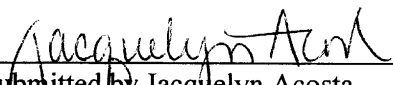


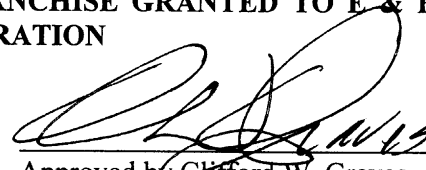


City of Carson Report to Mayor and City Council

May 9, 2011
Special Orders of the Day

SUBJECT: CONTINUED PUBLIC HEARING TO INTRODUCE ORDINANCE NO. 11-1471 TO CONSIDER GRANTING A PIPELINE FRANCHISE TO E & B NATURAL RESOURCES MANAGEMENT CORPORATION AND TO ADOPT RESOLUTION NO. 11-050 DELINEATING CERTAIN LOCATIONS FOR THE INSTALLATION AND OPERATION OF PIPELINES OR OTHER FACILITIES IN CONNECTION WITH A NONPUBLIC UTILITY PIPELINE FRANCHISE GRANTED TO E & B NATURAL RESOURCES MANAGEMENT CORPORATION


Submitted by Jacquelyn Acosta
Administrative Services General Manager


Approved by Clifford W. Graves
Interim City Manager

I. SUMMARY

At their meeting of April 5, 2011, the City Council set May 3, 2011 as the public hearing date to consider granting a nonpublic utility pipeline franchise to E & B Natural Resources Management Corporation. The hearing was opened and continued to this evening.

The applicant acquired 572 feet of existing pipelines previously owned and operated by Four Teams Oil Production under Ordinance No. 00-1189. City Council is being requested to grant E & B a franchise to continue to operate and maintain these pipelines.

II. RECOMMENDATION

TAKE the following actions:

1. OPEN the Continued Public Hearing, TAKE public testimony and CLOSE the Continued Public Hearing.
2. WAIVE further reading and INTRODUCE Ordinance No. 11-1471, "AN ORDINANCE OF THE CITY OF CARSON, CALIFORNIA, GRANTING A NONPUBLIC UTILITY PIPELINE FRANCHISE TO E & B NATURAL RESOURCES MANAGEMENT CORPORATION."
3. WAIVE further reading and ADOPT Resolution No. 11-050, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DELINEATING CERTAIN LOCATIONS FOR THE INSTALLATION AND OPERATION OF PIPELINES OR OTHER FACILITIES IN CONNECTION WITH A NONPUBLIC UTILITY PIPELINE FRANCHISE AWARDED TO E & B NATURAL RESOURCES MANAGEMENT CORPORATION."

III. ALTERNATIVES

1. DO NOT hold the Continued Public Hearing.
2. TAKE another action as the City Council deems appropriate.

IV. BACKGROUND

On May 16, 2000, the City Council adopted Ordinance No. 00-1189 granting Four Teams Oil Production a nonpublic utility pipeline franchise. This ordinance authorized the operation and maintenance of 572 feet of existing pipelines acquired from XL Operating Company. The locations of these lines were described in Resolution No. 00-11, which was adopted by Council on May 9, 2000.

On August 1, 2010, Four Teams Oil Production assigned the 572 feet of pipelines to Elysium Natural Resources, LLC, a New York limited liability company. Concurrently, a Declaration and Designation of Operator Agreement was made by and between Elysium Natural Resources, LLC ("Owner") and E & B Natural Resources Management Corporation ("Operator"). Owner and Operator are affiliated entities and E & B Natural Resources Management Corporation, a California corporation, is the entity that is licensed and registered to operate pipelines in the State of California, and as such, it operates all of the pipeline assets owned by Elysium in this state. Therefore, E & B is seeking a pipeline franchise to operate and maintain these existing pipelines, which are used to transport crude oil, in the following sizes:

Internal Diameter	Length (in feet)
3-inch	286
6-inch	286
Total	572

E & B's application was referred to Planning Division, Public Works Engineering and the Petroleum Chemical Unit of the Los Angeles County Fire Department. None of the reviewing agencies had objections to the granting of this franchise.

Because the use of these pipelines will continue as previously approved, the franchise is exempt from the requirements of the California Environmental Quality Act (CEQA) as a Class 1 Categorical Exemption, Existing Facilities, pursuant to Section 15301 of the CEQA Guidelines.

Council is reminded that the State of California, Office of the Fire Marshal, is responsible for regulating pipeline safety, and in accordance with their regulatory requirements, these pipelines have undergone hydrostatic testing within the last five years.

V. FISCAL IMPACT

The granting of this franchise will generate approximately \$2,598.00 initially for the granting fee, and approximately \$277.00 in annual revenue.

VI. EXHIBITS

1. Ordinance No. 11-1471. (pgs. 4 – 8)
2. Resolution No. 11-050. (pgs. 9 – 15)

Prepared by: Yuko M. Dunham, Revenue Manager

TO:Rev010511

Reviewed by:

City Clerk	<u>City Treasurer</u>
<u>Administrative Services</u>	<u>Development Services</u>
<u>Economic Development Services</u>	<u>Public Services</u>

Action taken by City Council

Date _____ Action _____

ORDINANCE NO. 11-1471

AN ORDINANCE OF THE CITY OF CARSON, CALIFORNIA, GRANTING A NONPUBLIC UTILITY PIPELINE FRANCHISE TO E & B NATURAL RESOURCES MANAGEMENT CORPORATION

The City Council of the city of Carson hereby finds and resolves:

Section 1. Recitals.

A. On May 9, 2000, the City Council passed Resolution No. 00-11 delineating certain locations for the installation and operation of pipelines or other facilities in connection with a nonpublic utility pipeline franchise awarded to Four Teams Oil Production (Four Teams herein).

B. On May 16, 2000, the City Council adopted Ordinance No. 00-1189 granting to Four Teams a twenty-five (25) year franchise to construct, lay, operate, maintain, use, renew, repair, replace, remove, change the size and number of, and remove or abandon in place pipes and pipelines for conducting, transporting, conveying and carrying oil, gas, petroleum, wet gas, hydrocarbon substances, water, waste water, mud, steam and other liquid substances not more hazardous than the aforesaid substances on, along, in, under and across designated public streets, ways, alleys and places within the city of Carson.

C. On August 3, 2010, Four Teams assigned its franchise to Elysium Natural Resources, LLC, a New York limited liability corporation. Concurrently, a Declaration and Designation of Operator Agreement was made by and between Elysium (Owner) and E & B Natural Resources Management Corporation (Operator), a California corporation. Whereas, Elysium and E & B are affiliated entities and being that E & B is licensed and registered to operate pipelines in the State of California, E & B Natural Resources Management Corporation (Franchisee herein), is the responsible party that will operate the pipeline assets owned by Elysium in this state.

D. Subsequently, Franchisee filed with the City Council an application requesting approval of a nonpublic utility pipeline franchise.

E. On April 5, 2011, the City Council adopted Resolution No. 11-049 to consider the granting of a nonpublic utility pipeline franchise to Franchisee.

F. The City Council has considered the request from Franchisee and has determined that the granting of a franchise to Franchisee is in the public interest.

Section 2. Grant of Franchise. The City Council hereby grants a nonpublic utility pipeline franchise to Franchisee for a period of 25 years to lay or construct from time to time, and maintain, operate, renew, repair, change the size of, remove or abandon in place pipes and pipelines for the collection, transportation or distribution of oil, gas, gasoline, petroleum, wet gas, hydrocarbon substances, water, wastewater, mud, steam and other liquid substances not



more hazardous than the aforementioned substances, together with all manholes, valves, appurtenances and service connections necessary or convenient for the operation of such pipes or pipelines including conduits, cathodic protection devices, wires, cables and other appurtenances necessary or convenient for the exercise of the franchisee's business, in, under, along or across any and all streets within the city of Carson, as approved from time to time by Resolution of the City Council. The Franchise shall be solely for a nonpublic utility pipeline system.

Section 3. Compensation. Franchisee shall pay to the city of Carson the following amounts or the franchise will be forfeited:

Base Granting Fee.

A base granting fee of seven thousand five hundred (\$7,500.00) dollars for pipelines with a total length of one-quarter (1/4) mile or more or one thousand six hundred (\$1,600.00) dollars for pipelines with a total length of less than one-quarter (1/4) mile shall be paid within thirty (30) days after the City Council adopts the ordinance granting the franchise and prior to signing the written acceptance of the franchise pursuant to Carson Municipal Code Section 6805. If at any time during the first five (5) years following the grant of the franchise additional pipeline is added that will result in a total length of pipeline of one-quarter (1/4) mile or more, the seven thousand five hundred (\$7,500.00) dollar granting fee shall be required at the same time such footage is added.

Base Franchise Fee.

1. A base franchise fee shall be paid by the Franchisee to the city of Carson for the pipeline area occupied by the pipelines at an annual rate of one dollar and sixty-eight cents (\$1.68) per cubic foot. The franchise fee shall be due and payable semi-annually, at the end of each franchise payment period, as defined in Carson Municipal Code Section 6803(h), during the life of the franchise, including the year of granting the franchise. Such franchise fee shall accrue at the end of each semi-annual period for the pipeline area occupied by the greatest number of feet of pipeline covered by the franchise during the franchise payment period. For purposes of this paragraph, the pipeline area occupied by a pipeline or conduit including protective covering, pipe connections, cathodic protection facilities, pipe casings and other minor appurtenances shall be taken as equivalent to the volume occupied by a cylinder of equal length having a diameter of one (1) inch (for metal pipe) or two (2) inches (for plastic pipe) greater than the nominal internal diameter of the pipe or conduit but in no case with an equivalent cylinder diameter less than four (4) inches, and the payment rate therefor shall be computed to the nearest tenth of a cent per lineal foot of pipe. Pipeline area occupied by any appurtenances such as manholes or vaults shall be computed from the outside dimensions of the structure.

The semi-annual fee shall be paid no later than January 1st and July 1st of each calendar year. A penalty at the rate of ten percent (10%) per month or fraction thereof beyond thirty (30) days after the payment due date shall be charged, but in no event shall such penalty exceed fifty percent (50%).

2. The city of Carson reserves the right to adjust the base fees established above at any time after the effective date of the ordinance granting the franchise, but the base fees applicable to the franchise may only be changed five (5) times during the life of the franchise, and may only be changed in accordance with the provisions of California Public Utilities Code Section 6231.5(e).

Base Construction Charges.

The Franchisee shall pay at the time of the commencement of installation, relocation, or replacement of any pipeline or other facility covered by the franchise, a base construction charge of three thousand three hundred eighty-four dollars (\$3,384.00) for each one-half ($\frac{1}{2}$) mile of trench or fractional part thereof installed, replaced or relocated on major streets and two thousand two hundred thirty two dollars (\$2,232.00) per one-half ($\frac{1}{2}$) mile of trench or fractional part thereof, on minor streets or actual cost of inspection, whichever is greater. The city of Carson reserves the right to change such base fees at any time after the effective date of the ordinance granting the franchise, but the base fees applicable to the franchise may only be changed five (5) times during the life of the franchise.

Adjustments.

1. The amount of each base fee specified above shall be adjusted at the time payment is due by the percentage change in the Consumer Price Index, all Urban Consumers for the Los Angeles-Anaheim-Riverside area (1982-84 = 100), for the period July 1, 1991 to the date which is sixty (60) days prior to the due date of the fee.
2. In no event shall any base fee be charged which is less than the base fee amount established above.
3. The indices specified in paragraph 1 above are calculated and published by the United States Department of Labor, Bureau of Labor Statistics (Bureau). If the Bureau discontinues the calculation or publication of the Consumer Price Index, all Urban Consumers for the Los Angeles-Anaheim-Riverside area (1982-84 = 100), and no transposition table is available to convert to another index, then the amount of each annual adjustment in base fees shall be computed by using a comparable governmental index.

