

City of Rialto

Regular Meeting - Final

Economic Development Committee

Wednesday, November 17, 2021 1:00 PM

CALL TO ORDER

ROLL CALL

PUBLIC COMMENTS

REVIEW/APPROVAL OF MINUTES

EDC-21-0871

Minutes from the October 27, 2021 Economic Development Committee meeting.

Attachments: EDC Minutes October 27 2021.pdf

PRESENTATIONS

- EDC-21-0866
 Crown Castle/DISH Network Proposed Lease Expansion at Birdsall Park

 Attachments:
 Attachment 1 Presentation
- 2 <u>EDC-21-0867</u> Costanzo Investments Mixed Use Development at Riverside Avenue and San Bernardino Avenue <u>Attachments:</u> <u>Attachment 1 - Proposed South Rialto Mixed Use Development EDC Presentation</u>
- 3 <u>EDC-21-0868</u> Black Creek Group Proposed Industrial Building at Casmalia Street and Linden Avenue <u>Attachments:</u> <u>Attachment No. 1 - Casmalia Ave. & Linden Ave. Industrial Building EDC Presentation</u>
- 4 <u>EDC-21-0869</u> Shoppes at Creekside Proposed Billboard Sign

Attachments: Attachment No. 1 - Shoppes at Creekside Billboard Presentation

REPORTS/DISCUSSION ITEMS

1 <u>EDC-21-0860</u> Request Economic Development Committee Review the Pacific Electric Trail Expansion Feasibility Study and Recommend Approval by City Council.

Attachments: Attachment - Presentation.pptx

2 <u>EDC-21-0863</u> Request the Economic Development Committee Provide Direction to Staff Regarding a Proposed Ordinance Granting a New Franchise Agreement to CalNev Pipeline Company and SFPP.

 Attachments:
 Exhibit A Kinder Morgan Franchise Agreement Ordinance 577.pdf

 Exhibit B CalNev Facility Map for Rialto.pdf

 Exhibit C SFPP Facility Map for Rialto.pdf

 Exhibit D SFPP_Calnev_CPUC-Letter.pdf

 Exhibit E Draft Franchise Agreement.doc

UPCOMING MEETINGS/OTHER DISCUSSION ITEMS

ADJOURNMENT



Legislation Text

File #: EDC-21-0871, Version: 1, Agenda #:

Minutes from the October 27, 2021 Economic Development Committee meeting.

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ECONOMIC DEVELOPMENT COMMITTEE MINUTES Wednesday, October 27, 2021 City Council Chambers

Call to Order/Roll Call

1:20 PM

EDC MEMBERS PRESENT:

Deborah Robertson, Mayor Ed Scott, Mayor Pro Tem

CITY/AGENCY STAFF PRESENT:

Marcus Fuller, City Manager Robert Messinger, City Attorney Sean Moore, Incoming Community Development Director Daniel Casey, Acting Community Development Manager Michael Tahan, Public Works Director David Hammer, City Engineer Dan Smith, Police Sergeant Angela Perry, City Council/City Manager's Executive Assistant

PUBLIC COMMENTS - None

REVIEW/APPROVAL OF MINUTES – Accepted for the Record

REVIEW /MODIFICATION OF AGENDA ITEMS FOR DISCUSSION

PRESENTATIONS

EDC-21-0779 Crown Castle/DISH Network - Proposed Lease Expansion at Birdsall Park

<u>Committee Comments/Recommendations</u> Not available

EDC-21-0776 Costanzo Investments - Mixed Use Development at Riverside Avenue and San Bernardino Avenue

<u>Committee Comments/Recommendations</u> Not available

REPORTS/DISCUSSION ITEMS

EDC-21-0773 Ordinance No. 1409 - Conditionally Permitted Commercial Uses Daniel Casey gave the update

Committee Comments/Recommendations

Daniel said that the Commission set a policy among themselves to look at maps to see where other similar products are located.

Mayor Robertson stated that her concern was regarding too many of national chains, like 99 Cents, Dollar Tree, General Dollar, etc.

Robert (City Attorney) said that the applicants have rights to speak on their application, they shouldn't be limited.

Mayor said we need to take into account the choices and desires of the people, and the viability of having similar businesses in near proximity, i.e., the four gas stations that were once on the corner of Baseline and Riverside. We need to monitor Planning Commission.

EDC-21-0768 Citywide Truck Route, Speed and Volume Studies Update

Michael Tahan introduced the presentation along with David Hammer (City Engineer) John Dorado from Advantec presented the PowerPoint, assisted by Justin Schlaefli from TKE

Sgt Smith reached out to the City of San Bernardino regarding their truck route plan, however they don't currently have one, but they are working on it in their Police Department.

Committee Comments/Recommendations

Mayor Pro Tem Scott is concerned about not having enough commercial enforcement, could possibly need at least 4 more. Mayor Robertson doesn't think additional enforcement is what's needed, but maybe we should look at the technology that's out there.

Mayor Pro Tem Scott asked about how many commercial enforcement officers do they have – Sgt Smith said 2 fulltime Monday thru Friday, to cover the whole city.

Mayor Pro Tem Scott asked if they had a portable scale – Sgt Smith said No – Mayor Pro Tem Scott then stated they are missing a large revenue.

Mayor Robertson said she wants to keep the truck route on Pepper Ave. to the 210 freeway but not south of Baseline Ave. There was further discussion whether to remove the truck route on Pepper Ave. south of Baseline. She suggested that they go back out and recount the Pepper and 210 section.

Marcus discussed the Speed. Stating that the new law that came out gave cities more flexibility to reduce speed limits. The other stipulation to the law per Sgt Smith is that

Officers give warning for the first 30 days. Marcus said he wanted to make sure they would be OK if the speeds were reduced to 25 miles an hour, in residential areas. Mayor Robertson and Mayor Pro Tem Scott said to implement. Marcus said they will do an educational campaign.

Stepped out for notebooks

Marcus told John Dorado that at the next meeting bring the information showing all the other streets, and the current speed limits and other information. Justin read some information from the new Ordinance.

Mayor Robertson wants the community meeting to be in-person. Possibly hold another workshop during one of the January Council Meetings for the Community input. Marcus said what he told the team is drop the speed limit as low as they can. The Mayor agreed and pointed out specific streets.

Mayor Pro Tem Scott asked what the policy is if a resident request speed bumps on their street. Justin Schlaefli will research and get back to him. Mayor asked how we can put the cost of speed bumps on the residents. There is No policy. In 2009 the commission approved the criteria. Marcus said that there needs to be a traffic team. Mayor Pro Tem Scott asked Michael to check if a request for speed bumps was made for Sycamore South of Randal. Mayor Robertson wants to know how the humps got on Winchester between Pepper Ave. and Eucalyptus Ave.

UPCOMING MEETINGS/OTHER DISCUSSION ITEMS

Next meeting will be November 17th

ADJOURNMENT: 3:41 pm



File #: EDC-21-0866, Version: 1, Agenda #: 1

For Economic Development Committee [November 17, 2021]

TO: Honorable Economic Development Committee Members

APPROVAL: Marcus Fuller, City Manager

FROM: Daniel Casey, Acting Community Development Manager

Crown Castle/DISH Network - Proposed Lease Expansion at Birdsall Park

DISCUSSION:

Crown Castle, the applicant, possesses a lease agreement with the City of Rialto for an existing wireless telecommunications facility located at Birdsall Park - 2611 N. Linden Avenue. The existing wireless telecommunications facility currently provides wireless service for T-Mobile. Crown Castle has recently partnered with DISH Network and now seeks to modify the facility at Birdsall Park to accommodate equipment from DISH Network.

Specifically, Crown Castle proposes to add 48 square feet to the existing 462 square foot lease area to facilitate the installation of ground mounted equipment for DISH Network. New equipment will also be installed on the existing monopole. The 48 square feet is located just north of the existing monopole in an area of the park that is currently vacant.

The proposed lease rate for the 48 square feet begins at \$500 per month with 2.8% annually increases beginning in 2028. Additionally, Crown Castle proposes to offer the City a \$1,000 signing bonus to offset the increases that would not happen until 2028. The proposed lease rate will be in addition to the current lease rate of \$3,328.49 per month for the 462 square foot lease area.

In addition to an amendment to the existing lease, the proposal will also require the approval of a Conditional Development Permit and a Precise Plan of Design by the Planning Commission.

Crown Castle will conduct a presentation during the meeting, a copy of which is attached as **Attachment No. 1**.

RECOMMENDATION

Staff recommends that the EDC review the proposal and provide general direction to the applicant and staff.

Attachments:

1. Crown Castle/DISH Network Presentation



Crown Castle / DISH network



Introduction:



Dear Board Members of the City of Rialto, CA

In order to better serve the public and minimize the amount of towers in an area where a Lease is located. DISH Network plans to modify the equipment at the telecommunication facility we currently have in a lease agreement with you as our lessor. The modifications will not alter the character or use of the site nor will it change the nature of Crown Castle's occupancy of the site.

THE CITY OF RIALTO, CA requires Landowners Authorization for applications related to Land Use, zoning and/or building permits. Upon reaching an agreement and full understanding during the course of your conversations with *Joan Javier* for the use of additional land for DISH'S placement at our Cellular Site located at *Birdsall Park*. Our Real Estate division will be in contact with the board members to obtain additional authorizations, the process of execution of documents and other material aspects for the DISH install to commence.

Thank you for your continued cooperation with Crown Castle.

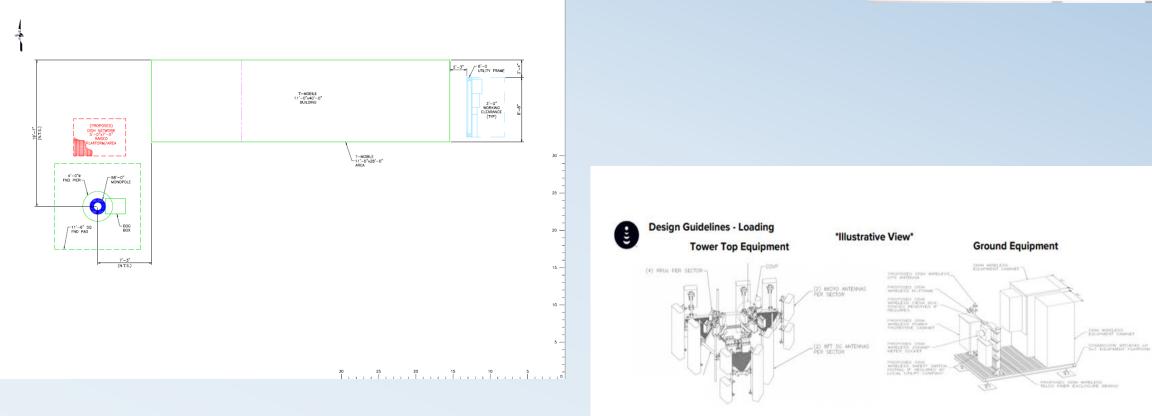


Our Proposal:

- Lease area:
 - We are proposing to amend the existing to lease area to add 48 sq ft to accommodate DISH (first time install here).
- Proposed rent:
 - Based on the current rent, that space would run \$500/mo and it will increase with the DISH license at 2.8% per annum commencing on 2028.
- Additional terms:
 - \$1,000.00 as a signing bonus to offset the increases that wouldn't happen until 2028

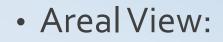
Proposed Location and Equipment Design:





Tower Equipment			
Item(s)	Weight (pounds)	Dimensions	
8' Panel Antenna	149	96"x22"x10"	
6' Panel Antenna	111	72"x22"x10"	
Micro Antenna	50	36"x20"x10"	
RRU (Radio Unit)	50	30"x20"x12"	
OVP	32	16"x14"x8"	

G	round Equipment	
Item(s)	Weight (pounds)	Dimensions
Cabinet #1	490	74"x32"x32"
Cabinet #2	490	74"x28"x32"
Internal Cabient Equipment	175	N/A
Cabinet Batteries (4)	550	Lithium
Platform plus H-Frame	625	5'x7'
H-Frame equipment	150	N/A
Total Ground Weight	2480	100











May I Answer Your Questions?



File #: EDC-21-0867, Version: 1, Agenda #: 2

For Economic Development Committee [November 17, 2021]

TO: Honorable Economic Development Committee Members

APPROVAL: Marcus Fuller, City Manager

FROM: Daniel Casey, Acting Community Development Manager

Costanzo Investments - Mixed Use Development at Riverside Avenue and San Bernardino Avenue

DISCUSSION:

Costanzo Investments, the applicant proposes to develop a mixed-use project consisting of commercial retail and for-sale residential uses at the southeast corner of Riverside Avenue and San Bernardino Avenue. The project site consists of two (2) parcels of land totaling approximately 18 acres in size. The west half of the project site is currently zoned Retail Commercial (R-C) in the Gateway Specific Plan and the east half is currently zoned Office Park (O-P) in the Gateway Specific Plan.

