



April 17, 2018

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute a utility agreement with Orange County Transportation Authority (OCTA), for the removal of Long Beach Gas and Oil's (LBGO) natural gas pipeline to clear the right-of-way for OCTA's project on Interstate 405 between State Route 73 and Interstate 605. (Citywide)

DISCUSSION

In 1952, the City of Long Beach (City) built a natural gas pipeline (pipeline) that traveled from the site of the AES power plant in the City of Huntington Beach to the border of Long Beach at 7th Street and Studebaker Road. The pipeline is typically referred to as the "Huntington Beach Pipeline" within the City. This pipeline was originally designed and constructed to transport the natural gas produced from oil fields in the Bolsa Chica wetlands area to Long Beach to supplement its natural gas demands. The pipeline's path from 7th Street followed the "old" Garden Grove Boulevard (now part of Interstate 405) and turned 90 degrees at Bolsa Chica Avenue through the wetlands to the AES power plant located in Huntington Beach.

In 1993, the City entered into a 25-year lease of this pipeline with Southern California Gas Company (SoCalGas), as the pipeline is located in its franchise area. SoCalGas utilized this pipeline to collect produced natural gas from the oil fields in the Bolsa Chica wetlands and from an off-shore oil platform located in federal waters off Huntington Beach. The natural gas from these producers was delivered via this pipeline to the AES power plants in the City or in Huntington Beach. This pipeline lease agreement is now set to expire on June 4, 2018. SoCalGas has informed LBGO that they do not intend to renew this agreement.

LBGO currently receives the natural gas for its customers from SoCalGas at four delivery stations located within the City as well as from several small local oil operators. The four SoCalGas delivery points utilized today are more than capable of providing sufficient quantities of natural gas to meet LBGO's current and future load requirements. As a

result, the Huntington Beach Pipeline now serves no useful purpose and, over time, will need to be taken out of service and removed.

OCTA contacted LBGO in 2016 and requested the relocation or removal of a portion of the Huntington Beach Pipeline that runs parallel to the Interstate 405 (I-405). This request was necessitated as part of OCTA's current I-405 freeway widening project. Engineering work by OCTA and California Department of Transportation (CalTrans) to widen the I-405 freeway has already started.

Through a series of meetings, LBGO negotiated an agreement with OCTA to reimburse LBGO up to \$2.8 million to cover the costs for removal of its pipeline in the requested area. The City Council authorized execution of this Pipeline Removal Agreement with OCTA on November 14, 2017, in a closed session in the settlement of the dispute over the pipeline removal costs.

City Council approval is now requested to enter into a utility agreement with OCTA. The utility agreement requires that all plans, specifications, and work be governed by LBGO. All parties have mutually agreed to move forward with the removal of the pipeline.

The utility agreement contains the following major terms:

- The City and OCTA agree to remove the section of pipeline in conflict with the freeway widening project.
- The technical aspects of the removal are LBGO's responsibility and these are identified below:
 - Develop engineering/construction specifications for safe removal of those segments of the pipeline impacted by the widening of the I-405. This work includes asbestos testing and handling procedures for possible asbestos-containing pipe wrap material and disposal of pipe associated with grease that may contain Polychlorinated Biphenyls (PCBs). These specifications may require permits including traffic control plans from the Cities of Huntington Beach, Seal Beach, Westminster, and OCTA/CalTrans. Work also includes coordination of engineering activities with OCTA and CalTrans.
 - Manage construction activities to perform work identified above.
- Adhere to the payment terms listed in the Pipeline Removal Agreement.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on March 29, 2018 and by Revenue Management Officer Geraldine Alejo on March 15, 2018.

HONORABLE MAYOR AND CITY COUNCIL
April 17, 2018
Page 3

TIMING CONSIDERATIONS

City Council action is requested on April 17, 2018, to ensure the agreement is in place expeditiously.

FISCAL IMPACT

The Orange County Transportation Authority will reimburse Long Beach Gas and Oil up to \$2,800,000 for the removal of their natural gas pipeline. The City will be responsible for costs in excess of \$2,800,000. Funding to support the pipeline removal, including potential costs exceeding the reimbursable \$2,800,000, is budgeted in the Gas Fund (EF 301) in the Long Beach Gas and Oil Department (GO). 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

RMD:DR
CCL 04-03-18 OCTA.docx

APPROVED:



PATRICK H. WEST
CITY MANAGER