



Ordinance Fact Sheet

August 27, 2018

TO: Honorable Mayor and City Council

FROM: City Attorney

SUBJECT: AN ORDINANCE TO GRANT A FRANCHISE TO SOUTHERN CALIFORNIA GAS COMPANY

TITLE OF PROPOSED ORDINANCE:

AN ORDINANCE OF THE CITY OF PASADENA GRANTING TO THE SOUTHERN CALIFORNIA GAS COMPANY, ITS SUCCESSORS AND ASSIGNS, THE FRANCHISE TO CONSTRUCT, MAINTAIN, USE, REPAIR, AND REPLACE GAS PIPES AND APPURTENANCES THERETO, ALONG, UPON, AND ACROSS ALL PUBLIC STREETS, LANES, ALLEYS, COURTS, OR OTHER PUBLIC PLACES IN THE CITY OF PASADENA, FOR THE PURPOSE OF TRANSMITTING AND/OR DISTRIBUTING GAS FOR ANY AND ALL OTHER PURPOSES

PURPOSE OF ORDINANCE:

At its meeting of July 23, 2018, the City Council directed the City Attorney's Office to prepare this Ordinance. In June of 1988, the City entered into a 30-year Franchise Agreement with the SoCal Gas Company retroactive to August 1987. Ordinance No. 6262 was adopted by the City Council on June 13, 1988. That franchise expired on August 18, 2017. This Ordinance, if adopted, will be retroactive to August 18, 2017. It will give permission for Southern California Gas Company (SoCal Gas) to continue to operate within the City Limits of Pasadena for a period not to exceed 20 years, and to construct, maintain, and repair any gas facilities in and along the public streets for the purpose of conducting its utility businesses.

MEETING OF 08/27/2018

AGENDA ITEM NO. 25

REASON WHY LEGISLATION IS NEEDED:

Article XI of the City Charter sets for the procedures for granting a franchise and requires adoption of an ordinance after a public hearing. The term of the proposed Ordinance and Franchise will be twenty (20) years. It will be retroactive to August 19, 2017, and will expire on August 18, 2037.

The economic provisions as set out in Sections 20 and 20.5 of the proposed Ordinance identify the franchise fees to be paid to the City. The formula is based on two percent (2%) of the total gross revenues generated by SoCal Gas. In FY 2016, the total franchise fee collected was approximately \$715,000, and in FY 2017, \$772,000.

In addition, the proposed Ordinance includes technical requirements of SoCal Gas when it constructs, abandons, moves, and/or removes gas facilities located in public streets. These provisions require SoCal Gas to closely coordinate construction activities with the Department of Public Works under valid permits. The proposed Ordinance also provides the City with the right to audit SoCal Gas records as necessary to assure the City is receiving all monies due under this Franchise Agreement.

PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED:

Adoption of the Ordinance will renew permitting requirements enforced by the Department of Public Works, and will authorize revenue intake processed by the Department of Finance.

ENVIRONMENTAL ANALYSIS:

On this same date, the Council will be asked to find that the ordinance is not a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15378, and that the proposed action is exempt from CEQA pursuant to State CEQA Guidelines Section 15061 (b)(3), the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.

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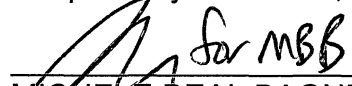
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FISCAL IMPACT:

The proposed Ordinance would provide significant revenue per year to the City over the term of the franchise. These funds will be credited toward the City's general funds.

Respectfully submitted,


MICHELE BEAL BAGNERIS
City Attorney

Prepared by:


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Approved by:


STEVE MERMELL
City Manager

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