Features of the proposed development include:

- +/- 8-acre shopping center on the west half of the site consisting of:
 - $_{\odot}\,$ +/- 60,000 square feet of floor area for commercial uses
 - o 2 Major Anchors
 - o Inline Shops
 - o 3 drive-thru uses
 - o Car Wash
 - Decorative entry from Riverside Avenue
 - o **300 600 Jobs**
- Residential development on the east half of the site consisting of:
 - +/- 85-145 dwelling units
 - Mix of detached single-family and attached townhomes
 - Projected Home Pricing \$430,000 \$600,000

The proposal will require City Council approval of a General Plan Amendment and a Specific Plan Amendment to change the land use and zoning designations of the east half of the project site to accommodate the proposed residential uses. Additionally, the proposal will also require City Council approval of Conditional Development Permit applications for the drive-thru uses and the car wash use, as well as City Council approval of Precise Plan of Design applications for both the shopping center development and the residential development. The applicant will also be required to submit

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the necessary environmental documentation, in accordance with the California Environmental Quality Act (CEQA).

Costanzo Investments will conduct a presentation during the meeting, a copy of which is attached as **Attachment No. 1**.

RECOMMENDATION:

Staff recommends that the EDC review the proposal and provide general direction to the applicant and staff.

Attachments:

1. Proposed South Rialto Mixed Use Development - EDC Presentation

PROPOSED SOUTH RIALTO MIXED USE DEVELOPMENT

SEC San Bernardino Ave. & Riverside Ave. | Rialto, CA



DEVELOPMENT BY:



Proposed Retail Development Preliminary Site Plan



Configuration and size are subject to change through the lease up process.

Proposed Retail Development Key Highlights

- Daily Needs and Services for Surrounding Communities along with Desirable Restaurant Options
- +/- 8 Acre Shopping Center
- +/- 60,000 SF of Gross Leasable Area
- 300-600 Retail and Restaurant Jobs Created
- +/- \$1.2M-\$1.5M Annual Tax Revenue from Retail Sales

Local Retail



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SEC San Bernardino Ave. & Riverside Ave. | Rialto

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Proposed Residential Development Key Highlights

- Community Consisting of +/- 85-145 Single Family Small Lot Detached Homes and Attached Townhomes on Approximately 10 Acres
- Density: 8 to 15 units per acre

Townhomes:

- Density: 10-15 units per acre
- Size: 1,300-1,600 SF
- Projected Home Price: \$430,000-\$460,000

Single Family Homes:

- Density: 8-9 units per acre
- Size: 1,650-2,400 SF
- Projected Home Price: \$495,000-\$600,000
- Current Assessed Property Value: \$821,533
- Projected Net Taxable Value at Build Out: \$57,600,000
- Increase in Assessed Property Value: \$56,778,467
- Year One Increase in Ad Valorem Property Tax Revenue: \$718,766
- Developer Paid Impact Fees (Based on Foothill Grove-includes School, Sewer & Water Impacts): \$3,274,608
- Projected Construction Costs: \$32,942,804

Foothill Grove (Concept Sample) 1096 W. Foothill Blvd.



Foothill Grove (Concept Sample) Community Profile



VIEW 2

Foothill Grove (Concept Sample) Single Family Detached Homes









ight Elevation



Rear Elevation





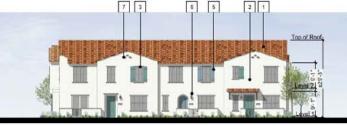




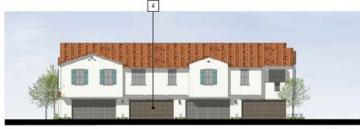
Rear Elevatio

Foothill Grove (Concept Sample) Attached Townhomes





Front Elevation



Rear Elevation



Right Elevation



Left Elevation



Right Elevation



Front Elevation



SEC San Bernardino Ave. & Riverside Ave. | Rialto 11 // 💟

Neighboring Residential







ELEVEN





Costanzo Investments +1 949 566 8020 ccostanzo@costanzoinv.com



File #: EDC-21-0868, Version: 1, Agenda #: 3

For Economic Development Committee [November 17, 2021]

TO: Honorable Economic Development Committee Members

APPROVAL: Marcus Fuller, City Manager

FROM: Daniel Casey, Acting Community Development Manager

Black Creek Group - Proposed Industrial Building at Casmalia Street and Linden Avenue

DISCUSSION:

Black Creek Group, the applicant, proposes to redevelop the Columbia Steel site located at the northeast corner of Casmalia Street and Linden Avenue into a 383,590 square foot industrial warehouse building facility. The site consists of 18.35 acres of land and is zoned Employment (EMP) within the Renaissance Specific Plan area.

Features of the proposed development include:

- 383,590 square foot concrete tilt-up warehouse building
- 30-foot landscape setbacks along all street frontages
- 198 passenger vehicle parking spaces
- A completely screened/enclosed truck court
- 54 dock doors
- 63 trailer parking spaces
- Abundant landscaping
- Enhanced architecture
- New street improvements along all street frontages

The proposal will require the approval of a Conditional Development Permit and a Precise Plan of Design by the Planning Commission. The applicant will also be required to submit the necessary environmental documentation, in accordance with the California Environmental Quality Act (CEQA).

RECOMMENDATION:

Staff recommends that the EDC review the proposal and provide general direction to the applicant and staff.

Attachments:

1. Casmalia Ave. & Linden Ave. - Industrial Building EDC Presentation

Casmalia Ave. & Linden Ave.

Industrial Building

#21609

18831 BARDEEN AVE. - STE. #100 IRVINE, CA 92612 TEL: 949.863.1770 FAX: 949.863.0851 EMAIL: HPA@HPARCHS.COM



Rialto, CA.

EDC Presentation





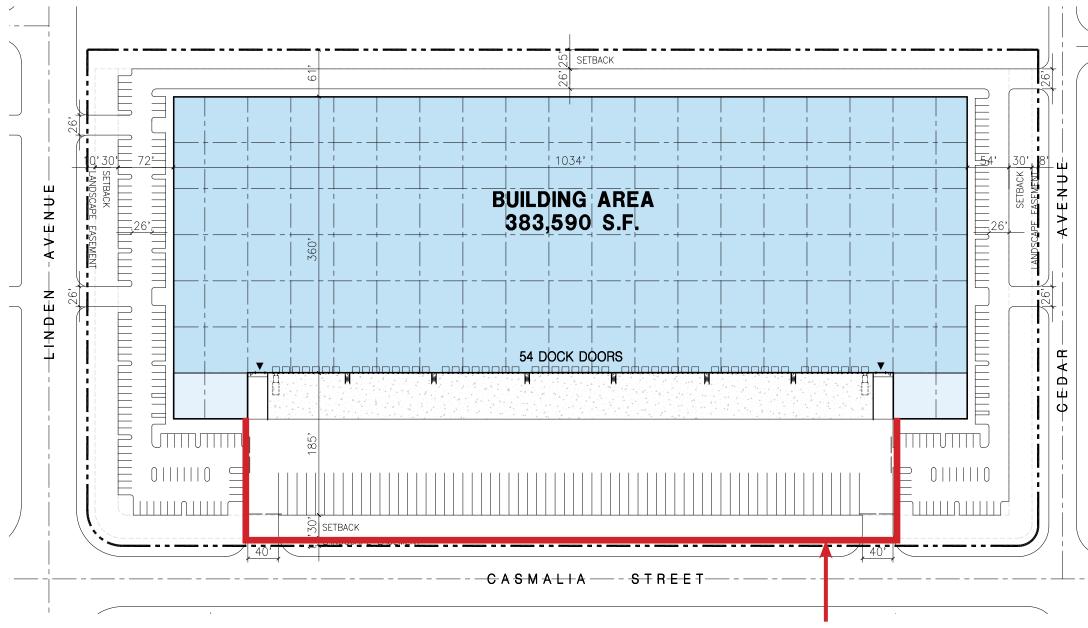
TEL: 949.863.1770 FAX: 949.863.0851 EMAIL: HPA@HPARCHS.COM





18831 BARDEEN AVE. - STE. #100 IRVINE, CA 92612 TEL: 949.863.1770 FAX: 949.863.0851 EMAIL: HPA@HPARCHS.COM **ENLARGED SITE PLAN**





14'H SCREEN WALL

BASED ON ORDINANCE 1653-18.112 BELOW ARE THE ITEMS LISTED FOR COMPLIANCE

- Building has been setback more than 25' from property line and positioned deeper than required
- Masses have been articulated horizontally with a break in increments of less than every 100 linear feet per requirement
- Vertical articulation has been designed to provide more than 18" of difference at less than 100 linear feet intervals
- All four sides of the building have been provided with more enhanced architectural features
- Site has been designed to provide underground stormwater chambers and will not have above ground basins for safety purposes
- Passenger vehicle parking and truck court have been separated with enhanced driveway entrances
- 14' high screen wall has been provided to completely screen the truck yard for any visibility from public view
- Enhanced landscape along the truck yard will conceal the screen walls
- Buildings will have an increased amount of glass line and clear story glass for enhanced site visibility purposes
- Excess trailer storage on site, so that trailer storage is avoided on Casmalia Street.



ENLARGED SITE PLAN with ordinance Compliance

Aerial Map



Tabulation

SITEAREA					
In s.f.	799,149	s.f.			
In acres	18.35	ac			
BUILDING AREA					
Office	10,000	s.f.			
Warehouse	373,590	s.f.			
TOTAL	383,590	s.f.			
COVERAGE	48.0%				
AUTO PARKING REQUIRED					
Office: 1 / 250 sf	40	stalls			
Whse: 1st 40K @ 1/1,000 sf	40	stalls			
Above 40K @ 1/4,000 sf	84	stalls			
TOTAL	164	stalls			
AUTO PARKING PROVIDED					
Standard (9' x 18')	198	stalls			
TRAILER PARKING PROVIDED					
Trailer (12' x 55')	63	stalls			
ZONING ORDINANCE FOR CITY					
Zoning Designation - Employment					
MAXIMUM BUILDING HEIGHT ALLOWED					
Height - 75'					
MAXIMUM FLOOR AREA RATIO					
FAR - 0.40, Incentives for lot consolidation max 0.48					
SETBACKS					
Front / Street side - 20 ft. avg., 15' min. (Bldgs. < 100K)					
Front / Street side - 30 ft. avg., 25' min. (Bldgs. > 100K)					
LANDSCAPE REQUIRED					
In percentage	10%	s.f.			
LANDSCAPE PROVIDED					
ln s.f.	148,356	s.f.			
In percentage	18.6%				

Legend

POTENTIAL OFFICE



▼ DRIVE THRU DOOR





NORTH ELEVATION



CEDAR AVENUE ELEVATION - EAST ELEVATION



CASMALIA STREET ELEVATION - SOUTH ELEVATION



LINDEN AVENUE ELEVATION - WEST ELEVATION



#21609

18831 BARDEEN AVE. - STE. #100 IRVINE, CA 92612 TEL: 949.863.1770 FAX: 949.863.0851 EMAIL: HPA@HPARCHS.COM CONCEPTUAL BUILDING WITH SCREEN WALL DESIGN







PERSPECTIVE RENDERING SE OFFICE CORNER

18831 BARDEEN AVE. - STE. #100 IRVINE, CA 92612 TEL: 949.863.1770 FAX: 949.863.0851 EMAIL: HPA@HPARCHS.COM







PERSPECTIVE RENDERING NORTH









#21609

18831 BARDEEN AVE. - STE. #100 IRVINE, CA 92612 TEL: 949.863.1770 FAX: 949.863.0851 EMAIL: HPA@HPARCHS.COM **PERSPECTIVE RENDERING EAST**





File #: EDC-21-0869, Version: 1, Agenda #: 4

For Economic Development Committee [November 17, 2021]

TO: Honorable Economic Development Committee Members

APPROVAL: Marcus Fuller, City Manager

FROM: Daniel Casey, Acting Community Development Manager

Shoppes at Creekside - Proposed Billboard Sign

DISCUSSION:

Shoppes at Creekside, LLC, the applicant, proposes to replace an existing freestanding sign within the Shoppes at Creekside commercial center with a new 75-foot-tall freestanding sign with a double-faced digital billboard display. The Shoppes at Creekside commercial center is located at the northeast corner of the SR-210 Freeway and Riverside Avenue and is zoned Neighborhood Commercial (C-1).

Features of the proposed billboard sign include:

- 75-foot-tall freestanding sign structure
- 1,200 square foot billboard displays
- Chevron/Extra Mile signage
- Exterior design consistent with existing Shoppes at Creekside signage

Regulations for billboard signs are found within Section 18.102.060J of the Rialto Municipal Code. According to this section, billboard signs are not permitted within the C-1 zone. The proposal would require the approval of a Zoning Code Amendment by the City Council. Additionally, the applicant will be required to coordinate with Caltrans to obtain any necessary permits for the proposed billboard sign.

RECOMMENDATION:

Staff recommends that the EDC review the proposal and provide general direction to the applicant and staff.

Attachments:

1. Shoppes at Creekside - Billboard Presentation

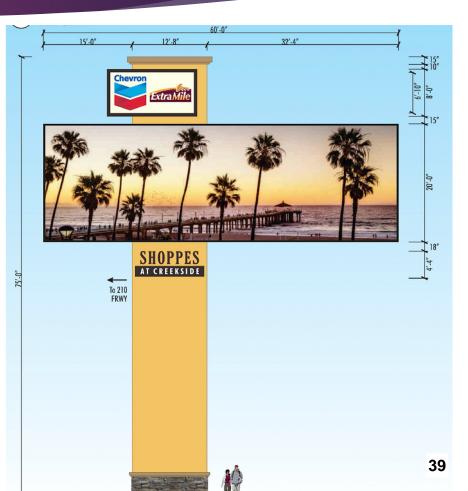
Shoppes at Creekside

VARIANCE REQUEST NOVEMBER 17, 2021

Shoppes at Creekside Proposal to Replace Existing Sign



Remove existing pylon sign and replace with new pylon sign, encompassing the shopping center identification, Chevron and double-faced digital displays for advertising.



ORIGINAL SIGN



Comparable #1: Bridge to Progress

Original sign featured 20' x 25' digital signs. It was demolished and replaced with 14' x 48' digital signs. The 75' overall height matches that of our Proposal.



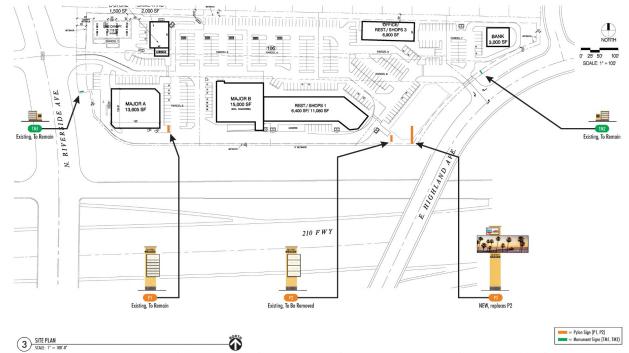


Rialto Height Reference

<u>90' tall</u> Pylon sign located directly across from proposed site.

Shoppes at Creekside Site Plan





Shoppes at Creekside West-bound view from 210 Freeway





Legislation Text

File #: EDC-21-0860, Version: 1, Agenda #: 1

FOR Economic Development Committee [November 17, 2021]

TO: Honorable Mayor and City Council

FROM: Michael Tahan, Interim Public Works Director

Request Economic Development Committee Review the Pacific Electric Trail Expansion Feasibility Study and Recommend Approval by City Council.

BACKGROUND

On November 30, 2018, staff submitted an application for an SB1- 2018 Sustainable Communities Grant to conduct a feasibility analysis for the expansion of the City's Pacific Electric Trail. A successful planning grant project must directly benefit the multi-modal transportation system. Sustainable Communities Grants will also improve public health, social equity, environmental justice, and the environment, while addressing the needs of disadvantaged communities, engaging the public and community stakeholders, and integrating transportation and land use planning.

The City of Rialto (City) received an award letter dated May 17, 2018, from Caltrans Office of Transportation Planning stating that the State selected the City of Rialto to receive a grant award of \$264,705 with a local match of \$34,295, for a total amount of \$299,000 toward the proposed Pacific Electric (PE) Trail Feasibility Study. On June 11, 2019, City Council accepted the grant. The California Transportation Commission (CTC) allocated the funds, and the California Department of Transportation (Caltrans) issued a Notice to Proceed effective November 15, 2019.

The Rialto PE Trail Expansion Feasibility Study determines constraints, opportunities, and alignment options for extending the PE Trail. The PE Trail is an existing 20-mile pedestrian and Class I bicycle path located on right-of-way previously used by the Pacific Electric railway. The proposed study will evaluate the feasibility of extending the trail from its current terminus at Cactus Avenue to the eastern boundary of the City at Pepper Avenue. The San Bernardino County Transportation Authority (SBCTA) and Union Pacific Railroad (UPRR) currently own the right-of-way. SBCTA has expressed support for the project through a letter of support for the grant application. The study will investigate right-of-way availability and coordinate with businesses actively using an existing railway on the corridor. The extension would provide an active transportation option for disadvantaged communities and connect the trail to Downtown Rialto. The feasibility study includes extensive opportunities for stakeholder and community input during preparation of a concept plan.

On September 22, 2020, City Council awarded a Professional Service Agreement to Alta Planning + Design in the amount of \$268,875 for the Pacific Electric Trail Expansion Feasibility Study.

ANALYSIS/DISCUSSION:

The City's Pacific Electric Trail Expansion Feasibility Study looks at benefits to the local community stemming from implementation of a multi-use pedestrian/bicycle facility along an existing rail corridor.

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This study assesses opportunities, issues and constraints related to extending the PE Trail from its current terminus at Cactus Avenue to the eastern City boundary at Pepper Avenue. The ultimate project would provide the following benefits to the community:

- Expansion of the existing PE Trail across the entire City
- Recreational opportunities for disadvantaged and low-income residents
- Public health enhancements through reduced vehicle trips
- A safe route for non-motorized travel between residences, workplaces, points of interest and schools

This study documents the basis of design, right-of-way constraints, environmental concerns, stakeholder input and public feedback with respect to proposed design alternatives.

On April 28, 2021, a draft version of the study was presented to the Economic Development Committee. The direction received was to investigate coordination with San Bernardino regarding the eastern trail terminus; look at opportunities for continued project funding; address safety and wayfinding in the study.

In order to prepare a study that is reflective of community desires, public input was solicited to better understand existing usage, concerns, and amenity preferences. The project team worked closely with City staff to identify key project stakeholders, as well as opportunities to engage with a breadth of community stakeholders. This work culminated in a comprehensive outreach and engagement approach that provided opportunities for stakeholders to learn about the PE Trail Feasibility Study and its goals, share concerns, and inform the decision-making process and ultimate project recommendations.

A preferred alternative has been selected based on this input. The recommended improvements include:

- 10-ft wide PCC (Class I) Multi-Use Trail with 2-ft graded shoulders
- 4-ft high barrier fence the full length of the trail
- Pedestrian-scale lighting the full length of the trail
- Trailhead/parking lot on the east side of Cactus Avenue
- ADA compliant curb ramps and driveways at all street crossings
- Landscape and Irrigation improvements along the trail
- New and/ or modified existing railroad crossing signals
- Other amenities (bike racks, hydration stations, benches, etc.) along the trail
- Signage and striping per CA MUTCD

The Preliminary Engineer's Opinion of Probable Construction Cost for the proposed improvements is \$5,128,100, which includes a 20% contingency to account for potential design changes and cost escalation. It is also estimated that final design and construction management would cost approximately \$512,000 each, for an estimated overall project cost of \$6,154,000.

Funding for implementing the PE Trail Feasibility Study recommendations may come from a variety of sources including matching grants, sales tax or other taxes, bond measures, or public/private partnerships. Funding streams are increasingly becoming more competitive, requiring justifications that focus on equity, feasibility, and greenhouse gas emission reduction goals. A description of

File #: EDC-21-0860, Version: 1, Agenda #: 1

funding opportunities is provided in the Study.

This Feasibility Study is the first step in the project delivery process. Subsequent activities include completion of construction documents (final design), followed by advertisement, bid and award for construction. Depending on available funding the project may be constructed at once, in segments, or with elements such as landscaping amenities deferred to a later date when additional funding is available.

RECOMMENDATION:

Staff requests that the Economic Development Committee recommend approval of the Pacific Electric Trail Expansion Feasibility Study by City Council.



PE Trail Expansion Feasibility Study

Rialto City Council Presentation November 2, 2021







Study Goals • Expansion of the existing PE Trail across the entire City

- Recreational opportunities for disadvantaged and low-income residents
- Public health enhancements through reduced vehicle trips
- A safe route for non-motorized travel between residences, workplaces, points of interest and schools





Scope of Work

- Data Collection/Analysis
- Community Outreach/Involvement
- 30% Concept Plan Development
- Feasibility Study



Data Collection/ Analysis

alta

- Topographic Survey
- Existing Bicycle Facilities
- Transit Accessibility
- Land Use
- Median Household Income
- No Access to Vehicle
- CalEnviroScreen 3.0
- Healthy Place Index
- Level of Traffic Stress and Service Area
- Bicycle and Pedestrian Involved Collisions



Community Outreach/Involvement

- Community Surveys
- Promotional Graphics
- Outreach Activities
- Technical Advisory Committee
- Project Website



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Community Surveys

THE CITY OF RIALTO WANTS TO ADD A NEW MULTIUSE TRAIL BETWEEN CACTUS AVENUE AND PEPPER AVENUE. LA CIUDAD DE RIALTO QUIERE AGREGAR UN NUEVO CAMINO DE MULTIUSO ENTRE CACTUS AVENUE Y PEPPER AVENUE.

Once built, the new trail will allow residents to walk and bike to get to parks, schools, employment, groceries, and healthcare.

Una vez construido, el nuevo camino permitirá a los residentes caminar y andar en bicicleta para llegar a los parques, escuelas, empleo, las provisiones y atención médica.



WE WANT TO HEAR FROM YOU!

iQUEREMOS OÍR DE TI!

Siga el enlace a continuación o use el código QR en su teléfono inteligente para accesar a nuestra encuesta. La información que comparta se utilizará para tomar decisiones sobre el camino.

yourrialto.com/trail

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Please follow the link below or use the QR code on your smartphone to get to our survey. The information you share will be used to make decisions about the trail.



Promotional Graphics







May 5, 2021 Farmer's Market





August 14, 2021 Bike Rodeo







Technical Advisory Committee

- SBCTA
- Rialto PD
- Orange County Lumber
- Rialto Unified School District
- Rialto Public Works
- Alta Staff





30% Plan Development • Field Review of Existing Conditions

- Stakeholder input
- Preferred Alignment Identification
- Amenities Opportunities





30% Plans – Segment 1: Cactus to Lilac



30% - NOT FOR CONSTRUCTION



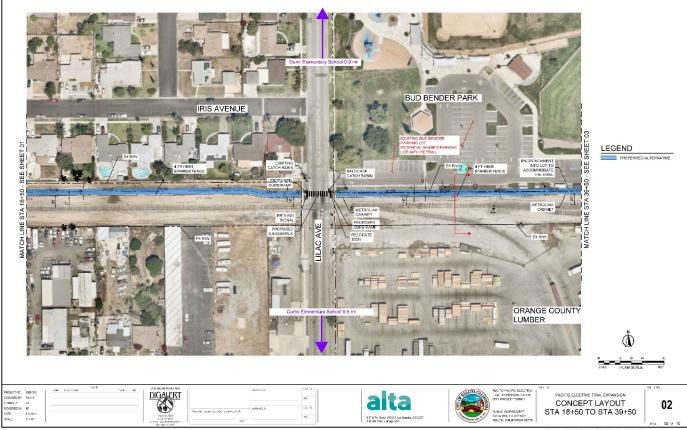


30% Plans – Typical Section at Cactus Trailhead





30% Plans – Segment 2: Lilac to Willow



^{30% -} NOT FOR CONSTRUCTION



30% Plans – Segment 2: Lilac to Willow, Cont'd



^{30% -} NOT FOR CONSTRUCTION

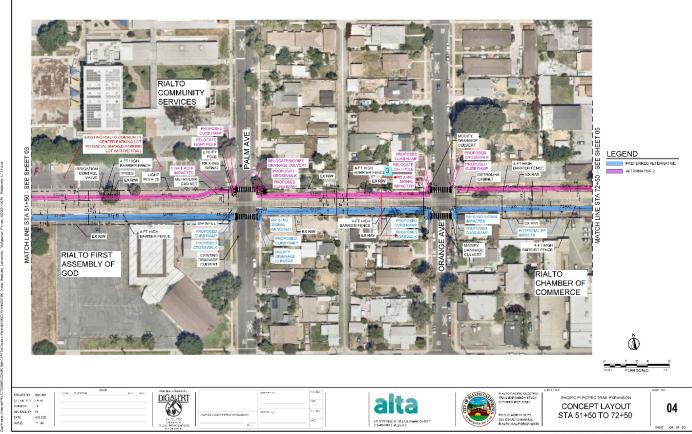


30% Plans – Typical Section 2: Lilac to Willow





30% Plans – Segment 3: Willow to Date



30% - NOT FOR CONSTRUCTION



30% Plans – Segment 3: Willow to Date, Cont'd







30% Plans – Typical Section 3





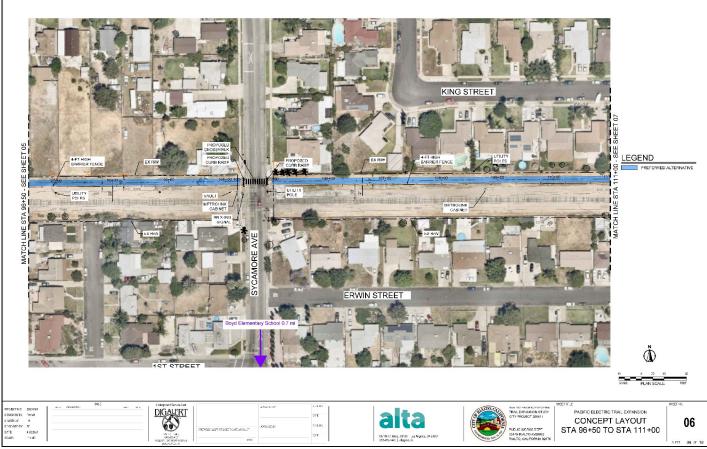
30% Plans – Segment 4: Date to Eucalyptus



^{30% -} NOT FOR CONSTRUCTION



30% Plans – Segment 4: Date to Eucalyptus, Cont'd



^{30% -} NOT FOR CONSTRUCTION

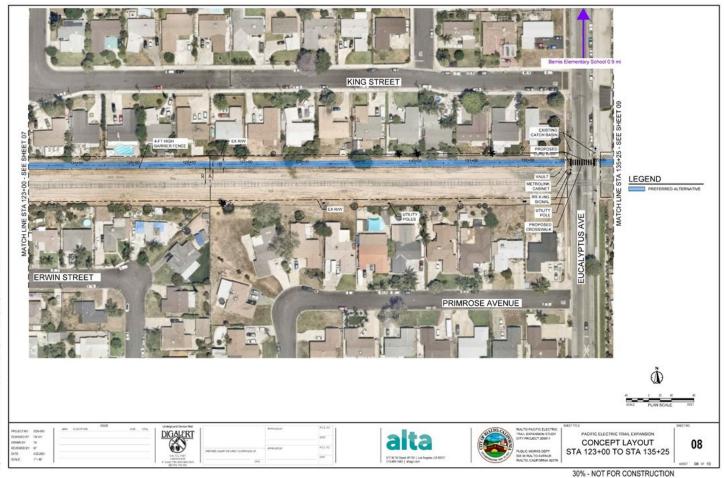


30% Plans – Segment 4: Date to Eucalyptus, Cont'd





30% Plans – Segment 4: Date to Eucalyptus, Cont'd



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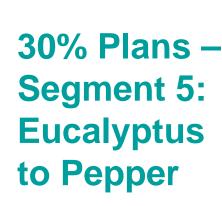




30% Plans – Typical Section 4

















30% Plans – Segment 5: Eucalyptus to Pepper cont'd



^{30% -} NOT FOR CONSTRUCTION





30% Plans – Typical Section 5







Project Estimated Cost

- Preliminary Estimate of Probable Construction Cost: \$5,128,100*
 - Final Design (Plans, Specifications and Estimate):
 \$512,000
 - Construction Management Services: **\$512,000**

Total Estimated Project Cost: \$6,154,000

* Includes a 20% contingency to account for design changes and cost escalation.