Section 4. Term. The Franchise granted by this Ordinance shall commence on and shall run for a period of twenty-five (25) years from and after its effective date, or until

such Franchise is voluntarily surrendered or abandoned by the Franchisee, or until the State or some municipal or public corporation thereunto duly authorized by law shall purchase by voluntary agreement or shall condemn and take under the power of eminent domain all property actually used and useful in the exercise of such Franchise and situated within the territorial limits of the State, municipal, or public corporation purchasing or condemning such property, or until such Franchise is forfeited for noncompliance with its terms by the Franchisee.

Section 5. Compliance with Law. The Franchisee shall comply with all applicable statutes, regulations and ordinances, including, but not limited to, the insurance and faithful performance bond requirements of Carson Municipal Code Sections 6809 and 6810.

Section 6. Acceptance. The Franchisee shall, within thirty (30) days after passage of this Ordinance, file with the City Clerk of the city of Carson, a written acceptance of the terms and conditions of this Ordinance.

Section 7. CEQA. The pipelines which are the subject of this Franchise were previously owned and operated by Equilon under Ordinance No. 00-1208. The Franchisee will continue use of the pipelines as previously approved. Therefore, this Franchise is exempt from the requirements of California Environmental Quality Act as a Class 1 Categorical Exemption, Existing Facilities, pursuant to Section 15301 of the CEQA Guidelines.

[SIGNATURES ON FOLLOWING PAGE]

[MORE]



PASSED, APPROVED and ADOPTED this _____ day of _____, 2011.

ATTEST:

Mayor Jim Dear

City Clerk Helen S. Kawagoe, MMC

APPROVED AS TO FORM:

City Attorney

[MORE]



RESOLUTION NO. 11-050

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DELINEATING CERTAIN LOCATIONS FOR THE INSTALLATION AND OPERATION OF PIPELINES OR OTHER FACILITIES IN CONNECTION WITH A NONPUBLIC UTILITY PIPELINE FRANCHISE AWARDED TO E & B NATURAL RESOURCES MANAGEMENT CORPORATION

The City Council of the city of Carson hereby finds and resolves:

Section 1. Recitals.

A. On May 9, 2000, the City Council passed Resolution No. 00-11 delineating certain locations for the installation and operation of pipelines or other facilities in connection with a nonpublic utility pipeline franchise awarded to Four Teams Oil Production (Four Teams herein).

B. On May 16, 2000, the City Council adopted Ordinance No. 00-1189 granting to Four Teams a twenty-five (25) year franchise to construct, lay, operate, maintain, use, renew, repair, replace, remove, change the size and number of, and remove or abandon in place pipes and pipelines for conducting, transporting, conveying and carrying oil, gas, petroleum, wet gas, hydrocarbon substances, water, waste water, mud, steam and other liquid substances not more hazardous than the aforesaid substances on, along, in, under and across designated public streets, ways, alleys and places within the city of Carson.

C. On August 3, 2010, Four Teams assigned its franchise to Elysium Natural Resources LLC (Elysium), A New York limited liability corporation. Elysium then designated E & B Natural Resources Management Corporation (Franchisee herein), a California corporation, as operator of their pipeline assets.

D. The City Council granted a nonpublic utility pipeline franchise to Franchisee, by adoption of Ordinance No. 11-1471 on May 3, 2011.

B. Ordinance No. 11-1471 provides that the Franchisee may, as approved from time to time by Resolution of the City Council, lay or construct from time to time, and may maintain, operate, renew, repair, change the size of, remove or abandon in place pipes and pipelines for the collection, transportation or distribution of oil, gas, gasoline, petroleum, wet gas, hydrocarbon substances, water, wastewater, mud, steam and other liquid substances not more hazardous than the aforementioned substances, together with all manholes, valves, appurtenances and service connections necessary or convenient for the operation of such pipes or pipelines including conduits, cathodic protection devices, wires, cables and other appurtenances necessary or convenient for the exercise of the Franchisee's business, in, under, along or across any and all streets within the city of Carson.

Section 2. Location of Pipelines. The City Council finds that the public interest would be served by allowing the installation and operation of pipelines and appurtenant facilities limited to those certain streets, highways, roads, alleys and other public places dedicated to

public use shown on the map attached hereto as Exhibit "A" and legally described as set forth in Exhibit "B" attached hereto. Exhibit "A" and Exhibit "B" are incorporated herein by reference.

