



MARK PESTRELLA, Director

**COUNTY OF LOS ANGELES**  
**DEPARTMENT OF PUBLIC WORKS**

*"To Enrich Lives Through Effective and Caring Service"*

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IN REPLY PLEASE  
REFER TO FILE

May 15, 2018

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

34 May 15, 2018

CELIA ZAVALA  
ACTING EXECUTIVE OFFICER

**TRANSPORTATION CORE SERVICE AREA  
APPROVE THE INTRODUCTION OF AN ORDINANCE TO AMEND  
THE GAS PIPELINE FRANCHISE GRANTED TO  
SOUTHERN CALIFORNIA GAS COMPANY  
BY ORDINANCE NO. 6765, AS AMENDED, AND APPROVE AN  
AMENDMENT FOR THE GRAFFITI ABATEMENT  
AND COORDINATION AGREEMENT  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Approval of these actions will amend the gas pipeline franchise granted to Southern California Gas Company and amend the Graffiti Abatement and Coordination Agreement to extend the terms of the franchise and agreement through June 30, 2023.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find these transactions are categorically exempt under the California Environmental Quality Act.
2. Approve the introduction of an ordinance to amend the gas pipeline franchise granted to Southern California Gas Company by Ordinance No. 6765, as amended, to extend the term of the franchise for 5 years through June 30, 2023, and require Southern California Gas Company to comply with the applicable laws relating to the construction, maintenance, and operation of all pipelines, including the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration Code of Federal Regulations, California Public Utilities Commission General Orders, and other applicable laws and regulations throughout the term of the franchise.

3. Introduce, waive reading, and place on the Board of Supervisors' agenda for adoption on May 22, 2018, the ordinance that implements the above recommendation, becoming operative on July 1, 2018.

4. Execute Amendment No. 6 to the Graffiti Abatement and Coordination Agreement with Southern California Gas Company to extend the term through June 30, 2023.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The recommended actions are to adopt an ordinance to amend the gas pipeline franchise granted to Southern California Gas Company (SoCalGas) and to approve Amendment No. 6 to the Graffiti Abatement and Coordination Agreement with SoCalGas to extend the terms of the franchise and Agreement through June 30, 2023. Adopting the Ordinance and executing the Agreement will avoid expiration of the franchise on June 30, 2018, and the Agreement on December 31, 2018.

SoCalGas is regulated by the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration under the Code of Federal Regulations. Unlike many oil and gas companies, SoCalGas is also regulated by the California Public Utilities Commission (CPUC) under General Order 112F. The CPUC provides regular third-party verification and audits of SoCalGas' safety protocols, inspections, and operational practices. SoCalGas does not maintain or include in its inventory any idle pipelines as required by law. All pipelines are classified as active or abandoned. Abandoned pipelines are isolated from the active system, purged of natural gas, and permanently decommissioned so they cannot be restored to active service. SoCalGas also submits to the CPUC an annual safety plan that is reviewed and certified by the CPUC.

SoCalGas must also comply with the terms of the Agreement that allows for the control and remediation of problems associated with graffiti in the public right of way.

### **Implementation of Strategic Plan Goals**

The County Strategic Plan directs the provision of Strategy III.3, Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability. The revenues received from these transactions will help promote fiscal responsibility while providing continuous utility service to the residents of the County.

### **FISCAL IMPACT/FINANCING**

SoCalGas will continue to pay an annual franchise fee and a municipal public lands-use surcharge pursuant to California Public Utilities Code. SoCalGas paid an annual franchise fee of over \$1.39 million and a surcharge of \$99,971 for the 2017 calendar year. All fees have been deposited into the County General Fund.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On September 20, 1955, the Board of Supervisors adopted Ordinance No. 6765, granting a 50-year Countywide gas pipeline franchise to SoCalGas that expired October 20, 2005. The Board has adopted various ordinances to extend the term of the SoCalGas franchise, the most recent being Ordinance No. 2018-0002F, that extended the term of the SoCalGas franchise through June 30, 2018.

County Counsel has approved as to form both the Ordinance to amend the SoCalGas franchise (Enclosure A) and the Amendment to the Agreement (Enclosure B).

**ENVIRONMENTAL DOCUMENTATION**

These transactions are categorically exempt under the California Environmental Quality Act, pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 of the California Environmental Quality Act Guidelines.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

These actions will not impact or adversely affect any current services or future projects.

