

ORDINANCE No.

Consent to franchise transfer from LCP Oregon Holdings, LLC to Zenith Energy Terminals Holdings to transport petroleum and petroleum products within a limited portion of City streets (Ordinance; transfer 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. On September 5, 2018, Council approved an ordinance amending that franchise to clarify that LCPOH's pipeline system can be used to transport renewable fuels and to allow the transportation of liquid intermediates. Ordinance No. 189149.
3. Zenith Energy Terminals Holdings LLC (Zenith) has operated LCPOH's pipeline system on its behalf since 2014.
4. LCPOH and Zenith have informed the City that Zenith could close on an acquisition of LCPOH's assets, including, but not limited to, LCPOH's pipeline system under the City streets, as early as December 10, 2018.
5. LCPOH and Zenith have asked Council to consent to the transfer of the franchise to Zenith, so that such an acquisition can so close.
6. Staff has reviewed available information and determined that Zenith has the technical, legal, and financial qualifications to meet the obligations of the franchise.
7. Staff recommends that Council consent to the transfer of Ordinance No. 188554, as amended by Ordinance No. 189149, to Zenith.

NOW, THEREFORE, the Council directs:

- a. Pursuant to Portland City Charter Section 10-216 and Section 8 of Ordinance No. 188554, consent is hereby given to the transfer of the franchise and pipeline system under the City streets to Zenith Energy Terminals Holdings LLC.
- b. Effective upon the closing of such an acquisition, Zenith Energy Terminals Holdings LLC will be responsible for performing, complying with and assuming all of the covenants, duties, obligations and liabilities under Ordinance No. 188554, as amended by Ordinance No. 189149, including the provision of insurance and bonds required under the franchise. Within 30 days after the closing of such an acquisition, Zenith Energy Terminals Holdings LLC shall provide certificates of insurance and

bonds, naming Zenith Energy Terminals Holdings LLC and the City as required under Ordinance No. 188554, as amended by Ordinance No. 189149.

- c. Within 30 days after the closing of such an acquisition, Zenith Energy Terminals Holdings LLC 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. Such acceptance shall be unqualified and shall be construed to be an acceptance of all the terms, conditions and restrictions contained in this ordinance and Ordinance No. 188554, as amended by Ordinance No. 189149. A failure on the part of Zenith Energy Terminals Holdings LLC to file such written acceptance within such time shall be deemed a rejection and abandonment, and this ordinance shall thereupon be null and void.

Passed by the Council:
Mayor Ted Wheeler
Prepared by: JL/MKH
Date Prepared:

Mary Hull Caballero
Auditor of the City of Portland
By
Deputy

IMPACT STATEMENT

Legislation title: Consent to franchise transfer from LCP Oregon Holdings, LLC to Zenith Energy Terminals Holdings (Ordinance; Transfer Ordinance No. 188554)

Contact name: Jennifer Li
Contact phone: 3-5359
Presenter name: Jennifer Li, 3-5359

Purpose of proposed legislation and background information:

In 2017, Council approved a franchise agreement to LCP Oregon Holdings, LLC (LCPOH) for its pipeline system to transport petroleum and petroleum products within a limited section of the City right-of-way. The company has notified the City that it intends to sell the facility to Zenith Energy Terminals Holding, who has been operating the facility on behalf of LCP Oregon Holdings since 2014. Staff reviewed the available information and determined that Zenith Energy Terminals Holding appears to have the technical, legal and financial ability to meet the franchise obligations. Staff recommends the City Council consent to the transfer of the franchise (Ordinance No. 188554), as amended, to Zenith Energy Terminals Holding as the franchisee.

Financial and budgetary impacts:

Zenith Energy Terminals Holding will continue to pay franchise fees as required by Ordinance No. 188554, as amended. The fee is currently approximately \$35,000/year.

Community impacts and community involvement:

N/A

100% Renewable Goal:

N/A

Budgetary Impact Worksheet

Does this action change appropriations?

- YES:** Please complete the information below.
- NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount