

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 12/17/2013	(3) CONTACT/PHONE John Diodati, Department Administrator (805) 788-2832	
(4) SUBJECT Hearing to adopt a gas franchise ordinance for Southern California Gas Company for transportation and distribution of gas in San Luis Obispo County. All Districts.			
(5) RECOMMENDED ACTION It is our recommendation that your Honorable Board: <ol style="list-style-type: none"> 1. Conduct a public hearing to adopt the gas franchise ordinance. 2. Hear and pass upon any and all protests made at the hearing. 3. Direct the County Clerk-Recorder to publish, within fifteen (15) days of adoption, in a paper of general circulation a copy of the ordinance and the names of the Board Members who voted for (and any against) the ordinance. 			
(6) FUNDING SOURCE(S) General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$750,000.00	(8) ANNUAL FINANCIAL IMPACT \$750,000.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Hearing (Time Est. <u>30 mins.</u>) <input type="checkbox"/> Board Business (Time Est. <u> </u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input checked="" type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 11/26/2013; Item #1	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts -			

Reference: 13DEC17-H-1

County of San Luis Obispo



TO: Board of Supervisors
FROM: Public Works
John Diodati, Department Administrator
VIA: Dave Flynn, Deputy Director of Public Works
DATE: 12/17/2013

SUBJECT: Hearing to adopt a gas franchise ordinance for Southern California Gas Company for transportation and distribution of gas in San Luis Obispo County. All Districts.

RECOMMENDATION

It is our recommendation that your Honorable Board:

1. Conduct a public hearing to adopt the gas franchise ordinance.
2. Hear and pass upon any and all protests made at the hearing.
3. Direct the County Clerk-Recorder to publish, within fifteen (15) days of adoption, in a paper of general circulation a copy of the ordinance and the names of the Board Members who voted for (and any against) the ordinance.

DISCUSSION

The recommended action will conclude approximately 8 years of negotiations. During this time, your Board also established road repair standards for all utilities with facilities in County maintained roads. As a result, the recommended action together with prior Board actions will also meet our objectives associated with future road maintenance issues.

San Luis Obispo Ordinance No. 301 was granted to Pacific Lighting Gas Supply Company, on February 7, 1955, and eventually transferred to Southern California Gas Company (SCG). The Ordinance allowed SCG the right to operate a gas pipeline franchise within the County for the transmittal and distribution of gas. Before expiration in 2005, the County Public Works Department began negotiations with SCG.

After more than seven years of negotiation, and numerous iterations of the franchise document, the County of San Luis Obispo and SCG have reached agreement on final franchise ordinance language to be approved by your Board. On October 21, 2013, SCG formally submitted an application for a gas franchise. County staff started the process for approval, and on November 26, 2013, your Board introduced the franchise ordinance.

Today's action is the public hearing for the adoption of the franchise ordinance. Prior to voting on the Ordinance, the Clerk will report to your Board that no protests have been received. Your Board's motion for approval should include a statement that any and all protests received have been determined to be insufficient. Attached and incorporated into the franchise ordinance is an Abandoned Line Agreement, which identifies how SCG and the County address abandoned, inactive and unidentified pipelines encountered in the road right-of-way. After adopting the franchise ordinance, SCG will have sixty days to execute the required acceptance documents. Additionally, the County Clerk-Recorder will be directed to publish within fifteen (15) days of adoption, in a paper of general circulation a copy of the ordinance and the names of the Board Members who voted for (and any against) the ordinance.

OTHER AGENCY INVOLVEMENT/IMPACT

The County Administrative Office assisted in franchise negotiations. County Counsel, in addition to assisting in franchise negotiations, has helped develop the appropriate documents for franchise approval. The County Clerk has reviewed the documents to ensure proper noticing took place. The County Environmental Coordinator has determined that the project is both categorically exempt from the California Environmental Quality Act (CEQA); a Notice of Exemption is attached.

FINANCIAL CONSIDERATIONS

Southern California Gas Company pays approximately \$750,000 per year in franchise fees. This amount (adjusted based on gross sales) will be provided to the County over the life of the franchise ordinance (thirty years).

RESULTS

Approval of the recommended action will allow SCG to continue to transmit and distribute gas in San Luis Obispo County. Operating under the franchise and associated agreements and conditions will facilitate a livable and well-governed community that is enriched through the safe transmission and distribution of gas.

File: CF 870-10-01

Reference: 13DEC17-H-1

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ATTACHMENTS

1. Agreement Regarding Abandoned, Inactive and Unidentified Pipelines
2. Ordinance of the County of San Luis Obispo Approving Gas Pipeline Franchise
3. Notice of Exemption CEQA