



STAFF REPORT

1/28/2025

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. 2025-01-1553
GRANTING A FRANCHISE TO CARDINAL PIPELINE, L.P.**

Summary:

Franchises are legal agreements wherein a local jurisdiction provides a utility with a right to serve customers within its boundaries. Cardinal Pipeline, L.P. (Cardinal), a division of Crimson Midstream, Limited Liability Corporation is requesting 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 Cardinal and set a public hearing for January 14, 2025. At the City Council meeting of January 14, 2025, the City Council introduced Ordinance No. 2025-01-1553, granting a franchise to Cardinal. 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. 2025-01-1553, entitled:

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

1/28/2025

GRANTING A FRANCHISE TO CARDINAL 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. The renewal of Cardinal's existing franchise would authorize the continued collection of annual franchise fees. Under Ordinance No. 2006-02-1356, the City received \$19,784.14 in franchise fees from Cardinal for the 2023 calendar year and \$20,774.30 in franchise fees from Cardinal for the 2024 calendar year. The franchise fee is calculated based on the total amount and size of the pipeline; the franchise fee is further adjusted based on the consumer price index. 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. Upon the granting of the proposed franchise, Cardinal would be responsible for the continued payments of franchise fees. In addition, Cardinal 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. 2025-01-1553 granting a franchise to Cardinal Pipeline, L.P. Staff is now presenting Ordinance 2025-01-1553 for Second Reading and adoption. The Ordinance would become effective 30 days after the Second Reading.

The City posted a summary of Ordinance No. 2025-01-1553 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. 2025-01-1553 will be published in its entirety on the City website.

Reviewed for Fiscal Impact:

Siamlu Cox

Attachment(s):

- A. Cardinal Franchise Ordinance No. 2025-01-1553
- B. Exhibit A - Description of Pipeline Routes, Dimensions, Depths, and Maps
- C. Exhibit B - Schedule of Charges