



Legislation Text

File #: 2016-927, Version: 1

Report to Mayor and City Council

Tuesday, September 06, 2016

Consent

SUBJECT:

CONSIDER APPROVING A PROFESSIONAL CONTRACT SERVICES AGREEMENT WITH MUNICIPAL PETROLEUM ANALYSTS TO ADDRESS COMPLIANCE REQUIREMENTS FOR ENTITIES OPERATING WITHOUT A FRANCHISE AGREEMENT (CITY COUNCIL)

I. SUMMARY

One of the City's current utility providers claims exemption from the City's Pipeline Franchise Municipal Code. The City's pipeline auditor recently provided research that challenges the claim of exemption. The pipeline auditor will work with the City's Attorney to complete its research and analysis, gain Municipal Code compliance and recover franchise fees.

II. RECOMMENDATION

1. APPROVE the Professional Contract Services Agreement to Municipal Petroleum Analysts in the amount, not to exceed, \$75,000.00 (Exhibit No. 1).

2. APPROVE Resolution 16-126, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AMENDING THE FISCAL YEAR 2016-17 BUDGET IN THE GENERAL FUND" (Exhibit No. 2)

III. ALTERNATIVES

TAKE another action the City Council deems appropriate and consistent with the requirements of the law.

IV. BACKGROUND

On October 3, 1979 the City Council adopted Ordinance No. 79-492 granting a twenty-five-year water pipeline franchise to Dominguez Water Corporation ("Dominguez Water"). Effective May 25, 2000, without an assignment of the franchise granted by Ordinance 79-492, Dominguez Water merged with California Water Service Company ("Cal Water"). On February 4, 2003 the City Council adopted Resolution 03-025 acknowledging the merger of Dominguez Water by and into Cal Water.

On October 4, 2004 the City notified Cal Water that its franchise authorized by Ordinance 79-492 would expire on November 2, 2004. Subsequent to such notification, Cal Water informed the City that, by way of their merger with Dominguez Water, the company possessed certain legal rights that provided Cal Water the right-of-way over all lands of the City of Carson, and required the City to pay all relocation costs of Cal Water's facilities. Further, Cal Water claimed it possessed a perpetual franchise provided by the California State Constitution, which was superior to the City's Municipal Code, allowing it to operate without a City pipeline franchise and paying franchise fees.

The City's pipeline auditor, Municipal Petroleum Analysts ("MPA") recently provided research and analysis associated with Cal Water's claims to a City-wide right-of-way and its interpretation of the State's Constitution.

V. FISCAL IMPACT

Funds for this work were not included in the FY 2016/17 general fund budget, and will need to be allocated from the unassigned General Fund balance.

VI. EXHIBITS

1. Professional Contract Services Agreement to MPA. (pgs. 3-28)
2. Budget Amendment Resolution No. 16-126. (pg. 29)

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