



Date: June 7, 2005

To: Honorable Mayor O'Neill and Members of the City Council

From: Frank Colonna, Council Member, Third District
Rae Gabelich, Council Member, Eighth District
Bonnie Lowenthal, Council Member, First District

Subject: **AGENDA ITEM: Liquefied Natural Gas Facility**

Background

The City Council has established a Memorandum of Understanding with Sound Energy Solutions to explore the possibility of maintaining gas pipelines for the proposed LNG facility.

Recently, the LNG facility proposal has gained significant national and local attention. In particular, much of the community is concerned with the safety of an LNG facility and the associated potential dangers.

To maintain a high level of transparency by our City Council, and to provide the leadership and policy direction expected of the Council, the discussion and action on this item should take place promptly, and not delayed until the June 21 meeting.

It is vital that the City Council give policy direction to our City Manager and City Attorney as soon as possible. Communicating our position as a city is an important step in light of the local and national debate taking place on LNG facilities.

Recommended Council Action

Recommendation to authorize City Manager to formally terminate negotiations with Sound Energy Solutions (SES/Mitsubishi) regarding a long-term natural gas supply and the feasibility of constructing and operating interconnecting gas pipelines to the proposed liquefied natural gas (LNG) facility, per the Memorandum of Understanding approved by City Council on May 13, 2003.