Section 3. Footage of Pipelines. The City Council finds that the public interest would be served by allowing the installation and operation of pipelines and appurtenant facilities limited to the following sizes and lengths:

<u>Pipeline Name/Size</u>	<u>Pipeline Length</u>
Wilmington Avenue crossing (6-inch)	66 feet
Wilmington Avenue crossing (3-inch)	66 feet
Broad Street crossing (6-inch)	60 feet
Broad Street crossing (3-inch)	60 feet
Avalon Boulevard crossing (6-inch)	100 feet
Avalon Boulevard crossing (3-inch)	100 feet
Fries Avenue crossing (6-inch)	60 feet
Fries Avenue crossing (3-inch)	60 feet
Total:	<hr/> 572 feet

Section 4. Approval of Installation. The installation and operation of pipelines as nonpublic utility pipelines is approved within the limitations stated in Sections 2 and 3, above.

Section 5. CEQA. The pipelines which are the subject of this franchise were previously owned and operated by Four Teams Oil Production under Ordinance Number 00-1189. The Franchisee will continue use of the pipelines as previously approved. Therefore, this renewal of franchise is exempt from the requirements of California Environmental Quality Act (CEQA) as a Class 1 Categorical Exemption, Existing Facilities, pursuant to Section 15301 of the CEQA Guidelines.

[SIGNATURES ON FOLLOWING PAGE]

[MORE]



PASSED, APPROVED and ADOPTED this 9th day of May, 2011.

ATTEST:

Mayor Jim Dear

City Clerk Helen S. Kawagoe, MMC

APPROVED AS TO FORM:

City Attorney

[MORE]



EXHIBIT "A"

