



STAFF REPORT

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1/28/2025

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**AGENDA ITEM**

**TO: HONORABLE MAYOR  
AND MEMBERS OF THE CITY COUNCIL**

**FROM: CARLO TOMAINO  
CITY MANAGER**

**BY: THOMAS BEKELE  
PUBLIC WORKS DIRECTOR/CITY ENGINEER**

**SUBJECT: SECOND READING AND ADOPTION OF ORDINANCE NO. 2025-01-1552  
GRANTING A FRANCHISE TO CRIMSON CALIFORNIA PIPELINE, L.P.**

Summary:

Franchises are legal agreements wherein a local jurisdiction provides a utility with a right to serve customers within its boundaries. Crimson California Pipeline, L.P. (Crimson), a division of Crimson Midstream, Limited Liability Corporation has requested to renew an existing pipeline franchise to operate its facilities within the City's right-of-way.

At the City Council meeting of December 10, 2024, the City Council adopted a resolution declaring its intent to grant a 15-year franchise to Crimson and set a public hearing for January 14, 2025. At the City Council meeting of January 14, 2025, the City Council introduced Ordinance No. 2025-01-1552, granting a franchise to Crimson. Staff is now presenting Ordinance 2025-01-1553 for Second Reading and adoption. The Ordinance would become effective 30 days after the Second Reading.

Strategic Plan Goal(s):

Goal No. 1 Financial Stability: Ensure the City's long-term financial stability and resilience.

Goal No. 2 Community Safety: Maintain community safety by supporting public safety services and increasing emergency preparedness.

Recommendation:

Adopt Ordinance No. 2025-01-1552, entitled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA,

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1/28/2025

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GRANTING A FRANCHISE TO CRIMSON CALIFORNIA PIPELINE, L.P. AND THE INTERESTS, RIGHTS, PRIVILEGES, AND DUTIES TO LAY AND USE PIPES AND APPURTENANCES FOR TRANSMITTING AND DISTRIBUTING OIL AND PETROLEUM PRODUCTS FOR ANY AND ALL LAWFUL PURPOSES UNDER AND ALONG THE PUBLIC STREETS, WAYS, ALLEYS, AND PLACES, AS THE SAME NOW OR MAY HEREAFTER EXIST, WITHIN THIS CITY.

Fiscal Impact:

There is minimal fiscal impact associated with the recommended action. Renewal of Crimson's existing franchise would authorize the continued collection of annual franchise fees. Under Ordinance No. 2010-06-1417, the City received \$16,404.88 in franchise fees from Crimson for the 2023 calendar year and \$17,315.21 in franchise fees from Crimson for the 2024 calendar year. The franchise fee is calculated based on the total amount and size of the pipeline. The City updates the franchise fee annually based on inflation, and the Finance Department utilizes current fees evaluated against change in the Consumer Price Index (CPI) to prepare annual invoices. Crimson is responsible for continued payments of franchise fees. In addition, Crimson submitted a payment deposit of \$7,000 to the City for labor and media publication costs associated with processing the pipeline franchise.

Background and Analysis:

On January 14, 2025, the City Council introduced Ordinance No. 2025-01-1552 granting a franchise to Crimson California Pipeline, L.P. Staff is now presenting Ordinance 2025-01-1552 for Second Reading and adoption. The Ordinance would become effective 30 days after the Second Reading.

The City posted a summary of Ordinance No. 2025-01-1552 in accordance with Signal Hill Municipal Code (SHMC) Section 1.08.010 and published in the Signal Tribune newspaper on January 17, 2025. Upon City Council adoption of the Ordinance, the summary will be posted in accordance with SHMC 1.08.010 and published in the Signal Tribune newspaper. Ordinance No. 2025-01-1552 will be published in its entirety on the City website.

Reviewed for Fiscal Impact:

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Attachment(s):

- A. Crimson Franchise Ordinance No. 2025-01-1552
- B. Exhibit A - Description of Pipeline Routes, Dimensions, Depths, and Maps
- C. Exhibit B - Schedule of Charges