

**CALENDAR ITEM
C35**

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D. Brown

REQUEST AUTHORITY FOR EXECUTIVE OFFICER TO ENTER AGREEMENT FOR THE PERFORMANCE OF A SYSTEMS SAFETY AUDIT OF OIL AND GAS FACILITIES AND SOLICIT PROPOSALS, NEGOTIATE FAIR AND REASONABLE PRICE, AWARD AND EXECUTE AGREEMENTS FOR CONSULTANT SERVICES

PARTY:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825

BACKGROUND:

Many of the State's oil and gas facilities were installed 30 to 40 years ago and have undergone substantial modification as well as being continually exposed to the marine environment. This makes periodic reassessment a critical step to assure safe and reliable oil production operations. To this end, audits initiated and conducted by the Commission with participation by the operator provide a number of safety and financial benefits. In these cooperative audits, operators receive comprehensive and objective evaluations of the condition and maintenance of their facilities as well as an assessment of their safety management programs. In addition, the assessments provide technical review of the design of the safety system and verify key plans in the field. The safety and risk benefits can ultimately lead directly to cost savings or be realized through potential process and operating efficiency improvements.

PROPOSED ACTIVITY:

Due to the public's safety concern and in order for the Commission to adequately assure the Long Beach community and local government that Tidelands Oil Production Company facility is safe, an independent engineering safety assessment is necessary.

The scope of the audit will include the design, operations, training, and maintenance of the facility. The audit will be conducted in accordance with Mineral Resources Management Division inspection authority and will address

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the most common laws, regulations, codes and industry standards that may be applied or which provide general design guidelines.

Engineering consultant services in specialties such as electrical systems will be required in the performance of the audit. Consultant selection will be conducted consistent with procedures as specified in CSLC Regulations and in the State Contracting Manual on the basis of demonstrated competence and qualifications for the types of services to be performed and at a fair and reasonable price.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section 6106 (Delegation to execute written instruments)
- B. State Contracts Manual Section 11.00 (A & E method)
- C. Public Contract Code Section 6106
- D. Government Code Section 4526
- E. California Administrative Code Title 2 Article 13 Section 2980.0 - 2990.0

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THESE ACTIVITIES ARE EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL CODE REGS. 15061 BECAUSE THESE ACTIVITIES ARE NOT PROJECTS AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL CODE REGS. 15378.
2. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO ENTER INTO AN AGREEMENT TO RECOVER ALL COMMISSION COSTS INCURRED IN THE PERFORMANCE OF THIS PROJECT.
3. FIND THAT THE SELECTION OF CONSULTANT UNDER THIS PROCESS DOES NOT AFFECT SMALL BUSINESSES AS DEFINED IN GOVERNMENT CODE SECTION 11342, SUB. (H), BECAUSE THEY WILL BE ACCORDED EQUAL OPPORTUNITY TO SUBMIT STATEMENTS OF QUALIFICATIONS AND PERFORMANCE DATA.
4. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO SOLICIT PROPOSALS, NEGOTIATE FAIR AND REASONABLE PRICE, AWARD AND EXECUTE CONTRACT IN ACCORDANCE WITH STATE POLICIES AND PROCEDURES.