

PUBLIC WORKS and ENERGY, CLIMATE CHANGE, ENVIRONMENTAL JUSTICE, AND RIVER COMMITTEES' REPORT relative to a proposed franchise agreement with Southern California Gas Company (SCG) for a public right-of-way pipeline.

Recommendations for Council action:

1. APPROVE the terms of the proposed new franchise agreement as outlined in Attachment A of the City Administrative Officer (CAO) report dated November 2, 2021, attached to the Council file, as the baseline for the City competitive bidding process.
2. FIND that SCG is in need of a pipeline franchise agreement to install, retain, operate, and maintain existing pipelines and their adjunct communication lines within the City.
3. OFFER for sale a pipeline franchise to install, retain, operate, and maintain pipelines and their adjunct communication lines associated with the production and distribution of natural gas.
4. ACCEPT and AWARD the bid for the franchise to the responsible bidder offering to pay the City the highest cash consideration, but not less than \$500 and, if the existing operator and/or owner is the highest responsible bidder, or if there are no bids, award the franchise to that company.
5. REQUEST the City Clerk to publish a Notice of Sale of Pipeline Franchise, in accordance with the Los Angeles Administrative Code (LAAC), Section 13.17.
6. REQUEST the City Attorney to prepare and present the pipeline franchise ordinance for the successful franchisee for Council approval.
7. INSTRUCT the Board of Public Works to notify the successful franchisee and in accordance with LAAC, Section 13.26, ensure that all good faith deposits are returned to the unsuccessful bidders, subsequent to the award of the franchise.
8. REQUIRE that the successful franchisee file a faithful performance bond in duplicate with the City Clerk within five days in the penal sum fixed by the Council in the advertisement for bids or established as a condition of the franchise approval, per LAAC, Section 13.30 and maintain necessary insurance as outlined in CAO Form 146, attached to the Council file.

Fiscal Impact Statement: The CAO reports that approval of the above recommendations will generate an estimated \$1,100.3 million in revenue for the City over 21 years. Approximately, \$907.6 million in revenue may accrue to the City General Fund. Approximately, \$168 million in additional revenue may accrue to the Street Damage Restoration Fund and \$21 million may be available for a new Climate Equity Fund. Additionally, it is estimated that the City will receive up to \$3.65 million in value from the SCG provision of air pollution monitoring at the two major facilities within the City. The typical single-family residential customer (37 th/mo) monthly bill increase is estimated at \$1.78. The typical multi-family residential customer (29 th/mo) monthly bill increase is estimated at \$1.39. Low income customers registered in the CARE Program will not have a bill impact. The typical small commercial/industrial customer (300 th/mo) monthly bill increase is estimated at \$14. The typical large commercial/industrial customer (20,833 th/mo) monthly bill increase is estimated at \$478.

Community Impact Statement: None submitted

SUMMARY

At the meeting held on November 3, 2021, your Public Works Committee considered Board of Public Works and CAO reports relative to a proposed franchise agreement with SCG for a public right-of-way pipeline.

After an opportunity for public comment was held, the Committee moved to approve the recommendations found in the reports, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

PUBLIC WORKS COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
BLUMENFIELD	YES
LEE	YES
DE LEÓN	YES
O'FARRELL	YES
KORETZ	NO

ENERGY, CLIMATE CHANGE, ENVIRONMENTAL JUSTICE, AND RIVER COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
O'FARRELL	YES
KORETZ	NO
CEDILLO	ABSENT
DE LEÓN	YES
KREKORIAN	YES

ME 11/3/21

-NOT OFFICIAL UNTIL COUNCIL ACTS-