

September 8, 2020

C-6

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary for the Second Amendment to License Agreement No. 32651 with Signal Hill Petroleum, a California corporation, to extend the term through June 30, 2025, to allow for continued access over and through City-owned property located at 2nd Street and Shopkeeper Road. (District 3)

DISCUSSION

On March 1, 2011, the City Council authorized License Agreement No. 32651 (License Agreement) with Signal Hill Petroleum, Inc. (SHPI), for the use of a City-owned access road within a 33.77-acre City-owned property, located at Second Street and Shopkeeper Road, more commonly referred to as the Marketplace Marsh (Access Area), for a period of five years. SHPI, which owns the mineral rights to an approximately 40-acre property to the east of the Access Area, has no direct access to the adjacent parcel from any public right-of-way. Thus, the use of the Access Area is essential for SHPI and its licensees. In exchange for its use of the Access Area, SHPI pays the City of Long Beach (City) a monthly License Fee, which is used by the City to offset costs in connection with the maintenance of the Access Area.

On June 23, 2015, the City Council authorized a five-year extension of the License Agreement through June 30, 2020. As the term of the License Agreement has ended, SHPI has requested a five-year extension of the License Agreement to allow for its continued use of the Access Area. Therefore, a Second Amendment to the License Agreement is required.

The proposed Second Amendment to the License Agreement will contain the following significant terms and provisions:

- Licensor: City of Long Beach, a municipal corporation.
- Licensee: Signal Hill Petroleum, a California corporation.
- Amended Term: The Amended Term of the License Agreement will be five years, through June 30, 2025.
- Amended License Fee: Licensee will pay the City a monthly License Fee of \$1,210, which represents a 10 percent increase to the current License Fee.

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This matter was reviewed by Deputy City Attorney Richard F. Anthony on August 13, 2020 and by Budget Management Officer Rhutu Amin Gharib on August 20, 2020.

TIMING CONSIDERATIONS

City Council action is requested on September 8, 2020, to allow SHPI to continue its use of the Access Area.

FISCAL IMPACT

Amendment to the lease will generate revenue from the monthly license fee of \$1,210 through the five-year term, which represents a 10 percent increase from the prior lease. The total annual revenues in the amount of \$14,520 will accrue in the General Fund Group in the Economic Development Department. This recommendation has no staffing impact beyond the budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:



THOMAS B. MODICA
CITY MANAGER