Potential Funding Sources

- Caltrans Active Transportation Program
 - Caltrans Highway Safety Improvements Program
- San Bernardino County Transportation Authority Measure I
- San Bernardino County Transportation Authority Transportation Development Act
- Southern California Association of Governments Sustainable Communities Program (SCP)



FEASIBILITY STUDY

Pacific Electric (PE) Trail Expansion (Draft)

City of Rialto, Public Works

Department

SEPTEMBER, 2021 PREPARED BY ALTA PLANNING + DESIGN, IN ASSOCIATION WITH CONVERSE CONSULTANTS PSOMAS EPIC LAND SOLUTIONS, INC



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- F. Phase I Environmental Site Assessment Report

ALTA PLANNING + DESIGN, INC. CITY OF RIALTO



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Next Steps...

- Feasibility Study Approval
- Funding Establishment
- Final Design
- Construction

Questions?

Thank you!



Legislation Text

File #: EDC-21-0863, Version: 1, Agenda #: 2

For Economic Development Committee [November 17, 2021]

TO: Honorable Economic Development Committee Members

FROM: Marcus Fuller, City Manager

Request the Economic Development Committee Provide Direction to Staff Regarding a Proposed Ordinance Granting a New Franchise Agreement to CalNev Pipeline Company and SFPP.

BACKGROUND:

On March 18, 1968, the City Council approved Ordinance No. 577 granting to CalNev Pipeline Company a franchise to maintain and operate pipelines within the City (**Exhibit A**). The franchise agreement expired on April 18, 2018 (50 years). Kinder Morgan owns CalNev and Santa Fe Pacific Partners (SFPP), which operate two fuel pipeline systems within the City that carry fuel products to terminals in the western United States. By letter dated June 13, 2017, Kinder Morgan Energy requested a renewal of the franchise granted by Ordinance No. 577. The parties previously met periodically to discuss the terms of the proposed renewal.

File #: EDC-21-0863, Version: 1, Agenda #: 2

Kinder Morgan Franchise Payments (2003-2018)

Yr/Y	Yr/Yr			Pymt			
% Chang	\$ Change	Amount	Basis	Date Yr			
		ć222.00		2002	00/00/04		
	.	\$233.00	Broughton Act/Ord 577	2003	02/03/04		
1.729	\$4.00	\$237.00	Broughton Act/Ord 577	2004	03/14/05		
-18.579	(\$44.00)	\$193.00	Broughton Act/Ord 577	2005	02/01/06		
-2.07%	(\$4.00)	\$189.00	Broughton Act/Ord 577	2006	02/20/07		
20.119	\$38.00	\$227.00	Broughton Act/Ord 577	2007	01/31/08		
2.64%	\$6.00	\$233.00	Broughton Act/Ord 577	2008	02/04/09		
3648.439	\$8,500.84	\$8,733.84	Public Utility Code Section 6231.5	2009	01/28/10		
2.329	\$202.44	\$8,936.28	Public Utility Code Section 6231.5	2010	02/15/11		
3.249	\$289.20	\$9,225.48	Public Utility Code Section 6231.5	2011	06/25/12		
2.19%	\$202.44	\$9,427.92	Public Utility Code Section 6231.5	2012	02/12/13		
0.619	\$57.84	\$9,485.76	Public Utility Code Section 6231.5	2013	02/04/14		
1.529	\$144.60	\$9,630.36	Public Utility Code Section 6231.5	2014	02/11/15		
0.90%	\$86.76	\$9,717.12	Public Utility Code Section 6231.5	2015	06/27/16		
1.79%	\$173.52	\$9,890.64	Public Utility Code Section 6231.5	2016	01/23/17		
1.09%	\$107.51	\$9,998.15	Public Utility Code Section 6231.5	2017	02/01/18		
3.96%	\$395.58	\$10,393.73	Public Utility Code Section 6231.5	2018	01/30/19		
		\$96,751.28	Totals				

Table 1 shows the recent franchise fee history. Until 2009, Kinder Morgan paid nominal franchise fees based upon the formula specified in the Ordinance as authorized under the Broughton Act: 2% of the gross annual receipts ... arising from the use, operation or possession of the franchise. After negotiations with the City in 2011, Kinder Morgan agreed to pay a franchise fee in accordance with Public Utilities Code Section 6231.5, which sets a standard fee per lineal footage of pipeline with adjustments for inflation.

CalNev updated its facility inventory to include new annexations to the City of Rialto. The facility map is attached hereto as **Exhibit B**. The CalNev pipeline system generally runs north from the tank farm along Linden Avenue toward the Cajon Pass. The SFPP pipeline system is located in southeastern Rialto and connects to a line paralleling the 10 Freeway.

The pipeline inventory for CalNev and SFPP is attached hereto as **Exhibit C**. The total lineal footage for the CalNev pipeline system is 28,923 feet or approximately 5.5 miles. The total lineal footage for the SFPP pipeline system is 10,438 lineal feet or approximately 2 miles.

ANALYSIS/DISCUSSION:

The City and Kinder Morgan commenced renewal negotiations in 2017 after receipt of the request from Kinder Morgan and carrying into 2018. At the City's request, Kinder Morgan provided updated facility inventories for the CalNev and SFPP facilities. CalNev and SFPP operate independently and the parties determined to prepare separate franchise agreements for the two pipeline systems.

File #: EDC-21-0863, Version: 1, Agenda #: 2

Initially, the City contended that the franchises constituted a non-public utility, which allowed the City to negotiate the terms and fees it deemed reasonable in accordance with Section 6231.5(e) of the Public Utilities Code. Subsequently, Kinder Morgan submitted evidence dated February 14, 2018 (satisfactory to the City Attorney and attached hereto as **Exhibit D**) that the two proposed franchises constituted a public utility within the meaning of Public Utilities Code Section 6231.5, which establishes a fixed fee schedule for public utilities governed by the California Public Utilities Commission (CPUC) based upon pipeline diameter and lineal footage. This statutory constraint significantly limits the City's ability to increase revenue from the granting of the two proposed franchise agreements. The City is limited to a reasonable one-time base-granting fee, recovery of any direct costs, and the annual payments based upon the CPUC schedule.

Principal Terms of Franchise Agreements

The key terms of the proposed Franchise Agreements (Drafts attached hereto as **Exhibit E**) are summarized as follows (for the purposes of this section CalNev and SFPP are the "parties"):

- **1. Grant of Franchise.** The Agreement grants the parties the right to lay and use the public streets described in Exhibit A to the Agreement for the transmission and distribution of oil, water, or hydrocarbons. Parties must submit, and the City Council must approve, any routes not specifically listed.
- 2. Term of Franchise. The term of the Agreement is 20 years.
- **3. Base Granting Fee**. The parties shall each pay the City a one-time base granting fee of \$50,000 within 30 days after approval as reimbursement for the City's costs to prepare and process the Agreements.
- **4. Annual Franchise Fee**. The parties shall pay the City an annual franchise fee based upon actual pipeline footage within the City multiplied by the fee established in accordance with Public Utilities Code Section 6231.5. The fee varies by pipe dimension. The fee shall adjust in accordance with the Consumer Price Index each calendar year.
- **5.** Compliance with Law. The parties shall construct, maintain, remove, and/or abandon all pipelines and appurtenances in conformity with all applicable rules and regulations.
- 6. Emergency Response Plan. The parties shall maintain an Emergency Response Plan satisfactory to the City, providing evidence of arrangements to provide emergency clean up services.
- **7. Permits Required**. Before constructing facilities, the parties shall obtain permits and pay any fees for encroachment or excavation within the public right of way. The City Engineer shall inspect all work performed to ensure conformity to approved plans. The parties shall repair the streets in accordance with City standards after excavations.
- **8. Emergencies**. The proposed Franchise Agreement requires that the parties notify the State Fire Marshall and the City Fire Department and Public Works Department of any escape of liquids or vapors and immediately commence to cure. Under certain conditions, the parties

may commence work without first obtaining City approval.

- **9. Annual Certification**. By the first working day in January each year, the parties must file a report with the City Engineer providing the total footage of all facilities in the City and certifying that the parties have complied with all federal, state and local regulations.
- 10. Change in Use. Upon termination of the Franchise Agreement, the parties shall apply to the City to either (a) declare the facilities as inactive and continue the franchise for that purpose only, (b) remove all facilities, or (c) abandon the facilities in place. The City may thereupon determine the ultimate destiny of such facilities.
- **11. Removal of Facilities.** The parties will have 90 days to remove the facilities after the City makes a determination for removal.
- 12. Insurance. The parties shall provide insurance as follows: (1) general liability of \$10 million, (2) pollution liability insurance of \$25 million, and (3) worker's compensation and automobile liability insurance as required. The parties may self-insure subject to satisfaction of conditions or the provision of adequate corporate guarantees. The parties shall indemnify and hold harmless the City and its agents for any claims arising from the granting of the franchise.

FINANCIAL IMPACT:

The City proposes to request a \$50,000 base granting fee from each franchisee resulting in a onetime fee of \$100,000 payable in the first year of the franchise. The franchisees would then pay the public utility code authorized franchise fees initially approximating \$15,000, and thereafter adjusted for inflation.

RECOMMENDATION:

Staff requests direction from the Economic Development Committee prior to Continuing and Completing Negotiations with CalNev and SFPP on a New 20 Year Franchise Agreement for each entity.

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50 1115 1115 ORDINANCE NO. 577

ORDINANCE OF THE CITY OF RIALTO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, GRANTING TO CALNEV PIPE LINES COMPANY A FRANCHISE TO MAINTAIN AND OPERATE PIPE LINES WITHIN THE CITY OF RIALTO

The City Council of the City of Rialto does ordain as follows:

SECTION 1: The right, privilege and franchise are hereby granted to Calnev Pipe Line Company for a period of fifty (50) years from and after the granting of this franchise to maintain, inspect, operate, protect, repair, replace, change the size of, and remove or abandon-in-place a pipeline or pipelines, control facilities and other appurtenances, including any facilities necessary for cathodic protection thereof, for the transportation of oil, oil products and other fluids in, under, along, and across the public streets, highways, alleys and bridges of the City of Rialto, hereinafter referred to as the "City."

SECTION 2: This franchise and privilege are granted and shall be held and enjoyed only upon the provisions and conditions prescribed by law and those contained in this ordinance. The Grantee must, within thirty (30) days after the passage of this Ordinance, file with the Clerk of the City of Rialto, a written acceptance of the terms and conditions of this Ordinance.

SECTION 3: The Grantee shall, during the life of said franchise, pay to the City in lawful money of the United States, two per cent (2%) of the gross annual receipts of the Grantee arising from the use, operation, or possession of this franchise.

Such percentage shall be payable annually. For the years of commencement of payment and termination of this franchise, said annual payment shall be prorated in accordance with the period of time during such respective calendar years that the liability for the said annual payment commences or terminates as described above.

In computing the amount of payment due, the portion of the gross annual receipts to which said 2% shall be applicable, shall be based upon the ratio which the capital investment of the pipe line occupying the area covered by this franchise bears to the total capital investment of the Grantee, as more specifically provided pursuant to the attached formula.