**CONCLUSION**

It is requested that the Executive Office of the Board send conformed copies of the approved Board recommendations, the adopted SoCalGas Ordinance, and the adopted Amendment to the Agreement to the attention of Mr. Geoffrey C. Danker, Franchise and Fees Manager, Southern California Gas Company, 555 West 5th Street, GT21C5, Los Angeles, California 90013; the office of County Counsel; and the Department of Public Works, Survey/Mapping & Property Management Division. Retain a copy for your files.

Respectfully submitted,



MARK PESTRELLA

Director

MP:JTS:el

Enclosures

- c: Auditor-Controller (Accounting Division–Asset Management)
- Chief Executive Office (Chia-Ann Yen)
- County Counsel
- Executive Office

**AMENDMENT NO. 6 TO THE GRAFFITI ABATEMENT AND COORDINATION  
AGREEMENT BY AND BETWEEN SOUTHERN CALIFORNIA GAS COMPANY  
AND THE COUNTY OF LOS ANGELES**

This Amendment to the Graffiti Abatement and Coordination Agreement ("Amendment No. 6") by and between Southern California Gas Company, a California Corporation ("SCG"), and the County of Los Angeles ("County"), is hereby made and entered into on the day, month, and year it is fully executed by the County hereinbelow.

**RECITALS**

WHEREAS, the County is a duly organized subdivision of the State of California;

WHEREAS, the County in pertinent part provides law enforcement services to the unincorporated portions of the County of Los Angeles;

WHEREAS, SCG is a regulated public utility operating under the laws of the State of California;

WHEREAS, over the course of time, the County has attempted to control and remediate the problems associated with graffiti in the public rights-of-way and elsewhere;

WHEREAS, SCG's above-ground gas transmission and distribution facilities installed in the public right-of-way are particularly vulnerable to graffiti;

WHEREAS, SCG and the County entered into a Graffiti Abatement and Coordination Agreement on December 15, 2009;

WHEREAS, the Graffiti Abatement and Coordination Agreement, as amended, was to remain in effect through December 31, 2018.

**NOW THEREFORE**, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good valuable consideration, the receipt and

sufficiency of which are hereby acknowledged, and the covenants and agreements hereinafter contained, the parties hereto and each of them do agree to amend the Graffiti Abatement and Coordination Agreement as follows:

**SECTION 1.** Section 12.0 of the Graffiti Abatement and Coordination Agreement is hereby amended as follows:

**Section 12.0 Term of Agreement.** This Agreement shall remain in effect through June 30, 2023, or until earlier terminated by the mutual written consent of SCG and the County.

**SECTION 2.** All undefined terms when used herein shall have the same respective meanings as set forth in the Graffiti Abatement and Coordination Agreement, unless expressly provided otherwise in this Amendment No. 6.

**SECTION 3.** Each of the signatories for this Amendment No. 6 personally covenant, warrant, and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment No. 6 upon the terms and conditions stated herein and each agrees to indemnify and hold the County harmless from all damages, costs, and expenses that result from a breach of this representation.

**SECTION 4.** In the event of a conflict between the terms and conditions of this Amendment No. 6 and the terms and conditions of the Graffiti Abatement and Coordination Agreement, the terms and conditions of this Amendment No. 6 shall prevail. All other terms and conditions contained in the Graffiti Abatement and Coordination Agreement shall remain in full force and effect.

[END OF TERMS]

The foregoing was on this 15<sup>th</sup> day of May, 2018, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which said Board so acts.



COUNTY OF LOS ANGELES

By *Jiela Kuehl*

Chair, Board of Supervisors

**ATTEST:**

CELIA ZAVALA  
Acting Executive Officer of the  
Board of Supervisors of the  
County of Los Angeles

I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

CELIA ZAVALA  
Acting Executive Officer  
Clerk of the Board of Supervisors

By *Lachelle Amithema*  
Deputy

By *Lachelle Amithema*  
Deputy

**APPROVED AS TO FORM:**

MARY C. WICKHAM  
County Counsel

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

**34**                      **MAY 15 2018**

By *Carole Swartz for Grace Chang*  
Deputy

*Celia Zavala*  
**CELIA ZAVALA**  
**ACTING EXECUTIVE OFFICER**

**IN WITNESS WHEREOF**, Southern California Gas Company has caused this Amendment No. 6 to the Graffiti Abatement and Coordination Agreement to be executed on its behalf, effective on the day, month, and year first written above.

**SOUTHERN CALIFORNIA GAS  
COMPANY**, a California corporation

By *Jimmie I. Cho*

Jimmie I. Cho  
Print Name

Senior Vice President, Customer Services &  
Distribution Operations  
Title

77183 Supplement No. 6