



September 13, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute any and all documents necessary for a lease with Ultramar, Inc., a Nevada corporation, doing business as Valero Wilmington Refinery, for City-owned property at 2402 East Anaheim Street, Wilmington, California. (Citywide)

DISCUSSION

The City owns a 5.4 acre parcel of land, located near the Port of Long Beach, commonly known as the North Strip, at 2402 East Anaheim Street in Wilmington, California. The North Strip contains four City-controlled oil wells managed by the Long Beach Gas and Oil Department. Located next to the Valero Wilmington Refinery (Valero) and formerly managed by the City's Harbor Department, the North Strip was leased from March 2005 through April 2011 to Valero for parking purposes in conjunction with its operations.

Valero is planning a major shutdown of its facilities for repairs during the three-month period of December 1, 2011 through February 29, 2012. During this time, Valero will need additional parking area for employees and contractors and is seeking to lease a portion of the North Strip for that purpose. The Department of Gas and Oil has no other uses or planned oil well maintenance during this time frame for the North Strip, and is amenable to its use by Valero for this short term period.

A proposed Lease with Valero for the use of City-owned property contains the following major terms and provisions:

- Lessor: City of Long Beach, a municipal corporation.
- Lessee: Ultramar, Inc., a Nevada corporation, doing business as Valero Wilmington Refinery.
- Leased Premises: Approximately 2.3 acres of a 5.4 acre City-owned parcel of land at 2402 East Anaheim Street, Wilmington, California.
- Term: The term of the Lease shall be for a three-month period commencing December 1, 2011 and terminating on February 29, 2012.

- Rent: The monthly base rent shall be \$18,000, which is approximately \$0.18 per square foot per month. Current monthly rental rates in the vicinity range between \$0.12 and \$0.19 for similar uses.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on August 22, 2011 and Budget Management Officer Victoria Bell on August 29, 2011.

TIMING CONSIDERATIONS

City Council action on this matter is requested on September 13, 2011, in order to execute the Lease in a timely manner.

FISCAL IMPACT

Revenue in the amount of \$54,000 for the three month term of the Lease shall accrue to the Tidelands Oil Revenue Fund (NX 420) in the Long Beach Gas and Oil Department (LBGO). There is no impact to the General Fund or to local jobs.

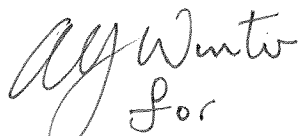
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS



CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH GAS AND OIL

MPC:CJG:JMLR
09.20.2011 GO.Valero.Lease.ATF v1

APPROVED:



PATRICK H. WEST
CITY MANAGER