak and spill. The documentary record already showed otherwise, but luckily enough early morning on April 18, the day of the City Council PLUM Committee hearing on the CEQA appeal, the LA Regional Water Quality Control Board issued a directive to PCEC informing them, again, that testing was not completed and that cleanup was already known to be necessary. We sent the document to Council Members that morning and to the Council File, and we spoke about it at the hearing. Here are the PCEC attorney's letter of April 14 (see pages 4-5) and the LARWQCB directive of April 18:

[https://clkrep.lacity.org/online/docs/2021/21-1025\\_misc\\_4-14-23.pdf](https://clkrep.lacity.org/online/docs/2021/21-1025_misc_4-14-23.pdf)

[https://clkrep.lacity.org/online/docs/2021/21-1025\\_PC\\_PM\\_04-18-2023.pdf](https://clkrep.lacity.org/online/docs/2021/21-1025_PC_PM_04-18-2023.pdf)

We have additional documents and knowledge about this story, and will be happy share it on request.

## Communication from Public

**Name:** Elizabeth Jones

**Date Submitted:** 12/06/2023 01:24 PM

**Council File No:** 23-1352

**Comments for Public Posting:** The Center for Biological Diversity submits this comment letter (attached) ahead of the December 8, 2023 Energy and Environment Committee meeting in SUPPORT of Item 4 (CF 23-1352), the motion to investigate violations over the past twenty years by the operator of the pipeline serving the West Pico drill site and levy appropriate fines, including accrued interest on fines for past violations; prepare options to terminate the now-expired franchise agreement for the pipeline serving the West Pico Oil Drill Site; and report on the status of pipeline franchise agreements throughout the City to identify pipelines operating on an interim basis.



December 6, 2023

Energy and Environment Committee  
John Ferraro Council Chamber  
Room 340, City Hall  
200 North Spring Street, Los Angeles, CA 90012  
*Comment submitted to LACouncilComment.com*

Subject: SUPPORT ITEM 4 - 23-1352 (Yaroslavsky)

To the honorable members of the Energy and Environment Committee—Chair Yaroslavsky and Councilmembers McOsker, Raman, Blumenfield, and Hernandez:

On behalf of the Center for Biological Diversity, we ask you to please support Item 4 (Council File 23-1352), the Yaroslavsky – McOsker motion to investigate violations over the past twenty years by the operator of the pipeline serving the West Pico drill site and levy appropriate fines, including accrued interest on fines for past violations; prepare options to terminate the now-expired franchise agreement for the pipeline serving the West Pico Oil Drill Site; and report on the status of pipeline franchise agreements throughout the City to identify pipelines operating on an interim basis.

The West Pico drill site has a history of violations and has subjected neighboring residents to years of pollution. Neighbor complaints about offensive odors and air pollution led to Zoning Administrator hearings and Los Angeles Fire Department inspections in 2020. The Zoning Administrator found the site in violation of requirements to file for a compliance review after five years and to power operations by electricity generated off site.<sup>1</sup> In December 2021, an underground pipeline leak caused in oil spill in a public alley next to the site.<sup>2</sup> Neighbor concerns persist today, resulting in a recent decision that review consistent with the California Environmental Quality Act is required for a Plan Approval to evaluate effectiveness and compliance with conditions at the site.<sup>3</sup>

The proposed motion is an important next step in the City's commitment to phase out oil and gas production operations in neighborhoods, including at the West Pico site. We also support

---

<sup>1</sup> ZA-1989-17683-PA2-1A Determination Letters (June 2, 2021 and August 26, 2021), <https://planning.lacity.org/pdiscaseinfo/document/NzQxNw0/1823a02c-5d95-4003-95c4-258347c32f18/pdd>, <https://planning.lacity.org/pdiscaseinfo/document/MTEzMDY0/1823a02c-5d95-4003-95c4-258347c32f18/pdd>.

<sup>2</sup> ZA-1989-17683-PA2-1A Letter of Communication from Office of Zoning Administration to Operator (March 24, 2022), <https://planning.lacity.org/pdiscaseinfo/document/MTk4NDA0/1823a02c-5d95-4003-95c4-258347c32f18/pdd>.

<sup>3</sup> See Council File 21-1025; Planning and Land Use Management Committee Report (April 18, 2023), [https://clkrep.lacity.org/online/docs/2021/21-1025\\_rpt\\_PLUM\\_04-18-23a.pdf](https://clkrep.lacity.org/online/docs/2021/21-1025_rpt_PLUM_04-18-23a.pdf).

this motion as part of the City's broader efforts to modernize its pipeline franchise agreement process in alignment with that phase out goal, which we believe should include:

*1) Increasing the fee amount*

Pipeline franchise agreements are supposed to compensate the City for allowing a company to use the public right of way. As a May 2022 report of the Office of the City Administrative Officer documented, the City has for years missed an opportunity to increase the fee in line with neighboring jurisdictions like Huntington Beach, Long Beach, and Ventura County.<sup>4</sup> We understand that the City Council has been evaluating this issue and is also considering an ordinance to collect an application fee that covers the actual costs of processing (Council File 21-0065).

*2) Shortening agreements to be consistent with site phase out timelines*

Historically, most pipeline franchise agreements extended out across several decades. This practice should stop moving forward in favor of much shorter one-to-two-year agreements. This is because the City is in the process of determining the appropriate phase out timeline for oil drilling sites following amortization studies. The City should not execute new agreements or extensions that allow oil to be piped out of production sites on a timeline that is longer or may be longer than the timeline for phasing out the drill sites.

*3) Terminating the agreements of bad actors*

When an operator with a history of violations operates under an expired agreement, the City should explore all opportunities to hold that operator accountable, including assessing fines and terminating the agreement. The May 2022 report of the Office of the City Administrative Officer noted that the "City Petroleum Administrator is planning on conducting an audit of pipeline franchise payments to ensure the accuracy of payments and collect any underpayments identified." We hope that the proposed motion, in conjunction with the Petroleum Administrator audit, will enable the City Council to appropriately penalize operators that have used the public right of way for profit without properly compensating the City.

Please vote to pass Item 4 (23-1352 Motion).



Liz Jones  
Senior Attorney, Climate Law Institute  
Center for Biological Diversity

---

<sup>4</sup> [https://clkrep.lacity.org/online/docs/2021/21-0065\\_rpt\\_cao\\_5-20-22.pdf](https://clkrep.lacity.org/online/docs/2021/21-0065_rpt_cao_5-20-22.pdf) - an attached table includes fees of other jurisdictions.