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A DEPARTMENT OF THE CITY OF LONG BEACH

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October 5, 2004

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Resolution Authorizing Execution of a Lease Agreement With the California State Lands Commission for Continued Use of the Land in the Bolsa Chica Wetlands Through Which Natural Gas Line 1228 is Routed (Citywide)

DISCUSSION

The Bolsa Chica pipeline (Line 1228), running between the City boundary at 7th and Studebaker and the Huntington Beach Power Plant, is owned by the City and leased to Southern California Gas Company (SoCal Gas). A portion of Line 1228 is routed through the Bolsa Chica Wetlands (Wetlands) in Huntington Beach and is being moved to a new location still within the Wetlands at the request of California State Lands Commission (CSLC). The Wetlands are included in the reclamation project currently under the jurisdiction of the CSLC. The land on which the pipeline sits is owned by CSLC and leased to the City. The Lease Agreement for use of the land through which Line 1228 is to be re-routed has the following terms:

- The term is for 49 years beginning April 5, 2004 and ending April 4, 2053, or one year after the City ceases to use the pipeline, whichever occurs first.
- A portion of Line 1228 is to be relocated and removed. On August 19, 2003, the City Council authorized the City Manager to execute Appendix J to the existing lease agreement with SoCal Gas to effectuate the Line 1228 Pipe Relocation and Removal Project. This Project is now completed and a copy of the City Council letter is attached.
- CSLC has the right to request relocation of the pipeline once at the expense of the City. Any further requests for relocation of the same portion of the pipeline is at the expense of CSLC.

This matter was reviewed by Deputy City Attorney Richard Anthony on September 2, 2004 and Budget Management Officer David Wodynski on September 8, 2004.

TIMING CONSIDERATIONS

City Council action on this item is requested on October 5, 2004.

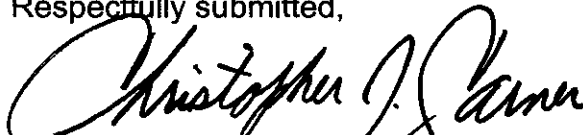
FISCAL IMPACT

There is no annual rent payable to California State Lands Commission for use of the land for the duration of the lease. City must pay possible future relocation of those portions of pipeline not already relocated.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Adopt the attached resolution authorizing the City Manager to execute the Lease Agreement with the California State Lands Commission for lease of a portion of the Bolsa Chica Wetlands through which natural gas Line 1228 is routed.

Respectfully submitted,


CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH ENERGY

APPROVED:


GERALD R. MILLER
CITY MANAGER