E & B NATURAL RESOURCES MANAGEMENT CORPORATION

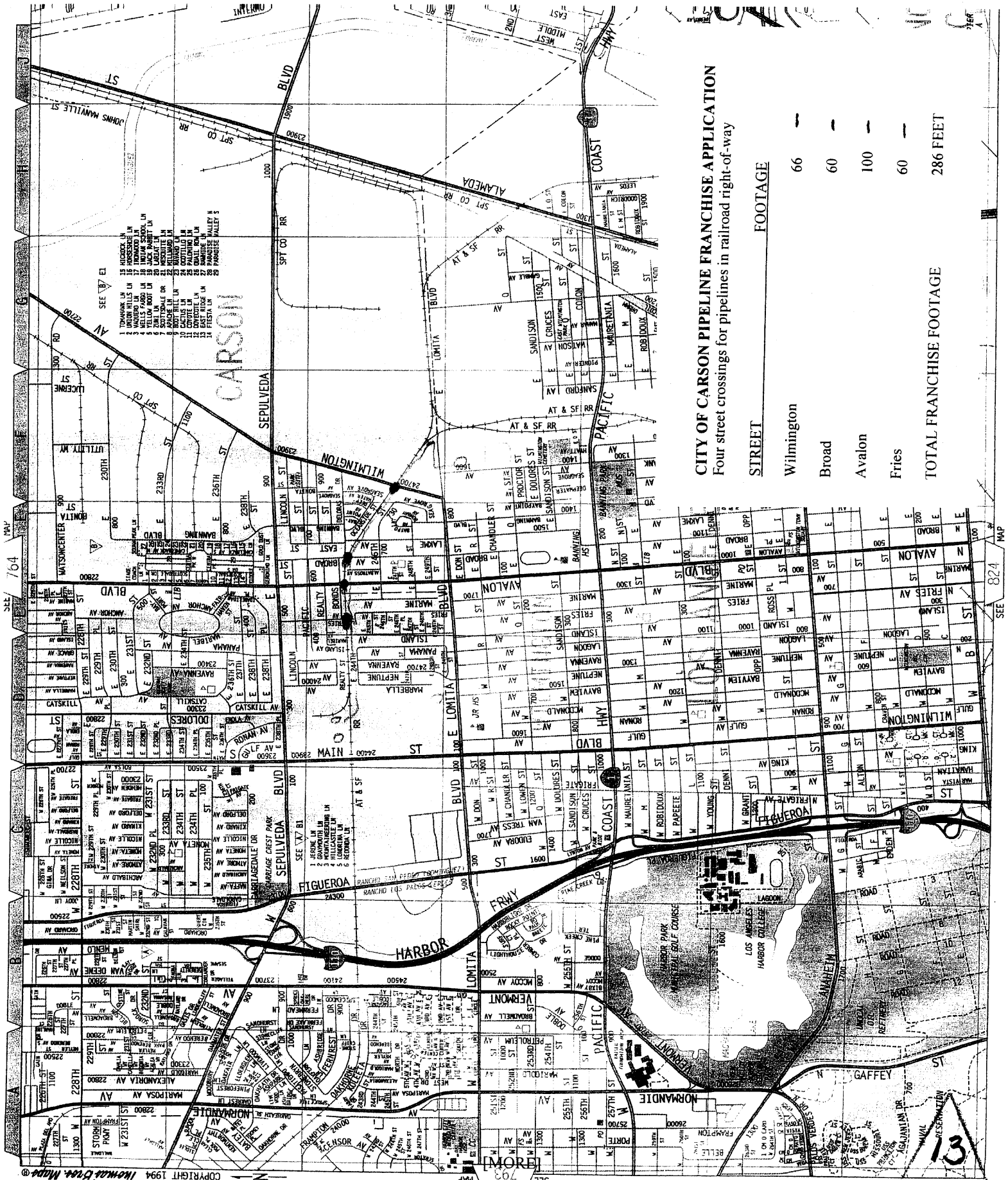
NONPUBLIC UTILITY PIPELINE FRANCHISE

PIPELINE LOCATION MAP

[On Following Pages]

[MORE]





CITY OF CARSON PIPELINE FRANCHISE APPLICATION
Four street crossings for pipelines in railroad right-of-way

STREET	FOOTAGE
Wilmington	66
Broad	60
Avalon	100
Fries	60
TOTAL FRANCHISE FOOTAGE	286 FEET

EXHIBIT "B"

E & B NATURAL RESOURCES MANAGEMENT CORPORATION

NONPUBLIC UTILITY PIPELINE FRANCHISE

LEGAL DESCRIPTION

[On Following Pages]

[MORE]



E & B Natural Resources Management Corporation
Pipeline Descriptions

One six-inch outside diameter steel pipeline carrying a mixture of brine water and crude oil and one three-inch outside diameter steel pipeline carrying fresh water, both buried in a common trench at a mean depth of forty-two inches; both originating outside the city limits of Carson and entering Carson at Wilmington Avenue, where said pipelines cross under Wilmington from East to West on the North side of the A T & SF (now Metropolitan Transportation Authority) railroad tracks;

Thence West in the railroad right-of-way to the city limits of Los Angeles, where said pipelines leave Carson;

Thence West across Lakme Street and further West to the city limits of Carson;

And re-entering Carson at Broad Street, where said pipelines cross under Broad from East to West on the North side of the A T & SF (now Metropolitan Transportation Authority) railroad Tracks;

Thence West in the railroad right-of-way to Avalon Boulevard, where said pipelines cross under Avalon from East to West on the North side of the A T & SF (now Metropolitan Transportation Authority) railroad tracks;

Thence West in the railroad right-of-way to Fries Avenue, where said pipelines cross under Fries from East to West on the North side of the A T & SF (now Metropolitan Transportation Authority) railroad tracks;

Thence West in the railroad right-of-way to a point East of Main Street approximately four hundred seventy feet, thence entering private land and terminating at the oil processing facility owned by applicant.

STREET	DIAMETER	LENGTH
Wilmington Ave	3-inch	66 feet
Wilmington Ave	6-inch	66 feet
Broad Street	3-inch	60 feet
Broad Street	6-inch	60 feet
Avalon Blvd	3-inch	100 feet
Avalon Blvd	6-inch	100 feet
Fries Ave	3-inch	60 feet
Fries Ave	6-inch	60 feet
	TOTAL	572 Feet