As used above, the phrase, "2% of the gross annual receipts of the Grantee arising from the use, operation or possession of this franchise" shall be construed as that similar phrase found in Section 6006 of the California Public Utilities Code and in former Section 3 of Chapter 578, page 777, Statutes of 1905, popularly known as the Broughton Act. The Grantee shall file with the City Clerk of the City of Rialto, within three (3) months after the expiration of the calendar year or fractional calendar year, for which payment is to commence as above stated, and within three (3) months after the expiration of each and every calendar year thereafter, a duly verified statement showing in detail the total gross receipts of said Grantee during the preceding calendar year, or such fractional calendar year, arising from the use, operation or possession of this franchise within the City of Rialto, and within fifteen (15) days after the time for filing the aforesaid statement,

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the Grantee shall pay to the City Treasurer of the City of 1 2 Rialto, in lawful money of the United States, the aforesaid two 3 per cent (2%) of its gross receipts arising from the use, 4 operation or possession of this franchise during said preceding 5 calendar year, or such fractional calendar year. Any neglect, б omission or refusal of said Grantee to file said verified 7 statement, or to pay said percentage, at the time or in the 8 manner hereinbefore provided which neglect, omission or refusal 9 10 shall continue for more than fifteen (15) days following notice 11 thereof to the Grantee from the City, shall be grounds for the 12declaration of a forfeiture of this franchise and of all rights 13 of the Grantee hereunder. 14 SECTION 4: Payment shall be computed using the follow-15 ing formula: 16 A. Mileage in Pipe line System 17 Total Mileage in Distributing System 18 19 Mileage in Streets and Highways 20 Percent of Mileage in Streets and % Highways to Total Mileage 21 22 Gross Receipts 23 Gross Receipts applicable to Mileage in Streets and Highways 24 Total Mileage in Streets and Highways of 25 this Franchise 26 Mileage in Streets and Highways of this 27 Franchise 28 Percent of mileage of this Franchise to % Total Mileage in Streets and Highways 29 Gross Receipts applicable to this Franchise в. 30 Amount due under this Franchise for period 31 с. to 32 at 2% of B

SECTION 5: Any pipe line maintained under said franchise shall be so placed as not to interfere with the use of said public streets, highways, alleys, or bridges by the traveling public or for public purposes to any greater extent than is reasonably necessary. Any pipe line maintained under said franchise shall be maintained in conformity with instructions given by, and to the satisfaction of, the City Engineer or other appropriate officer of said City, and shall comply with Title XIII Chapter B and all other matters provided in the City of Rialto Municipal Code.

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SECTION 6: The City of Rialto reserves the right to improve any highway, street, alley or other public places, or portion thereof, over and within which this franchise is granted, including the widening, change of grade, construction or reconstruction of such highway, street, alley or other public places, or any portion thereof, and there is further reserved to the City of Rialto the right to construct, reconstruct, install, repair and maintain in any such highway, street, alley or other public places, or portion thereof, any public improvement.

If notice in writing is given to the Grantee ten (10) days in advance of the fact that work is to be done pursuant to any right reserved above in this section, specifying the general nature of the work and the area in which the same is to be performed, then the Grantee shall do all things necessary to protect its franchise property, during the progress of such work, and if ordered by the City Council of the City of Rialto, the Grantee shall temporarily disconnect or temporarily remove or shall relocate its franchise property within the highway, street, alley or other public places to such extent, in such

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manner, and for such period as shall be necessary to permit the performance of such work in an economical manner, and in accordance with the generally recognized engineering and construction methods, and to permit the maintenance, operation and use of such public improvement or of the highway, street, alley or other public places as so improved. All such things to be done and work to be performed by the Grantee shall be at the sole cost and expense of the Grantee.

In the event that the City of Rialto shall hereinafter construct, install, reconstruct or repair any bridge or artificial support in or underlying any highway, street, alley or other public places in which the Grantee's franchise property is located, and in the event that the cost of such work as may reasonably be required is increased in order to provide for the installation, maintenance or operation of Grantee's franchise property in or on the area covered by or underlain by said bridge or other artificial support, then Grantee shall pay to the City for doing such work the full amount of such increase of cost upon completion of such construction, installation or repair; provided, however, that the Grantee may, in lieu of the foregoing relocate its facilities to avoid such increase of cost.

Any damage done directly or indirectly to any public street, highway, alley or other public places or public improvement by the Grantee, in exercising directly or indirectly any right, power or privilege under this franchise, or in performing any duty under or pursuant to the provisions of this Ordinance, shall be promptly repaired by said Grantee, at its sole cost and expense, to the complete satisfaction of the City of Rialto.

SECTION 7: The Grantee shall hold the City of Rialto, its authorized officers, agents and employees, harmless from and against any and all liability or loss resulting from claims for damages by any person arising out of the acts or omissions of the Grantee, its agents or employees in the performance of any work authorized hereunder.

SECTION 8: If the Grantee shall fail, neglect, or refuse to comply with any of the provisions or conditions hereof and shall not, within thirty (30) days after written demand for compliance, begin the work of compliance, or, after such beginning, shall not prosecute the same with due diligence to completion, then the City, by its City Council, may declare this franchise forfeited. If the Grantee shall fail to comply or to commence and diligently proceed toward compliance with any instructions of the City Council or the City Engineer with respect to the location of any of said franchise property or the repair of any damage to streets, alleys, highways or other public places or any public improvement within thirty (30) days after the service of written notice upon the Grantee requiring compliance therewith, then the City Council may immediately do whatever work is necessary to carry out the instructions at the cost and expense of the Grantee, which cost the Grantee shall pay upon demand.

SECTION 9: The Grantee may from time to time surrender this franchise as to all or any part of the pipe line or pipe lines maintained and operated under this franchise by giving thirty (30) days advance written notice of said surrender to the Council of the City of Rialto, designating the portion or

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portions of the said pipe line or pipe lines as to which this franchise is surrendered.

SECTION 10: The provisions of this franchise and all rights, obligations and duties shall inure to and be binding upon the Grantee, its successors and assigns. Grantee shall not sell, transfer or assign this franchise or any pfothe rights or privileges hereby granted without the prior consent of the City Council of the City of Rialto, and except by a duly executed instrument in writing filed in the office of the City Clerk of the City of Rialto. Nothing in this franchise shall be construed to grant to said Grantee, any right to sell, transfer or assign this franchise, or any of the rights or privileges hereby granted, except in the manner aforesaid.

SECTION 11: The Grantee, during the life of this franchise, shall keep on file with the City Clerk of the City of Rialto and maintain in good standing a corporate surety bond running to the City of Rialto, approved by the City Council in the penal sum of One Thousand Dollars (\$1,000.00), and conditioned that such Grantee shall well and truly observe, fulfill, and perform each term and condition of the franchise, and that in case of any breach of condition of such bond, the whole amount of the penal sum therein named shall be deemed to be liquidated damages and shall be recoverable from the principal and sureties upon said bond. Said bond shall be filed with the City Clerk of the City of Rialto within five (5) days after this franchise is awarded.

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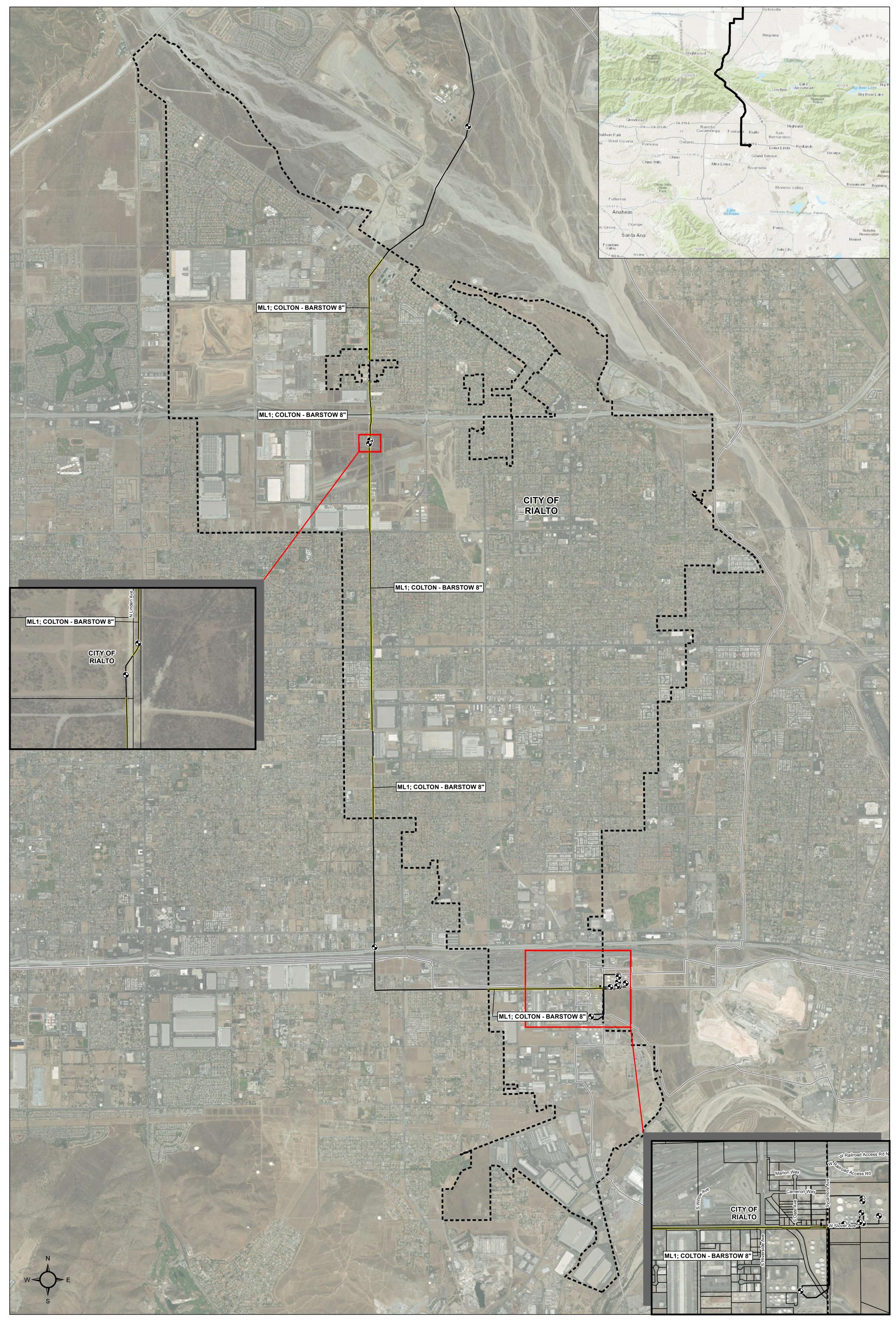
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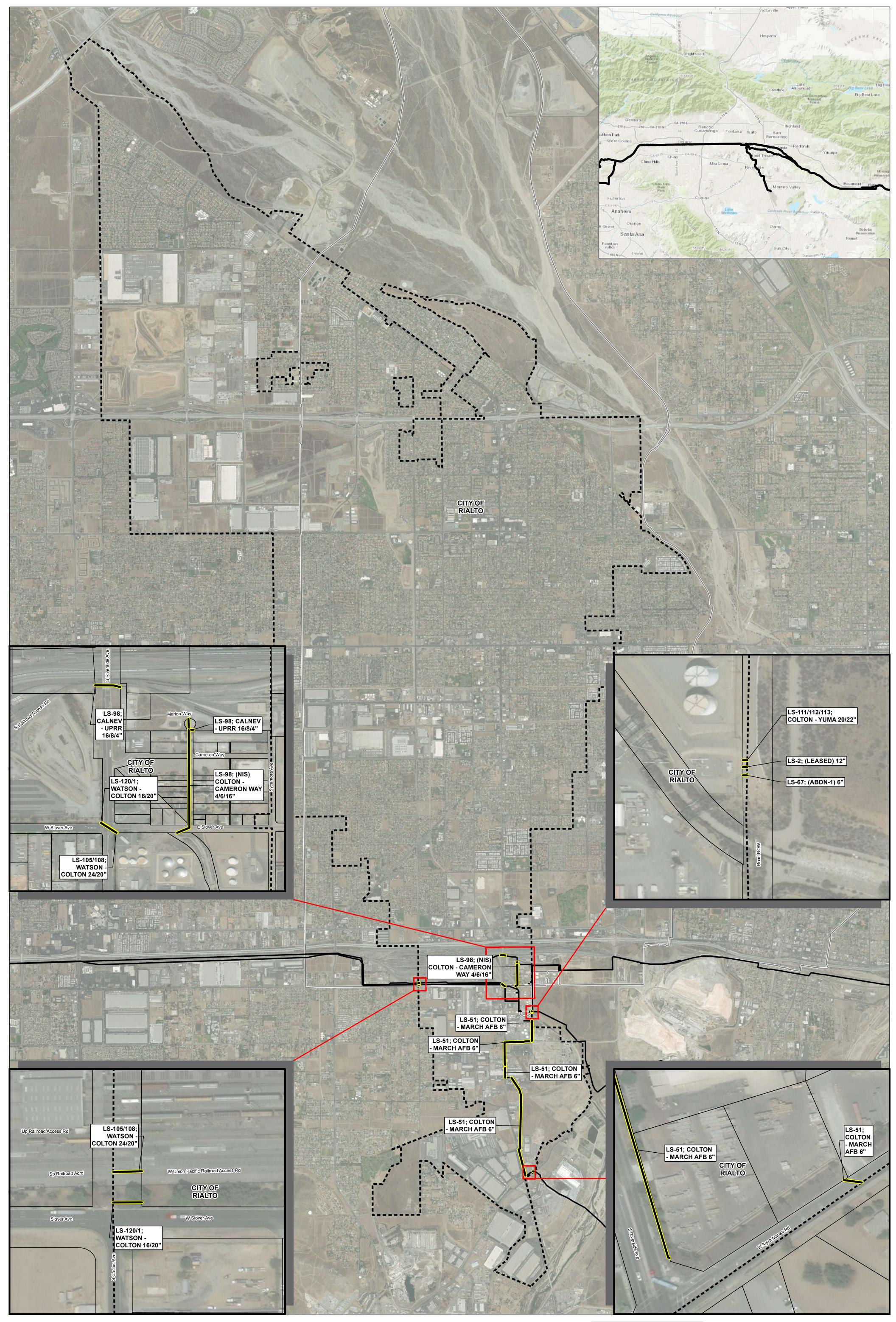
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1 SECTION 12: The City Clerk shall certify to the 2 adoption of this Ordinance and cause the same to be published 3 once in the "Rialto Record" and the same shall be in force and 4 effect on and after 30 days after its passage and adoption. 5 б 7 8 9 Mayor of the City of Rialto FRANK LOWELL 10 ATTEST: mmiell put 11 City Clerk 12 13 14 15 16 STATE OF CALIFORNIA COUNTY OF SAN BERNARDINO 17 SS CITY OF RIALTO 18 I, JIMMIE W. FROST, City Clerk of the City of Rialto do 19 hereby certify that the foregoing Ordinance No. 577 was 20 regularly passed and adopted at a regular meeting of the City 21 22 Council held on the 18th day of March , 1968. 23 24 25 Emmie le 26 City 27 28 29 30 31 32



