

CITY OF LOS ANGELES

CALIFORNIA

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When making inquiries
relative to this matter,
please refer to the Council
File No.

08-2006

August 25, 2008

Councilmember Hahn
Office of the Mayor
City Administrative Officer
Chief Legislative Analyst
City Attorney
Port of Los Angeles

RE: HARBOR DEPARTMENT LEASE AGREEMENT WITH CLEAN ENERGY CORPORATION FOR THE
CONSTRUCTION AND MAINTENANCE OF A NEW LIQUEFIED NATURAL GAS FUELING STATION

At the meeting of the Council held August 15, 2008, the following action was taken:

Attached report adopted	_____
Attached motion adopted	_____
Attached resolution adopted	_____
FORTHWITH	<u> X </u>
Motion adopted to approve communication recommendation(s)	<u> X </u>
Motion adopted to approve committee report recommendation(s)	_____
Findings adopted	_____
Negative Declaration adopted	_____
Categorically exempt.....	_____
Administrative exemption approved.....	<u> X </u>

City Clerk
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COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

File No. 08-2006

**FROM: COUNCILMEMBER JANICE HAHN, CHAIR
TRADE, COMMERCE, AND TOURISM COMMITTEE**

ADMINISTRATIVE EXEMPTION and COMMUNICATION FROM CHAIR, TRADE, COMMERCE, AND TOURISM COMMITTEE relative to a Harbor Department lease agreement with Clean Energy Corporation for the construction and maintenance of a new liquefied natural gas (LNG) fueling station.

Recommendations for Council action:

1. FIND that the approval of the proposed lease agreement between Clean Energy Corporation and the Ports of Los Angeles (POLA) and Long Beach (POLB) for the construction and maintenance of a new liquefied natural gas fueling station is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article III, Section 1(32) and 4(7) of the City's CEQA Guidelines.
2. CONCUR with the action taken by the Board of Harbor Commissioners at its meeting held June 5, 2008 approving Order No. 08-6962 for a lease agreement between Clean Energy Corporation and the POLA and POLB for a term of ten years with two additional five-year options for the construction and maintenance of a new LNG fueling station.
3. NOT PRESENT and ORDER FILED accompanying Ordinance approving Order No. 08-6962 of the Board of Harbor Commissioners for the lease of certain real property located within the city of Los Angeles for the purpose of constructing and operating a LNG fueling station.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that this action will not impact the General Fund. Any funding collected will be deposited in the Harbor Revenue Fund. Pursuant to the terms of the proposed agreement, the POLA will receive 20 percent of the total \$0.01 per gallon of LNG fuel revenue generated by the project. The specific amount of revenue is indeterminable at this time, because it will be based on the number of gallons purchased by participants in the LNG Truck Program. Since POLA is only bound by City Debt Management Policies, City financial policies are not applicable.

Community Impact Statement Submitted: None

TIME LIMIT FILE – AUGUST 28, 2008

(LAST DAY FOR COUNCIL ACTION – AUGUST 15, 2008)

SUMMARY

In a report to the Mayor dated June 30, 2008 (attached to the Council file), the CAO states that the Harbor Department requests approval of a proposed lease agreement between the Ports of Los and Long Beach and the Clean Energy Corporation. Clean Energy will be responsible for constructing and maintaining a new LNG fueling station facility on property jointly owned by the Ports. Fuel from the LNG fueling station will be made available to firms and trucks that are part of the LNG Truck Program. The CAO reports that one of the primary objectives of programs

under the Port Clean Air Action Plan (CAAP) is to replace older, heavily polluting heavy-duty trucks with emission compliant model year 2007 or newer LNG fueled trucks. Heavy-duty trucks and equipment serving the Ports are sources of diesel pollution in the South Coast Air Basin regions.

The CAO goes on to report that Clean Energy was selected through a competitive bid process administered by POLB with the participation of POLA. Clean Energy was selected because of its experience and expertise in providing LNG fueling stations. According to Port staff, Clean Energy operates over 170 natural gas fueling stations throughout the United States and Canada. It is anticipated that the LNG fueling station is expected to open in the latter part of 2008.

The CAO further reports that the proposed site for the new LNG fueling station is on a 2.8 acre parcel which includes approximately a 1.7 acre combined parcel owned by POLB and an adjacent 1.1 acre parcel located in the city of Los Angeles. POLA and POLB are joint owners, as tenants in common, of the 1.1 acre parcel. In accordance with the agreement, Clean Energy will pay \$ 0.01 per gallon of LNG fuel sold to POLA and POLB. The Port of Los Angeles states that the \$0.01 per gallon amount is consistent with the rate commonly charged for fueling stations. On June 5, 2008, the Harbor Board of Commissioners approved the Department's request for the lease agreement with Clean Energy. The CAO concurs with this action.

At the special Trade, Commerce, and Tourism Committee meeting held August 6, 2008, the Committee Chair discussed this matter with representatives of the Harbor Department. Department staff indicated that Clean Energy already operates an LNG fueling station in Carson. It is anticipated that this proposed station will be operational within two years. The Committee Chair recommended that Council concur with the action taken by the Board of Harbor Commissioners to approve the lease agreement with Clean Energy Corporation for the construction and maintenance of a new LNG fueling station, as recommended by the CAO. The Committee Chair further recommended that Council not present and order filed the accompanying ordinance inasmuch as its adoption is not required for Council to act on this lease agreement.

Respectfully submitted,

COUNCILMEMBER JANICE HAHN, CHAIR
TRADE, COMMERCE, AND TOURISM COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
HAHN:	YES
ROSENDAHL:	ABSENT
LABONGE:	ABSENT



JAW
8/7/2008

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ADOPTED
MOTION ADOPTED TO APPROVE COMMUNICATION RECOMMENDATION
AUG 15 2008
Admin. EXEMPT. APPROVED
LOS ANGELES CITY COUNCIL
FORTHWITH