

## ORDINANCE No. 189149

Amend franchise granted to LCP Oregon Holdings, LLC to transport liquid intermediates through its pipeline system (Ordinance; amend Ordinance No. 188554)

The City of Portland ordains:

Section 1. The Council finds:

1. On August 16, 2017, Council approved an ordinance granting a franchise to LCP Oregon Holdings, LLC (**LCPOH**) for its pipeline system to transport petroleum and/or petroleum products within a limited portion of City streets. (Ordinance No. 188554).
2. LCPOH – in order to diversify its terminalling services – requested on March 28, 2018, that the City amend that franchise to add the transportation of liquid intermediates through its pipeline system within that same limited portion of City streets.
3. Liquid intermediates are mixed, blended or otherwise combined to create a final product. Typical liquid intermediates include fatty acids, resins, amines, polyols, tall oils, alcohols, bases and amines. They are liquid building blocks used to manufacture or produce other products.
4. Terminalling liquid intermediates would be a new and separate line of business from LCPOH's existing terminalling services, but one that shares operational similarities with its existing business of terminalling petroleum and petroleum products.
5. LCPOH has also requested that the franchise be amended to clarify that its pipeline system can be used to transport renewable fuels, including ethanol, biodiesel and renewable diesel.
6. LCPOH and the City have reached final agreement on the terms and conditions of an amendment, which include an increased annual franchise fee.

NOW, THEREFORE, the Council directs:

- a. Section 2.1(A) of the franchise is replaced in its entirety with the following:

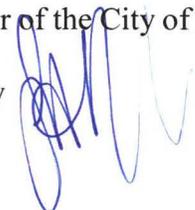
The City of Portland, Oregon grants to LCP Oregon Holdings, LLC, a Delaware limited liability company qualified to do business in Oregon, and to its successors and assigns as approved by the City under Section 8, a franchise to construct, operate, repair and maintain a Pipeline System, with all necessary pipeline facilities, together with pump stations and other facilities, for transportation of petroleum, petroleum products, liquid intermediates (or components) used in manufacturing and/or renewable fuels in and under the Streets within the area outlined in red on the map attached hereto as Exhibit A, which is incorporated by reference.

- b. Section 3.2(D) of the franchise is replaced in its entirety with the following:
- “CPI” means the Consumer Price Index for the Urban Wage Earners and Clerical Workers for the West Region, Size A (over 2.5 million), unadjusted for seasonal variations, as determined by the Bureau of Labor and Statistics of the Department of Labor and as published in such Bureau of Labor Statistics’ Detailed Report.
- c. Section 3.2(I) of the franchise is replaced in its entirety with the following:
- “**Pipeline System**” means all of Grantee’s pipeline facilities, together with its pump stations, gathering lines and distribution facilities, located in or below the Streets, for the transportation of: petroleum; petroleum products including asphalt, aviation gasoline and distillate fuel oil; liquid intermediates (or components) used in manufacturing; and/or renewable fuels including ethanol, biodiesel and renewable diesel.
- d. Section 4.1 of the franchise is replaced in its entirety with the following:
- (A) As compensation for the benefits and privileges under this Franchise, and in consideration of permission to use the Streets within the area outlined in red on attached Exhibit A, Grantee shall pay to the City an Annual franchise fee for each calendar year through the duration of this Franchise. The franchise fee shall be (i) thirty-five thousand dollars (\$35,000) (for calendar year 2017), plus (ii) \$4.00 per linear trench foot for any new Facilities constructed under this Franchise after March 28, 2018. The \$4.00 per linear trench foot is the rate for calendar year 2018, to be adjusted Annually pursuant to Section 4.1(B). The total number of linear feet subject to the per linear trench foot component of the franchise fee shall be determined by as-built maps submitted by Grantee, as provided in Section 7.2(C).
- (B) The franchise fee (including the rate per linear trench foot) shall be adjusted Annually by a percentage equal to the change in the CPI during the prior calendar year. For example, if the percentage increase in the CPI for calendar year 2017 is 2.3%, then the franchise fee for calendar year 2018 would be \$35,805 (i.e., \$35,000 \* 102.3%).
- (C) If the City Council authorizes Grantee to extend its Facilities outside the Street area outlined in red on attached Exhibit A, the rate per linear trench foot identified in Section 4.1(A), as adjusted annually pursuant to Section 4.1(B), shall apply to Facilities extending outside such area.
- e. All other terms and conditions of the franchise shall remain the same and unchanged.
- f. On or before the thirtieth (30th) day after this ordinance becomes effective, LCPOH shall file in the Office of the Auditor of the City of Portland a written acceptance of this ordinance meeting the approval of the City Attorney, executed by a duly authorized representative of LCPOH. Any failure on the part of LCPOH to file such

189149

written acceptance within such time shall be deemed an abandonment and rejection of this ordinance. Such acceptance shall be unqualified and shall be construed to be an acceptance of all the terms contained in this ordinance.

Passed by the Council: SEP 05 2018  
Mayor Ted Wheeler  
Prepared by: JL/MH  
Date Prepared:

Mary Hull Caballero  
Auditor of the City of Portland  
By   
Deputy

Agenda No.  
**ORDINANCE NO. 189149**  
 Title

Amend franchise granted to LCP Oregon Holdings, LLC (Ordinance; amend Ordinance No. 188554)  
*to transport liquid intermediates through its pipeline system*

<p><b>INTRODUCED BY</b>                  Commissioner/Auditor:  <b>Mayor Wheeler</b></p>	<p>CLERK USE: DATE FILED <u>AUG 21 2018</u></p>
<p><b>COMMISSIONER APPROVAL</b></p> <p>Mayor—Finance &amp; Administration - Wheeler <i>NTP</i></p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Eudaly</p>	<p>Mary Hull Caballero                  Auditor of the City of Portland</p> <p>By: <u><i>[Signature]</i></u>                  Deputy</p>
<p><b>BUREAU APPROVAL</b></p> <p>Bureau: OMF/BRFS, Revenue                  CAO: Tom Rinehart                  CFO, Bureau Head: Jennifer Cooperman <i>mk for J.C.</i>                  Division Head: Thomas W. Lannom <i>TLW</i></p>	<p><b>ACTION TAKEN:</b></p> <p><b>AUG 29 2018 PASSED TO SECOND READING SEP 05 2018 9:30 A.M.</b></p>
<p>Prepared by: Jennifer Li                  Date Prepared: 8/13/18</p>	
<p><b>Impact Statement</b></p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p><b>Portland Policy Document</b>                  If "Yes" requires City Policy paragraph stated in document.</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>	
<p><b>City Auditor Office Approval:</b>                  required for Code Ordinances</p>	
<p><b>City Attorney Approval:</b>                  required for contract, code, easement, franchise, comp plan, charter <i>mkh</i></p>	
<p>Council Meeting Date <b>August 29, 2018</b></p>	

<b>AGENDA</b>
<p><b>TIME CERTAIN</b> <input type="checkbox"/></p> <p>Start time: _____</p> <p>Total amount of time needed: _____                  (for presentation, testimony and discussion)</p>
<p><b>CONSENT</b> <input checked="" type="checkbox"/></p>
<p><b>REGULAR</b> <input type="checkbox"/></p> <p>Total amount of time needed: _____                  (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Eudaly	4. Eudaly	✓	
Wheeler	Wheeler	✓	