MINUTE ITEM
This Calendar Item No. 23
was approved as Minute Item
No. 23 by the State Lands
Commission by a vote of 3
to 0 at its 1-21-88
meeting.

CALENDAR ITEM

23

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W 12037
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APPROVAL OF AN INTERIM LIQUID PETROLEUM GAS
PRODUCTS SALES CONTRACT
(LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A")
AND APPROVAL OF SPECIFICATIONS AND FORMS
FOR INVITING BIDS FOR THE SALE OF
LIQUID PETROLEUM GAS PRODUCTS FROM THE
LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A"

Since 1973, the City of Long Beach has had a liquid petroleum gas products sales contract with MacMillan Ring-Free Oil Company, Inc. for the products from the Long Beach Harbor Department Tidelands Parcel and Parcel "A", Wilmington Oil Field, Los Angeles County. Due to MacMillan's financial difficulties and its resultant inability to perform under the contract, the contract was terminated effective September 1, 1987.

The City entered into, on an emergency basis, a Liquid Petroleum Gas Products Sales Contract with Petrolane Gas Service Limited Partnership under which Petrolane purchases the 1500 gallons per day of products on an interim basis. The contract became effective September 1, 1987 and may be terminated on 30 days' written notice from either party. The price paid by Petrolane is the price paid by Chevron U.S.A., Inc. which actually takes delivery of the products. This price is presently $0.37 per gallon. This interim disposition of the liquid petroleum gas products should be ratified by the Commission.

A bid package has been prepared for the sale by competitive bidding of the liquid petroleum gas products. This competitively bid contract would replace the interim contract

with Petrolane. Under Section 10(a) of Chapter 29, Statutes of 1956, 1st E.S., the specifications and forms for the purpose of inviting bids for the sale of Long Beach tidelands crude oil products must be approved by the State Lands Commission prior to publication of the notice to bidders. The City plans to hold a bid opening on February 24, 1988. The Commission must then approve the awarding of this contract by the City.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

   Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

EXHIBIT: A. Specifications of Sale.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

2. RATIFY THE INTERIM LIQUID PETROLEUM GAS PRODUCTS SALES CONTRACT (LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A") ENTERED INTO WITH PETROLANE GAS SERVICE LIMITED PARTNERSHIP.

3. APPROVE THE SPECIFICATIONS LISTED IN EXHIBIT "A" AND FORMS REFERENCED ABOVE FOR INVITING BIDS FOR THE SALE BY THE CITY OF LIQUID PETROLEUM GAS PRODUCTS FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A".

EXHIBIT "A"

Specifications of Sale of Liquid Petroleum Gas Products
from The Long Beach Harbor Department
Tidelands Parcel and Parcel "A"

1. Volume

The liquid petroleum gas products from the Long Beach Harbor Department Tidelands Parcel and Parcel "A" amount to approximately 1500 gallons per day.

2. Price

The price will be fixed price per gallon as bid by the purchaser.

3. Term

The contract will be for a term of ten months commencing on May 1, 1988 and expiring on February 28, 1989.

4. Surety

A Letter of Credit equal to the value of 60 days of production (approximately $30,000) will be required as well as comprehensive general liability and property damage insurance in amounts of not less than $2 million.

5. Bid Deposit

A bid deposit of $25,000 will be required which, except for the highest responsible bidder, will be returned.

6. Right to Reject Bids

The City reserves the right to cancel this offer at any time and to reject all bids received.