Number	Status	s Diamete	r Street Name	Total Line Length	Rialto ROW Length
ML1	Active	8"	W Slover Ave	457,287.59	5,293.17
ML1	Active	8"	S Linden Ave	457,287.59	2,841.65
ML1	Active	8"	N Linden Ave	457,287.59	4,867.77
ML1	Active	8"	S Linden Ave/N Linden Ave	457,287.59	13,126.53
ML1	Active	8"	N Linden Ave	457,287.59	2,793.80



Line Numb	er Status	Diameter	Total Line Footage	Rialto ROW Footage	Line Number	Status	Diameter 1	Total Line Footage	Rialto ROW Footage	Line Number	Status	Diameter To	otal Line Footage	Rialto ROW Footage	Line Number	Status	Diameter	Total Line Footage	e Rialto ROW Footage	Marching Direlamer THESE MAPS AND DATA ARE CREATED FROM MULTIPLE CITY, COUNTY, STATE, FEDERAL AND OTHER THIRD-PARTY SOURCES. THE SELECE ANA MAY CONTAIN ERPORT. THE LOCATION OF THE REFE INDEX SHOWN IS APPROXIMATE. THE DATA					
LS-105-108	Active	24/20"	332,652.07	155.58	LS-2	Leased	12"	327,915.30	8.61	LS-51	Active	6"	77,299.13	4,770.75	LS-98	Not In Servic	e 4/6/16"	1,527.58	1,066.89	REPRESENTED HEREIN IS INTENDED FOR INFORMATIONAL PURPOSES ONLY AND IS NOT CULRANTEED TO REPRESENT THE EXACT LOCATIONS) OF THE PPELINES, PROPERTY BOUNDARES, OR OTHER FEATURES. THE DATA CONTAINED HEREIN IS REPRESENTATIONAL IN NATURE AND SNOULD NOT BE CONSTRUED OR USED AS LEGAL DESCRIPTIONS.	SFPP Pipelines in the SSFPP Signature in the		he City of Rialto		
LS-105-108	Active	24/20"	332,652.07	58.40	LS-51	Active	6"	77,299.13	18.42	LS-51	Active	6"	77,299.13	459.14								1			
LS-111-112-1	3 Active	20/22"	1,060,352.43	8.92	LS-51	Active	6"	77,299.13	2,328.60	LS-67	Abandoned	6"	10,094.53	8.26						SFPP	Grantor:				
LS-120-1	Active	16/20"	339,558.22	158.92	LS-51	Active	6"	77,299.13	37.31	LS-98	Active	16/8/4"	4,166.05	143.45						Rialto, San Bernardino County, CA			SPEC		
LS-120-1	Active	16/20"	339,558.22	58.83	LS-51	Active	6"	77,299.13	947.73	LS-98	Active	16/8/4"	4,166.05	208.08						Total City of Rialto Footage - 10,437.92	Agreement Date:	-	SERVICES		
																					4	0 900 1,800	94		
																					Perm. ROW Width:	Feet	1 of 1 34		

Goodin, MacBride, Squeri & Day, llp

February 14, 2018

VIA FIRST CLASS MAIL AND ELECTRONIC MAIL

Mr. Fred Gallante, City Attorney City of Rialto 150 S. Palm Ave. Rialto, CA 92376

Re: <u>Public Utility Status of SFPP, L.P. and CalNev Pipe Line LLC</u>

Dear Mr. Galante:

I am outside regulatory counsel for SFPP, L.P. ("SFPP") and Calnev Pipe Line LLC ("Calnev") and have represented them in numerous matters before the California Public Utilities Commission ("Commission") for the past twenty years relating to their regulation as public utility providers of intrastate pipeline transportation services. Kinder Morgan, Inc. ("Kinder Morgan"), the parent company of SFPP and Calnev, has asked that I provide you with my opinion establishing the status of SFPP and Calnev as public utilities subject to the jurisdiction of the Commission.

The Commission's jurisdiction is set forth in the California Public Utilities Code. With regard to the Commission's regulatory authority with respect to SFPP and Calnev, the pertinent code sections are as follows: (1) §227 which defines "pipe line" to include facilities used to "facilitate the transmission ...or delivery of crude oil or other fluid substances..."; (2) §228 which defines "pipeline corporation" to include "every corporation or person ...operating...any pipeline for compensation within this state"; and (3) §211 which defines "common carrier" as including corporations that transport oil [and other fluid substances, such as refined petroleum products] for compensation to the public.

SFPP and Calnev are, and have been for many years, transporting refined petroleum products by pipeline to the public, i.e. third parties, within the state of California for compensation. Each pipeline has submitted itself to the jurisdiction of the Commission, and each has officially authorized tariffs on file with the Commission setting forth the rates, terms and conditions which govern the provision of public utility pipeline transportation services.

There are numerous decisions issued by the Commission over the years that demonstrate that both SFPP and Calnev are public utilities subject to the jurisdiction. For example, Commission Decision 07-11-050 included herewith expressly notes that SFPP and Calnev are "petroleum pipeline utilities." For your convenience, I also include a recent

City Attorney February 14, 2018 Page 2

Commission decision (D. 14-12-057), issued in December, 2014, which reflects a partial history of the Commission's longstanding regulation of SFPP and Calnev as public utilities.

Please feel free to contact me with regard to any remaining questions you might have with regard to the status of SFPP and Calnev as public utilities.

Very truly yours,

James D. Squer

cc: Randy Parker Dan Lyons Alan Fore

2539/001/X197291.v1

ATTACHMENT A

CPUC DECISION NO. 07-11-050

Decision 07-11-050 November 16, 2007

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of SFPP, L.P. (PLC-9 Oil), CALNEV PIPE LINE, L.L.C., KINDER MORGAN, INC., and KNIGHT HOLDCO LLC for Review and Approval under Public Utilities Code Section 854 of the Transfer of Control of SFPP, L.P. and CALNEV PIPE LINE, L.L.C.).

Joint Application of The Goldman Sachs Group, Inc., American International Group, Inc., Carlyle Partners IV, L.P., Carlyle/Riverstone Global Energy and Power Fund III, L.P., for Exemption Under Section 852 of the Public Utilities Code for Certain Future Transactions Involving Non-Controlling Interests in California Public Utilities. Application 06-09-016 (Filed September 18, 2006)

Application 06-09-021 (Filed September 22, 2006) [Formally Consolidated]

ORDER DISMISSING APPLICATION FOR REHEARING OF DECISION (D.) 07-05-061

On September 22, 2006 The Goldman Sachs Group, Inc., American International Group, Inc., Carlyle Partners IV, L.P., and Carlyle/Riverstone Global Energy and Power Fund III, L.P. (collectively, "Applicants") filed an application seeking an exemption under section 852 of the Public Utilities Code for themselves and their affiliates.¹ In relevant part, section 852 provides:

> No public utility, and no subsidiary or affiliate of, or corporation holding a controlling interest in, a public utility, shall purchase or acquire, take or hold, any part of the capital stock of any other public utility, organized or existing under

¹ All statutory references are to the Public Utilities Code, unless otherwise noted.

L/mpg

or by virtue of the laws of this state, without having been first authorized to do so by the commission; provided, however, that the commission may establish by order or rule categories of stock acquisitions which it determines are exempt from this section.

The Applicants are affiliated with certain funds, investment vehicles and/or special purpose entities, which along with individual investors, will each own minority interests in Knight Holdco, LLC ("Knight"). Knight has entered into a merger agreement pursuant to which it will acquire Kinder Morgan, Inc. ("Kinder Morgan") upon the satisfaction of certain conditions. Kinder Morgan, in turn, through its subsidiaries, indirectly owns interests in Santa Fe Pacific Pipeline Partners, L.P. ('SFPP'), and Calnev Pipe Line Company ("Calnev"). Both are California petroleum pipeline utilities. Applicants sought the exemption on claims that under a literal reading they and their affiliates may arguably be subject to section 852, and this would essentially eliminate their ability to buy securities of any other California public utility without additional applications and approvals. Among other things, Decision ("D.") 07-05-061 grants two of the Applicants, the affiliates they individually or jointly control, and the affiliates that individually or jointly control them the requested exemption.²

Twenty-nine days after D.07-05-061 was mailed, the Consumer Federation of California ("CFC"), a party in the underlying proceeding, filed an application for rehearing. CFC's claims fall into two groupings. CFC's first group of claims relate to its broad allegations that the "Commission acted arbitrarily, unreasonably, and abused its discretion in granting Application 06-09-021 without issuing a reasoned decision explaining the basis for its decision." (Application for Rehearing, p. 2.) The common thread within this first group of claims is CFC's assertion that the Commission failed to address various issues and items. Specifically, CFC alleges that the Commission failed to consider: (1) its evidence going to corporate malfeasance, (2) the need to establish a standard of control, (3) evidence of the applicant's prior failure to comply with federal

 2 D07-05-061 defers the issue of whether to grant the section 852 exemption to the two Carlyle entities.

L/mpg

regulations, (4) the Commission's inability to adequately monitor the Applicants acquisitions, and (5) this Commission's inability to obtain jurisdiction over and obtain information from the Applicants' out-of-state affiliates. (Application for Rehearing, pp. 2-3.)

CFC's second group of claims goes to the public interest determinations antecedent to an exemption to section 852's reporting requirements. CFC's claims in this regard are three-fold. First CFC claims that D.07-05-071 is unsupported by substantial evidence in that it requires, but lacks, a finding that the exemption will not harm the public interest. Second, CFC claims that this Commission unlawfully delegated its authority to determine what acquisitions of an ownership interest in a public utility will not harm the public interest. Third, CFC questions this Commission's authority and jurisdiction to grant an exemption to the section 852 reporting requirements. (Application for Rehearing, pp.3-4.)

Upon review of CFC's application for rehearing, it appears that CFC failed to meet the requisite deadline under section 1731(b), for the reasons stated below. Accordingly, we dismiss the rehearing application without resolving the substantive issues raised therein.

In relevant part, section 1731(b) provides:

No cause of action arising out of any order or decision of the commission shall accrue in any court to any corporation or person unless the corporation or person has filed an application to the commission for a rehearing within 30 days after the date of issuance or within 10 days after the date of issuance or within 10 days after the date of issuance in the case of an order issued pursuant to either Article 5 (commencing with Section 816) or Article 6 (commencing with Section 851) of chapter 4 relating to security transactions and the transfer or encumbrance of utility property. (Pub. Util. Code, § 1731(b), emphasis added.)

D.07-05-061 approves, pursuant to section 854, the transfer of indirect ownership and control over jurisdictional portions of two common carrier pipeline utilities and grants

two of the Applicants an exemption to the section 852 reporting requirements. Both sections 852 and 854 fall within Article 6 of the California Public Utilities Act. Consistent with section 1731(b), CFC was required to file its application for rehearing within 10 days of D.07-05-061 being mailed to parties. D.07-05-061 was mailed to parties on May 30, 2007 and CFC filed its application for rehearing 29 days later, on June 29, 2007. Having failed to file its application within the required 10 day time period, section 1731(b) bars consideration of CFC's application for rehearing. CFC's application for rehearing must therefore be dismissed as untimely.

THEREFORE, IT IS ORDERED that:

1. The application for rehearing of D.07-05-061, filed by CFC, is dismissed as untimely.

This order is effective today

Dated November 16, 2007, at San Francisco, California.

MICHAEL R. PEEVEY President DIAN M. GRUENEICH JOHN A. BOHN RACHELLE B. CHONG TIMOTHY ALAN SIMON Commissioners

ATTACHMENT B

CPUC DECISION NO. 14-12-057

ALJ/DUG/KJB/sbf

And Related Matters.

Date of Issuance 12/23/2014

Decision 14-12-057 December 18, 2014

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ARCO Products Company, Mobil Oil Corporation, and Texaco Refining and Marketing Inc. vs. SFPP, L.P., for violation of section 451 of the Public Utilities Code by charging rates that are not just and reasonable for the intrastate transportation of refined petroleum products.

Case 97-04-025 (Filed April 7, 1997)

Application 00-03-044 Application 03-02-027 Application 04-11-017 Application 06-01-015 Application 06-08-028 Application 08-06-008 Application 08-06-009 Application 09-05-014 Application 12-01-015 Case 00-04-013 Case 06-12-031 Case 12-03-005 Case 12-03-006 Case 12-03-007 Case 12-04-004 Case 12-04-006 Case 12-04-007

DECISION ADOPTING A GLOBAL SETTLEMENT OF PROCEEDINGS INVOLVING SFPP L.P.

