



ROBERT DOWELL  
DIRECTOR

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DEPARTMENT

April 17, 2018

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Authorize the City Manager, or designee, to execute a Third Amendment to the Natural Gas Services Agreement with Shell Energy North America (SENA) providing administrative functions related to the delivery of natural gas to the City of Long Beach's natural gas pipeline system for an additional three-year term with no other change in terms. (Citywide)

**DISCUSSION**

The supply of natural gas entering Long Beach Gas and Oil's (LBGO) natural gas pipeline system is delivered via the Southern California Gas Company's transmission system from various supply locations. These sources include intrastate and interstate sources, local storage facilities, and local production. LBGO currently has a Natural Gas Services Agreement (No. 31076) with SENA, in which SENA calculates load forecasts and coordinates the scheduling of natural gas supplies from multiple sources to ensure a reliable source of natural gas for LBGO's core, non-core, and industrial transportation customers.

A three-year Natural Gas Services Agreement with SENA was approved by the City Council on March 24, 2009. A subsequent first amendment was approved by the City Council on March 20, 2012, which extended the term of the contract an additional three years. A second amendment was approved by the City Council on March 10, 2015. A third amendment will extend the contract an additional three years, with an expiration date of March 31, 2021.

The current Natural Gas Services Agreement represents a significant discount from prior service contracts. LBGO is satisfied with SENA's performance under the contract and believes a more favorable service agreement cannot be negotiated with other providers given the impact of historically low gas prices on the availability of such services. SENA has an outstanding reputation in the industry, has extensive expertise in the procurement and transportation of natural gas, and is a major marketer in California with scheduling and trading offices in San Diego.

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This matter was reviewed by Deputy City Attorney Richard F. Anthony on March 22, 2018 and by Revenue Management Officer Geraldine Alejo on March 27, 2018.

TIMING CONSIDERATIONS

City Council action is requested on April 17, 2018, to ensure uninterrupted services.

FISCAL IMPACT

There will be no fiscal impact to the City from the Third Amendment extending the term of the Natural Gas Services Agreement since the fee charged by SENA is directly passed on to customers as part of the gas commodity charge. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ROBERT DOWELL  
DIRECTOR OF LONG BEACH GAS AND OIL

RD:LAF:rmw

APPROVED:

  
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PATRICK H. WEST  
CITY MANAGER