

**CITY OF HUNTINGTON BEACH
LEGAL NOTICE**

**ORDINANCE NO. 3935
Adopted by the City Council on MARCH 19, 2012**

“AN ORDINANCE OF THE CITY OF HUNTINGTON BEACH AMENDING ORDINANCE NO. 3354 WHICH GRANTED AN OIL PIPELINE FRANCHISE”

SYNOPSIS:

IN AUGUST 2010, THE CITY MADE SUBSTANTIAL CHANGES TO CHAPTER 3.44 OF THE HUNTINGTON BEACH MUNICIPAL CODE (HBMC) RELATING TO PIPELINE FRANCHISES. NOW THAT CURRENT PROCEDURAL REQUIREMENTS ARE IN PLACE FOR THE CITY, STAFF IS MOVING FORWARD WITH UPDATING ALL OF THE CURRENT FRANCHISES AND ANTICIPATED RENEWALS THAT ARE FORTHCOMING IN THE NEXT FEW YEARS.

CITY COUNCIL APPROVED THE ASSIGNMENT OF THE EXISTING TORCH OPERATING COMPANY FRANCHISE TO NUEVO ENERGY COMPANY TO PLAINS EXPLORATION AND PRODUCTION COMPANY, AND FINALLY FROM PLAINS EXPLORATIONS AND PRODUCTION COMPANY TO DCOR, LLC. FOR THE OPERATION AND MAINTENANCE OF A PIPELINE SYSTEM FOR THE TRANSPORTATION OF OIL, GAS, AND OTHER HYDROCARBON SUBSTANCES.

THIS FRANCHISE AGREEMENT ORIGINALLY COMMENCED IN 1997 BETWEEN THE CITY AND TORCH OPERATING COMPANY AND WILL EXPIRE IN FEBRUARY 2013. THIS ASSIGNMENT WILL ALLOW FOR THE EXTENDED TERM THROUGH FEBRUARY 19, 2028, A FIFTEEN (15) YEAR TERM.

THE ASSIGNMENT INCORPORATES ALL OF THE RECENT CHANGES TO CHAPTER 3.44 HBMC. A FEW OF THE MORE SUBSTANTIAL CHANGES INCLUDE THE FOLLOWING: (1) AN INCREASE IN THE BASE ANNUAL FEE REVENUE TO THE GENERAL FUND FROM \$17,696 (2010) TO \$26,841 (2011) WITH ANNUAL CONSUMER PRICE INDEX (CPI) ADJUSTMENTS FOR THE FUTURE; (2) NEW TERM OF FIFTEEN (15) YEARS RATHER THAN FORMER TWENTY-FIVE (25) YEARS; (3) ESTABLISHES A BASE GRANTING FEE OF \$10,000; (4) INCREASES THE FAITHFUL PERFORMANCE BOND FROM \$10,000 TO \$100,000; (5) ADDS AN ENVIRONMENTAL IMPAIRMENT LIABILITY INSURANCE PROVISION; AND (6) UPDATES LIABILITY INSURANCE REQUIREMENTS.

OVER THE LAST SEVERAL YEARS, DCOR, LLC HAS BEEN FAITHFULLY SUBMITTING PAYMENT TO THE CITY BASED ON THE EXISTING AGREEMENT WITH TORCH OPERATING COMPANY. IT WAS ESSENTIAL THAT THE CITY AMEND AND ASSIGN THIS AGREEMENT TO DCOR, LLC, SINCE THEY ARE THE LEGAL ENTITY OWNED THIS PARTICULAR FRANCHISE. THERE WILL ALSO BE AN INITIAL INCREASE OF APPROXIMATELY \$10,000 TO THE GENERAL FUND.

PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting held March 19, 2012 by the following roll call vote:

AYES: Shaw, Harper, Dwyer, Hansen, Carchio, Bohr, Boardman

NOES: None

ABSTAIN: None

ABSENT: None

THE FULL TEXT OF THE ORDINANCE IS AVAILABLE IN THE CITY CLERK'S OFFICE.

This ordinance is effective 30 days after adoption.

**CITY OF HUNTINGTON BEACH
2000 MAIN STREET
HUNTINGTON BEACH, CA 92648
714-536-5227
JOAN L. FLYNN, CITY CLERK**