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C.97-04-025 et al. ALJ/DUG/KJB/sbf

Summary

This decision adopts a comprehensive settlement of every pending proceeding involving SFFP, L.P. (SFFP), and every entity that ships refined petroleum products over its system in intra-California operations, and who have participated in some or all of the consolidated complaints and applications. By adopting the settlement, we close 18 different proceedings, and the pending rehearing of a previous decision, and we start with a clean slate of the pipeline and its customers going forward. We additionally resolve Application (A.) 08-06-009 which was filed by SFPP's affiliated entity, Calnev Pipe Line LLC (Calnev); in addition to addressing all pending dockets involving SFPP, the proposed settlement includes resolution of Calnev's A.08-06-009. The settlement includes a unique feature, whereby the settling parties agree on a three-year moratorium, as defined in the settlement, before the pipeline will file for any further rate relief.

As defined in the decision and the adopted settlement, SFFP, and the active parties to the settlement have agreed to confidential refunds for the individual shippers. We agree to hold the settlement's payments confidential. We therefore disclose no other cost information except we adopt the proposed tariffs, which are part of the settlement agreement. By adopting the settlement, we find that SFFP will have adequate revenues in order to safely operate its systems in such a way as to protect the environment, the pipeline's employees, and the general public. These proceedings are closed.

1. Procedural History

The consolidated proceedings have had a long and complex history, with various decisions, rehearings, appeals, and numerous hearings and briefings. The following is a comprehensive recap of the more recent relevant events.

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C.97-04-025 et al. ALJ/DUG/KJB/sbf

On November 27, 2013, all open dockets involving SFPP, L.P. (SFFP)¹ were consolidated by an Order to Show Cause, dated November 27, 2013. By ruling dated April 3, 2014, the Presiding Administrative Law Judges (Presiding Judges) clarified that A. 09-05-014 and related cases A.08-06-008 and A.08-06-009 were included in the consolidation of all pending SFPP proceedings.² A summary of the procedural history and status of the consolidated proceedings is set forth as follows:

- Case (C.) 97-04-025, filed April 7, 1997, encompasses a rate complaint proceeding involving certain issues initially identified by the Commission's rehearing order, Decision (D.) 98-08-033; the proceeding remains open to resolve the specific rehearing issues identified in D.12-03-026. These remaining issues include the effect upon the continuing reasonableness of SFPP's previously approved mainline rates of: (i) D.12-03-026's revised treatment of historical environmental expenses; (ii) D.11-05-045's disallowance of an income tax allowance and related treatment of the Accumulated Deferred Income Taxes (ADIT); and (iii) whether and to what extent SFPP is liable for refunds and reparations relating to its Watson Station and Sepulveda pipeline services.
- A.00-04-013, filed April 24, 2000, requests Commission authorization of SFPP's request to consider market-based factors in evaluating the reasonableness of SFPP's pipeline rates. D.11-05-046, issued on May 26, 2011, in A.08-06-008/A.08-06-009, denied the request of SFPP and Calnev for market-based rate authority, which order has become final and non-appealable, thereby rendering A.00-04-013 moot.

² Presiding Judges' Amended Scoping Ruling dated April 3, 2014.

¹ Application (A.) 08-06-009 was filed by SFPP's affiliated entity, Calnev Pipe Line LLC (Calnev); in addition to addressing all pending dockets involving SFPP, the proposed settlement includes resolution of Calnev's A.08-06-009.

- 3) A.03-02-027, filed February 21, 2003, addresses the reasonableness of electric power surcharges and underlying rates collected by SFPP during a disputed period of time. D.11-05-045 addressed some but not all of the issues required to adopt a reasonable cost of service for the rate period at issue. The Commission did determine, among other things, that: (i) SFPP is not entitled to a ratemaking allowance for federal income tax expense; and (ii) SFPP's capital structure should be set at 60 percent equity and 40 percent debt, with a Return on Equity (RE) of 12.61 percent. The remaining issues bearing upon SFPP's reasonable cost of service during the period in question principally relate to throughput matters, cost allocation, and a determination of SFPP's reasonable operating expenses during such period.³ In response to the directive in D.11-05-045 that SFPP make a specified advice letter filing and pay refunds to all customers, SFPP filed, on August 26, 2011, Advice Letter 27 which, among other things, calculated refunds associated with the Commission's findings in D.11-05-045. Shipper Parties protested Advice Letter 27, which remains pending in the **Energy Division.**
- 4) A.04-11-017, filed November 16, 2004, addresses the reasonableness of increased SFPP intrastate rates of approximately \$10 million annually that went into effect on December 15, 2004. A.04-11-017 covers the period from December 15, 2004 to March 1, 2006 when the rate changes at issue in A.06-01-015 became effective. A.04-11-017 was protested. Issues raised by the application in A.04-11-017 and related protests involve disputed issues of material fact relating to SFPP's reasonable cost of service during the relevant time period, including, among others, issues relating to throughput, operating expenses, cost allocation,

³ D.11-05-045 (at 2) specifically indicated that various issues were left open "so that the parties could pursue settlement or a subsequent litigated determination." The proposed settlement resolves all outstanding issues, including open issues referenced in D.11-05-045.

and cost of capital. No subsequent, specific procedural actions have been taken by the Commission with respect to the pending A.04-11-017 proceeding.

- 5) A.06-01-015, filed January 26, 2006, addresses the reasonableness of increased SFPP intrastate rates of approximately \$5 million annually that went into effect on March 1, 2006. A.06-01-015 has been protested; no specific procedural actions have been taken by the Commission with respect to the pending application.
- 6) A.06-08-028, filed August 25, 2006, addresses the reasonableness of SFPP's request: (i) to reduce rates for its Watson Station movement and to increase its mainline rates by about \$3 million; and (ii) to impose a surcharge, the Ultra-Low Sulfur Diesel Recovery Fees, related to changed air quality regulations. The rate changes at issue in A.06-8-028 went into effect on October 11, 2006. A.06-08-028 has been protested, and no specific procedural action has been taken by the Commission with respect to the application, which remains pending. Issues raised by A.06-01-015 and A.06-08-028 and related protests involve disputed issues of material fact relating to: (i) the rate period at issue; and (ii) SFPP's reasonable cost of service during the relevant time period, including, among others, issues relating to throughput, operating expenses, cost allocation, cost of capital, and treatment of ADIT.
- 7) SFPP and its sister company, Calnev Pipeline LLC (Calnev), filed, on June 6, 2008, rate applications in A.08-06-008 and A.08-06-009, respectively, in compliance with Commission D.07-05-061; the filings did not propose any change in SFPP's or Calnev's rates. A.08-06-008 was amended by filing dated September 26, 2008, which filing increased SFPP's intrastate rates by \$5 million annually as of November 1, 2008. These applications, which have been consolidated with A.09-05-014, discussed below, have been the subject of an evidentiary hearing and have been submitted to the Presiding Judge. In this connection, the Presiding Judge issued an initial Proposed Decision on June 22, 2011, which was subsequently withdrawn. The

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Presiding Judge issued a Revised and Reissued Proposed Decision on April 6, 2012, which is currently being held in abeyance pending a Commission rehearing decision in D.11-05-045. The material disputed issues include: (i) the rate period at issue; and (ii) SFPP's reasonable cost of service during the relevant time period, including, among others, issues relating to throughput, cost allocation, operating expenses, cost of capital, and treatment of ADIT.

- 8) A.09-05-014, filed May 12, 2009, increased SFPP rates by approximately \$5 million annually as of June 15, 2009. This application, as noted above, has been consolidated with A.08-06-008 and A.08-06-009. A.09-05-014, in conjunction with A.08-06-008, as amended, and A.08-06-009 have been the subject of an evidentiary hearing, which record has been submitted to the Presiding Judge. As noted above, these consolidated proceedings are the subject of a Revised and Reissued Proposed Decision which is currently being held in abeyance pending a Commission rehearing decision in D.11-05-045.
- 9) A.12-01-015 was filed January 30, 2012 and reduced SFPP's rates by 6.7 percent effective as of March 1, 2012. Following the filing by SFPP of A.12-01-015, Shipper Parties filed complaints in C.12-03-005 et al., seeking damages and asserting that SFPP's rates should be reduced by more than what SFPP proposed in the A.12-01-015 proceeding. These complaints and application have been the subject of an evidentiary hearing and have been submitted pending issuance of a proposed decision by the Presiding Judge. The material disputed issues include: (i) the rate period at issue; and (ii) SFPP's reasonable cost of service during the relevant time period, including, among others, issues relating to throughput, cost allocation, operating expenses, cost of capital, and treatment of ADIT.
- 10) On November 27, 2013, the Assigned Commissioner and Presiding Judges issued a modified scoping memorandum and order to show cause in the consolidated proceedings directing SFPP to show cause why specified rate changes should not be reversed, with the balance of unapproved

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increases and unapproved decreases refunded to shippers with interest. A hearing on the order to show cause was conducted on December 18, 2013.

11) On January 10, 2014, the Presiding Judges issued their "Ruling on a Mandatory Settlement Procedure" directing the parties to make a good faith effort to settle all of the open SFPP dockets. Specifically, the Ruling required the following, among other things:

- Service by SFPP on Shipper Parties⁴ of a comprehensive settlement offer within 30 days of the ruling.
- No less than 40 hours of direct negotiations between the representatives of each party with delegated authority to negotiate and reach a binding agreement.
- Upon completion of settlement negotiations, a joint report from the parties advising the Presiding Judges regarding the results achieved and a schedule for filing a settlement agreement or a joint plan for continuing with the proceeding.

On April 3, 2014, the Presiding Judges issued their Amended Scoping Ruling suspending the consolidated proceedings until the earlier of October 1, 2014, or the date on which the parties advise the Presiding Judges that a global settlement has been reached or that a settlement is not possible.

By e-mail dated September 15, 2014, the Joint Parties advised the Presiding Judges that a global settlement of all open SFPP dockets has been achieved. In anticipation of a Commission decision approving the global settlement before year-end 2014, the Joint Parties further informed the Presiding Judges of their intention to file as quickly as would be practicable: (1) a fully executed

⁴ As noted in the Ruling at 2, "Shippers on the SFPP system are the Interested Parties: BP West Coast Products LLC, Chevron Products Company, Phillips 66 Company, DoconMobil Oil Corporation, Southwest Airlines Co., Tesoro Refining and Marketing Company, Ultramar Inc. and Valero Marketing and Supply Company.

settlement agreement resolving all open SFPP dockets and shipper complaints; (2) a joint motion requesting Commission approval of the all-party settlement; (3) a motion requesting confidential treatment of limited information that is proprietary to the parties; and (4) a motion to facilitate expedited submission of a proposed decision to the Commission.

On September 24, 2014, the Assigned Commissioner issued an Amended Scoping Memorandum, Ruling Consolidating Proceedings, and Revised Schedule, which, among other things, revises the scope of the consolidated proceedings:

to include specific consideration of a possible settlement on a "global" level addressing the issues across the proceedings and across time in such a way as to satisfy both the pipeline operator and the various shippers.

While expressly noting that the parties are free to request by motion any and all reasonable scheduling or other procedural treatment, the Amended Scoping Memo establishes the following procedural schedule:

- Comments by any interested party are due 30 days after the filing of any motion or motions for the adoption of a settlement.
- Replies to any comments are due 15 days later.
- Within 60 days of filing of a proposed settlement, the assigned Judges will determine whether to set any evidentiary hearings or requiring briefing on any matter whether contested or not.

On October 3, 2014, the parties filed the proposed settlement of all pending issues; they also filed a motion for expedited treatment, which has been considered when reviewing this settlement; and a motion to hold confidential the actual refunds to be made by SFPP, L.P. to the shippers. This decision expressly grants that motion herein.

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2. The Record

The record in this proceeding consists of all filed documents and all exhibits received into evidence, as well as the transcripts of all hearings.

3. Standard of Review

SFPP bears the burden of proof to show that the rates it requests are just and reasonable and the related ratemaking mechanisms are fair.

In order for the Commission to consider any possible proposed settlement in this proceeding as being in the public interest, the Commission must be convinced that the parties had a sound and thorough understanding of the applications, and all of the underlying assumptions and data included in the record. This level of understanding of the applications and development of an adequate record is necessary to meet our requirements for considering any settlement.

4. Adopting a Proposed Settlement

As the United States Court of Appeals for the Ninth Circuit has observed, in evaluating a settlement the agreement must stand or fall on its own terms, not compared to some hypothetical result that the negotiators might have achieved, or that some believe should have been achieved:

Settlement is the offspring of compromise; the question we address is not whether the final product could be prettier, smarter or snazzier, but whether it is fair, adequate and free from collusion. (Hanlon v. Chrysler Corp., 150 F.3d 1011, 1027 (9th Cir. 1998).

Based upon our review of the extensive prepared testimony, evidentiary hearings and comprehensive briefing of the litigated applications, we find that the parties to the settlement had a sound and thorough understanding of the applications, and all of the underlying assumptions and data included in the record and, thus, we can consider the various individual settlements as offered by competent and well-prepared parties able to make informed choices in the settlement process.

