



March 1, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute any and all documents necessary for a License Agreement between the City of Long Beach and Signal Hill Petroleum (SHP), Inc., a California corporation, for use of City-owned land located at the corner of 2nd Street and Shopkeeper Road, to allow access to oil operations at the adjacent property; and increase appropriations in the General Fund (GP) in the Department of Public Works (PW) by \$12,000. (District 3)

DISCUSSION

SHP owns property rights immediately adjacent to 33.77 acres of City-owned land located at 2nd Street and Shopkeeper Road, but currently lacks access to any public street. As a result, SHP requires a License Agreement to utilize an access road on the City's land that will allow access to their property. City staff and authorized oil operators currently use the access road, but funds are not available to maintain the road and adjacent property. Required annual maintenance includes weed abatement, trash removal, non-native plant removal and native plant re-vegetation. The \$12,000 will also help fund project management to help write grants. The dirt access road and electronic access gate will also need to be periodically maintained. The revenue from the License Agreement will fund the appropriations increase in its entirety.

In order to accommodate the proposed use, staff recommends a License Agreement with the following major terms and provisions:

- Licensor: City of Long Beach.
- Licensee: Signal Hill Petroleum Inc.
- Access Area: Access Road on 33.77 acres of City-owned land as depicted in the site map (attached).
- Term: The term shall commence on June 7, 2010 and terminate on June 6, 2015.
- Right to Cancel: Both parties shall have the right to terminate the license agreement upon ninety days written notice.

- Permitted Use: Licensee shall, at its own cost, use the Access Area for the purpose of accessing SHP-owned property.
- License Fee: Licensee shall make monthly payments to City in the amount of \$1,000.
- Insurance: Licensee shall provide insurance coverage as required by the City's Risk Management Office.

This letter was reviewed by Deputy City Attorney Richard Anthony on January 26, 2011 and by Budget Management Officer Victoria Bell on January 31, 2011.

TIMING CONSIDERATIONS

City Council action is requested on March 1, 2011, in order to enable the execution of the License Agreement.

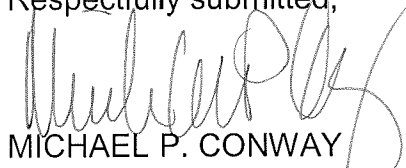
FISCAL IMPACT

An appropriation increase in the amount of \$12,000 is requested in the General Fund (GP) in the Department of Public Works (PW) to cover maintenance and project management activities that are not currently budgeted. The budget increase will be funded with revenue generated by this agreement. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

MPC:VSG:EOL
03.01.11 AM.SHP License Agreement v4

Attachment

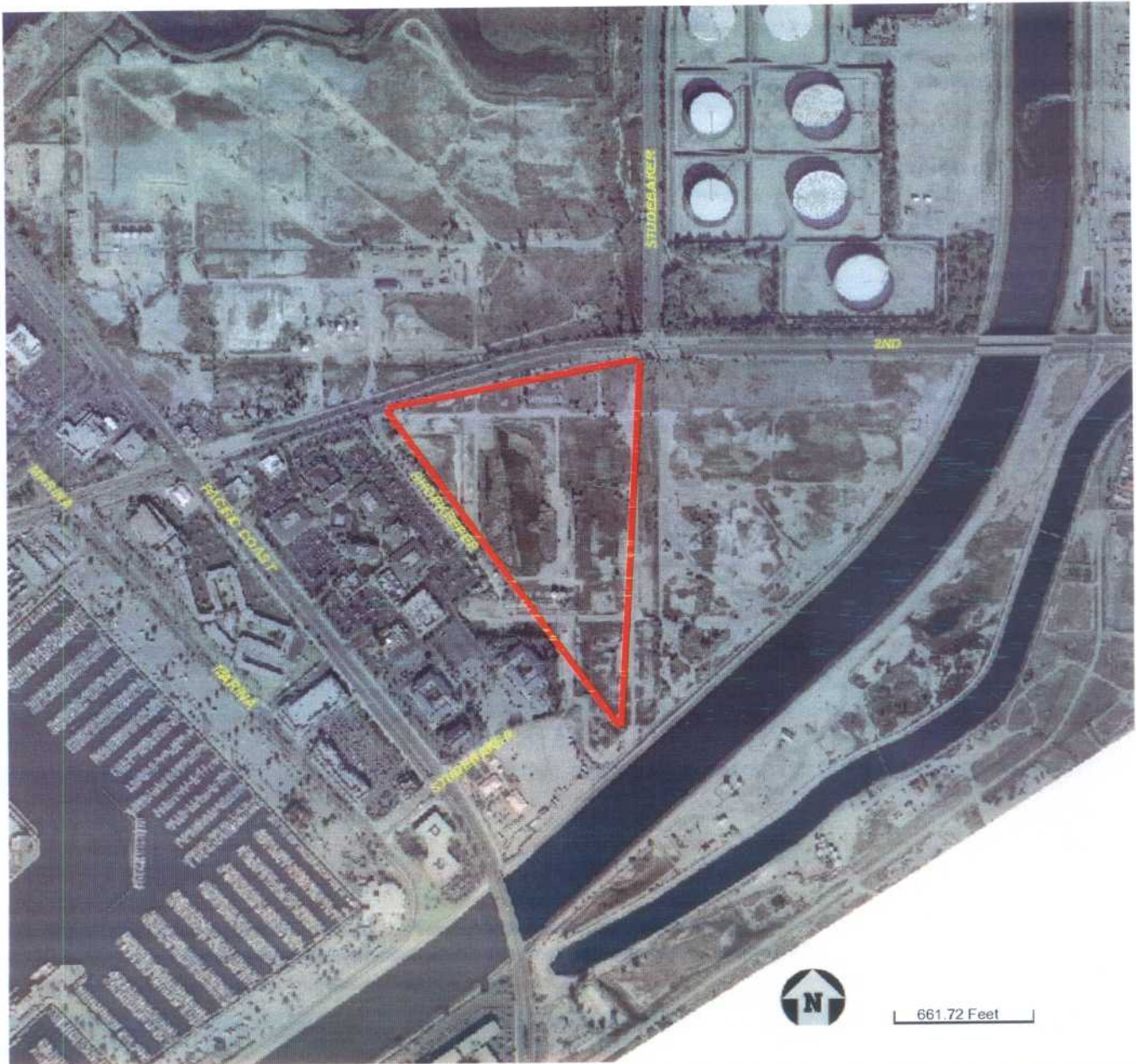
APPROVED:



PATRICK H. WEST
CITY MANAGER



SHP License Agreement Site Map



Disclaimer

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