

0150-12223-0000

T R A N S M I T T A L

TO Martin L. Adams, General Manager Los Angeles Department of Water and Power	DATE 08/03/2023	COUNCIL FILE
FROM The Mayor		COUNCIL DISTRICT 12

PROPOSED RESOLUTION AND NEW LICENSE AGREEMENT NO. W-77492 WITH SOUTHERN CALIFORNIA GAS COMPANY FOR USE OF A PORTION OF THE LOS ANGELES DEPARTMENT OF WATER AND POWER VAN NORMAN LAKE RESERVOIR AS A GAS COMPRESSOR STATION

Transmitted for further processing and Council consideration.
See the City Administrative Officer report attached.



MAYOR
(Chris Thompson for)

MWS/PJH/JVW:cm:10230127

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 31, 2023

CAO File No. 0150-12223-0000

Council File No.

Council District: 12

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated November 7, 2022; referred by the Mayor for report on November 7, 2022

Subject: **PROPOSED RESOLUTION AND NEW LICENSE AGREEMENT WITH SOUTHERN CALIFORNIA GAS COMPANY FOR USE OF A PORTION OF THE LOS ANGELES DEPARTMENT OF WATER AND POWER VAN NORMAN LAKE RESERVOIR AS A GAS COMPRESSOR STATION**

RECOMMENDATION

That the Mayor:

1. Approve the Los Angeles Department of Water and Power Proposed Resolution authorizing entering into License Agreement No. W-77492 with Southern California Gas Company for the operation and maintenance of a gas compressor station on a portion of Van Norman Lake Reservoir located in Granada Hills, California;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the Los Angeles Board of Water and Power Commissioners that the item is exempt from CEQA pursuant to Section 15060(c)(3) and Section 15378(b)(5) that states an activity is not subject to CEQA if the activity is not a project and;
3. Return the proposed Resolution to the Department for further processing, including Council consideration.

SUMMARY

The Los Angeles Board of Water and Power (Board) requests authority to enter into a new License Agreement No. W-77492 with Southern California Gas Company (SoCal Gas) to continue the operation and maintenance of a gas compressor station on a portion of the Van Norman Lake Reservoir (Van Norman). The reservoir property in Granada Hills is owned by the Angeles Department of Water and Power (Department/LADWP). The proposed license agreement is for a 30-year term and will result in first-year revenues of \$31,265 and an estimated \$172,760 over the initial five-year period of the agreement. Rent will be reviewed for adjustment pursuant to Charter Section 607(b) after the first five years and every five years thereafter.

On November 1, 2001, LADWP originally entered into License Agreement No. W-21547 with SoCal Gas for the construction and maintenance of a gas compressor station at the Van Norman property. In November 2008, the license agreement was renewed for five additional years, expiring on October 13, 2013. The agreement has been on a “holdover” status since 2013. Since that time, the department reports considering multiple alternatives for use of the site, including disposition of the site and termination of the current use.

Alternatives Considered – LADWP considered options to the agreement, such as terminating the agreement and auctioning off the current area used by the Licensee. However, this option was **not** determined to be viable as the SoCal Gas is a utility provider serving the neighboring community and has used the area for a gas compressor station for over 20 years. With regard to the “holdover”, the Department reports that there has not been an opportunity to renew the agreement due to limited staffing and resources.

The proposed new license agreement (Attachment) will replace the existing agreement and allow SoCal Gas to continue using and occupying space at Van Norman under a long-term, 30-year license. LADWP does not currently utilize the area and the use of the property will not interfere with the Department’s current operations or future needs. The rent of \$31,265 to be paid by SoCal Gas during the first year of the proposed agreement represents a 97 percent increase from the annual rent of \$15,840 under the existing license. Our Office has reviewed the Board’s request and agreement and recommends approval.

CITY COMPLIANCE

The City Attorney has reviewed and approved the proposed resolution and license agreement as to form and legality. The proposed license agreement is exempt from California Environmental Quality Act (CEQA) pursuant to Section 15060(c)(3) and Section 15378(b)(5) that states an activity is not subject to CEQA if the activity is not a project. Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment are not defined as projects. In accordance with Charter Section 606, Council approval is required because the total term of the agreement is greater than five years.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. Approval of the recommendations will result in rent revenues to the Water Generation Fund in the initial year of the agreement of \$31,265 and is anticipated to increase five percent during each of the next four years thereby generating a five-year total revenue amount of \$172,760. At the end of the fifth year, and every five years thereafter, rent will be reviewed for adjustment, pursuant to City Charter Section 607(b).

Attachment – November 7, 2022 LADWP Board Report, Resolution and License Agreement

MWS/PJH/JVW:cm:10230127