5. Pertinent Commission Rules

The Commission's Rules of Practice and Procedure (Rules) specifically address the requirements for adoption of proposed settlements in Rule 12.1 Proposal of Settlements, and subject to certain limitations in Rule 12.5 Adoption Binding, Not Precedential. Specifically, Rule 12.1(a) states:

Parties may, by written motion any time after the first prehearing conference and within 30 days after the last day of hearing, propose settlements on the resolution of any material issue of law or fact or on a mutually agreeable outcome to the proceeding. Settlements need not be joined by all parties; however, settlements in applications must be signed by the applicant and, in complaints, by the complainant and defendant.

The motion shall contain a statement of the factual and legal considerations adequate to advise the Commission of the scope of the settlement and of the grounds on which adoption is urged. Resolution shall be limited to the issues in that proceeding and shall not extend to substantive issues which may come before the Commission in other or future proceedings.

When a settlement pertains to a proceeding under a Rate Case Plan or other proceeding in which a comparison exhibit would ordinarily be filed, the motion must be supported by a comparison exhibit indicating the impact of the settlement in relation to the utility's application and, if the participating staff supports the settlement, in relation to the issues staff contested, or would have contested, in a hearing.

Rule 12.1(d) provides that:

The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest. Rule 12.5 limits the future applicability of a settlement:

Commission adoption of a settlement is binding on all parties to the proceeding in which the settlement is proposed. Unless the Commission expressly provides otherwise, such adoption does not constitute approval of, or precedent regarding, any principle or issue in the proceeding or in any future proceeding.

6. Required Findings – Rules 12.1(d) and Rule 12.5

Based upon the record of this proceeding we find the parties complied with Rule 12.1(a) by making the appropriate filings and noticing a settlement conference. Based upon our review of the settlement documents we find that they contain a statement of the factual and legal considerations adequate to advise the Commission of the scope of the settlement and of the grounds for its adoption; that the settlement was limited to the issues in this proceeding; and that the settlement included a comparison indicating the impact of the settlement in relation to the utility's application and contested issues raised by the interested parties in prepared testimony, or would have contested in a hearing. These two findings that the settlement complies with Rule 12.1(a), allow us to conclude, pursuant to Rule 12.1(d), that the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

Based upon our review of the settlement document we find, pursuant to Rule 12.5, that the proposed settlement would not bind or otherwise impose a precedent in this or any future proceeding. We specifically note, therefore, that SFPP must not presume in any subsequent applications that the Commission would deem the outcome adopted herein to be presumed reasonable and it must, therefore, fully justify every request and ratemaking proposal without reference to, or reliance on, the adoption of this settlement.

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7. Confidential Settlement Refunds

The interested parties, the shippers on SFPP's systems, are very large sophisticated corporations who are not the more typical residential or small commercial customer for whom the Commission most especially looks to ensure that their individual rights are protected, or whose interests are represented in the aggregate by our independent Office of Ratepayer Advocates. These customers are ably represented and have equal or greater resources to SFPP. (*See* a description in the Summary of the Settlement, below.)

In this proposed settlement the parties have negotiated refunds to the individual shippers reflecting the rates at the time, the services used, and the volumes shipped over SFPP's pipelines. They ask that these individual refunds be held confidential and we see no public interest that suggests we need to release that data. Therefore we grant the motion to hold the individual refunds confidential.

8. Three-Year Rate Filing Moratorium

The parties have agreed SFPP shall not file another rate application for three years from the date of this decision. (*See* a description in the Summary of the Settlement, below.)

We find that the rate filing moratorium is a reasonable term within the context of the settlement as a whole. In fact we note that these parties are particularly well suited to negotiate all rate and service issues on a near-equal footing and we therefore defer to their agreement on this matter of when and how to amend rates prospectively.

9. Summary of Settlement

A copy of the Settlement Agreement fully executed by all interested parties is set forth in Attachment 1. The principal elements of the proposed settlement,

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including settlement of all outstanding issues in each of the pending SFPP dockets, are as follows:

Effective Date

The Settlement Agreement shall be effective as of the date upon which a Commission order approving the agreement without modification or condition is issued (Effective Date). If a timely objection to the Settlement Agreement is submitted to the Commission, the Effective Date shall be the date upon which a final Commission order that approves the Settlement Agreement without modification or condition is no longer subject to rehearing or judicial review.

Prospective Rate Reduction

Within two (2) business days of the Effective Date, SFPP shall file revised rates for intrastate service (Settlement Rates) reflecting a 12.42 percent reduction from its currently effective rates.

The Settlement Agreement includes Attachments A through H; by separate motion filed concurrently herewith, the Joint Parties request that proprietary information relating to individual party settlement payments, as set forth in Attachments B through H, be submitted under seal.

Rates are set forth in Attachment A to the Settlement Agreement. SFPP shall seek to make these reduced rates effective the first day of the next calendar month following the Effective Date (Commencement Date). The Shipper Parties agree not to protest the Settlement Rates filing unless such filing does not conform with the Settlement Agreement. SFPP agrees that it will maintain service quality, and will adhere to all Commission rules, decisions, General Orders and statutes including Public Utilities Code Section 451 requiring it to take all actions "necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

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Settlement Compensation

In addition to approximately \$54 million in refunds to all shippers, SFPP will make settlement payments to the Shipper Parties for the period through December 31, 2013 totaling approximately \$254 million. For the period January 1, 2014 through the date of payment, these amounts will be adjusted pursuant to the terms of the Settlement Agreement. Assuming SFPP's reduced settlement rates become effective by January 1, 2015, the total amount of refunds and settlement payments to be made by SFPP under the proposed Settlement Agreement is approximately \$319.15 million. This total settlement compensation amount effectively resolves approximately seventeen (17) years of litigation and enables the Commission to close eighteen (18) pending rate and complaint proceedings. This total settlement compensation includes refunds for all shippers on SFPP's intrastate system in connection with protests filed in Docket Nos. A.03-02-027 and A.09-05-014 as well as settlement payments to close multiple complaint proceedings, some of which have been pending since 1997. In addition to resolving all pending protest and complaint proceedings, the settlement compensation amount also achieves, as discussed herein, a system-wide rate reduction for all shippers together with a three-year moratorium period during which SFPP will not increase the proposed settlement rates, except in very limited circumstances. At the same time, the Joint Shippers will be precluded from challenging the settlement rates, except in limited situations, for the same three-year time frame. All settlement compensation includes interest to the date of payment calculated in compliance with Commission Rules.

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Certification

Within five (5) business days of making the refunds and settlement payments identified herein, SFPP shall submit to the Commission a written certification that it has made the required payments.

Moratorium Period

Beginning with the date of execution of the Settlement Agreement (Execution Date) and continuing for three years thereafter (Moratorium Period), the Joint Parties agree to a moratorium on rate changes and rate challenges. During the Moratorium Period, Shipper Parties agree not to challenge the Settlement Rates, and SFPP agrees to maintain the Settlement Rates in effect and to not file any rate increase except increases attributable to cost increases solely attributable to changes in government mandates relating to pipeline safety or security arising during the Moratorium Period.

Right-of-Way Surcharge

Upon the Commencement Date, a surcharge shall be established to recover over a period of ten (10) years SFPP's increased Union Pacific Railroad (UPRR) right-of-way (ROW) expenses and associated interest expenses attributable to the period 2004 to 2011 and arising from an adverse California Superior Court judgment in SFPP's ongoing litigation efforts to contest UPRR's increased rental demands (Supplemental ROW Cost Amount). The initial balance of the Supplemental ROW Cost Amount shall be capped at \$45 million.

Other Elements of the Settlement Agreement

Other pertinent elements of the Settlement Agreement include the following:

a. Closure of All Dockets. The Joint Parties agree that to the extent a settlement is reached it should resolve all pending

SFPP-related rate and complaint proceedings as well as the pending Calnev proceeding in A.08-06-009.

- b. Settlement Void Unless Approved Without Modification or Condition. The Settlement Agreement shall be void unless approved by the Commission without modification or condition, although the Joint Parties would attempt to negotiate in good faith a revised settlement in the event the California Public Utilities Commission or a reviewing court rejects or modifies the settlement as filed.
- c. Timing and Method of Settlement Payments. Settlement payments would be made by wire transfer within the time periods set forth in the Settlement Agreement and as referenced in Section IV.3 above.
- d. Scope and Impact of Settlement on Rates. Joint Parties agree that any and all claims of the Shipper Parties with regard to SFPP's California intrastate rates and charges would be extinguished and closed through the Execution Date and any existing suspension and refund obligations in the associated proceedings will be satisfied.
- e. Support of Settlement Rates. The Joint Parties agree that, if an entity not a party to the Settlement files a challenge to the Settlement Rates during the Moratorium Period, the Joint Parties shall support in writing the Settlement Rates before the Commission and oppose in writing any alteration of them during the Moratorium Period. The Joint Parties further agree that none of the Shipper Parties will encourage or assist any other shipper or person to file or pursue a complaint, protest, or any other form of challenge against the Settlement Rates during the Moratorium Period so long as SFPP complies with the terms of the Settlement.
- f. Future Rate Filings. In any rate filing SFPP files subsequent to the Moratorium Period, SFPP shall be foreclosed from seeking to recover any costs attributable to the Moratorium Period. In any complaint or other form of challenge filed by a Shipper Party subsequent to the Moratorium Period, the Shipper Party shall be foreclosed from seeking any refunds, reparations, or other form of

compensation or relief attributable to SFPP's intrastate charges during the Moratorium Period, except to the extent, if any, SFPP's charges exceed the Settlement Rates.

g. No Precedent. Joint Parties agree that to the extent a settlement is reached, the settlement (and the CPUC's approval of the settlement) would not establish any precedent or practice with regard to SFPP's intrastate rates following the effective date of the Settlement Rates, nor would it alter existing precedent. The Settlement Agreement by the parties and the acceptance by the CPUC of the rates derived from the settlement agreement also will not be deemed the adoption or approval of any cost element or ratemaking principle, inasmuch as such rates are determined on a "black box" basis.

Joint Parties also agree that the Settlement Rates will not be deemed or considered, in any manner, reasonable for purposes of Section 734 of the California Public Utilities Code. Accordingly, if the Settlement Rates are challenged in a complaint after the Moratorium Period expires or if SFPP files to increase the Settlement Rates after the Moratorium Period expires and Shipper Parties challenge the increase, the relief available to Shipper Parties from the Commission could include: (i) a reduction in the rate down to the level the Commission finds reasonable; and (ii) refunds/reparations of the difference between the rates charged and the Commission-determined reasonable rates for the period beginning on the day following the last day of the Moratorium Period.

10. Discussion

As can be seen by the detailed and complex procedural history and thorough and far-reaching summary of the settlement, SFPP and the Shippers have concluded a complex series of proceedings to their mutual satisfaction. These sophisticated parties are the sole direct interest parties affected by this decision. After reviewing the settlement we find that the settlement is an example for the future for SFPP rate proceedings where these parties are able to craft a working solution to their business needs. We accept their settlement and defer to their combined expertise on the details.

11. Submission

The motion to adopt a settlement was filed on October 3, 2014. After allowing an opportunity for anyone to protest, the consolidated proceeding was deemed submitted on November 4, 2014.

12. Waiver of Comment Period

Comment are waived because this decision adopts the unopposed settlement of all parties.

13. Assignment

Michael Peevey is the assigned Commissioner and Judges Karl Bemesderfer and Douglas Long are the presiding officers of these consolidated proceedings.

Findings of Fact

1. There is a full and complete record composed of all filed documents and all exhibits received into evidence, as well as the transcripts of all hearings.

2. The parties engaged in years of discovery, litigation, and settlement.

3. The parties to the settlement adopted in this decision had a sound and thorough understanding of the application, and all of the underlying assumptions and data included in the record and could make informed decisions in the settlement process.

4. The adopted settlement is between competent and well-prepared parties who were able to make informed choices in the settlement process.

5. The three-year rate moratorium is agreed to by all parties.

6. The confidential terms of the individual refunds are agreed to by all parties.

Conclusions of Law

1. Applicant alone bears the burden of proof to show that its forecasts are reasonable.

2. The Test Year revenue requirements settlement is reasonable because it fairly balances intervenor interests and provides sufficient revenue to safely provide reliable service.

3. The adopted settlement provides sufficient information for the Commission to discharge its future regulatory obligations.

4. The three-year rate moratorium, as agreed to by all parties, is reasonable and lawful.

5. The confidential terms of the individual refunds, as agreed to by all parties, are reasonable and lawful.

6. The consolidated proceedings should be closed.

ORDER

IT IS ORDERED that:

1. The October 3, 2014 Motion of BP West Coast Products LLC; Chevron Products Company (a Chevron U.S.A. Inc. division); ExxonMobil Oil Corporation; Phillips 66 Company; Southwest Airlines Co.; Tesoro Refining and Marketing Company; Ultramar Inc.; and Valero Marketing and Supply Company, and SFPP, L.P. (SFPP) and Calnev Pipe Line, L.L.C. (Calnev) to Approve a Settlement is granted.

2. SFPP, L.P. and Calnev Pipe Line, L.L.C shall make any necessary filings to implement the specific terms of the Settlement Agreement as one or more Tier 2 advice letters.

3. The individual settlement refunds made by SFPP, L.P. and Calnev Pipe Line, L.L.C. shall remain confidential.

4. These consolidated proceedings are closed.

This order is effective today.

Dated December 18, 2014, at San Francisco, California.

MICHAEL R. PEEVEY President MICHEL PETER FLORIO CATHERINE J.K. SANDOVAL CARLA J. PETERMAN MICHAEL PICKER Commissioners