

MINUTE ITEM

This Calendar Item No. C45 was approved as Minute Item No. 45 by the California State Lands Commission by a vote of 3 to 4 at its 11-21-06 meeting.

**CALENDAR ITEM
C45**

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Statewide

11/21/06

Bid Log 2006-10

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A. Abeleda, D. Brown, P. Strait

**REQUEST AUTHORITY FOR THE EXECUTIVE OFFICER
TO SOLICIT PROPOSALS FOR CONSULTANT SERVICES, NEGOTIATE FAIR AND
REASONABLE PRICE, AWARD AND EXECUTE AGREEMENTS FOR
PREPARATION OF ENVIRONMENTAL DOCUMENTATION FOR PROPOSED
INSTALLATION OF A TWO-MILE LONG HYDROGEN PIPELINE NEAR CITY OF
VALLEJO, CONTRA COSTA COUNTY AND SOLANO COUNTY**

PARTY:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825-8202

BACKGROUND:

Air Liquide Large Industries, L.P. (Air Liquide) is the U.S. subsidiary of global France-based Air Liquide Group, one of the world's largest producers and distributors of industrial and medical gases. Air Liquide has various gas pipeline operations throughout the United States, most notably along the Gulf Coast. Air Liquide is has submitted a lease application that would allow the installation of a hydrogen carrying pipeline in and between Contra Costa and Solano Counties.

PROPOSED ACTIVITY:

Air Liquide is proposing to construct an approximately two-mile long, 12 to 20-inch nominal diameter pipeline extending from the Shell Martinez Refinery (in Contra Costa County) to the Valero Benicia Refinery (in Solano County). The project proposes a pipeline route heading northward from the Shell Martinez Refinery to the south shore of the Carquinez Strait, crossing the Strait, then continuing north to the Valero Refinery. Installation of the pipeline would enable Air Liquide to deliver hydrogen gas to refineries during periods of peak hydrogen needs or during hydrogen producing unit outages. The project is being proposed as a speculative project with Air Liquide as a third party supplier to the Benicia and Martinez refineries; Air Liquide is proposing to build the pipeline without commitments from either refinery.

CALENDAR ITEM NO. C45 (CONT'D)

Consideration of such an action will require environmental documentation, including monitoring, in accordance with the California Environmental Quality Act (CEQA). The Executive Officer requests delegation of authority to engage a consultant for this purpose. Consultant selection shall be conducted consistent with procedures as specified in CSLC Regulations and in the State Contract Manual on the basis of demonstrated competence and qualifications for the types of services to be performed and at a fair and reasonable price. All costs shall be recovered from project applicant

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

2. Approval of this item by the Commission does not constitute approval of the proposed lease; it only authorizes consultant contracts for environmental review.

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. 15060(c)(3) BECAUSE THESE ACTIVITIES ARE NOT PROJECTS AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL CODE REGS. 15378.
2. FIND THAT THE SELECTION OF CONSULTANTS 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.

CALENDAR ITEM NO. C45 (CONT'D)

3. FIND THAT THE SELECTION OF CONSULTANTS UNDER THIS PROCESS FOR PROFESSIONAL SERVICES OF ARCHITECTURAL, LANDSCAPE ARCHITECTURAL, ENGINEERING, ENVIRONMENTAL, LAND SURVEYING OR CONSTRUCTION PROJECT MANAGEMENT SERVICES WILL BE CONSISTENT WITH PROCEDURES AND POLICIES ADOPTED BY THE COMMISSION AS SPECIFIED IN GOVERNMENT CODE SECTION 4526 AND TITLE 2, CALIFORNIA CODE OF REGULATIONS 2980 -2980.9.
4. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO SOLICIT PROPOSALS, NEGOTIATE FAIR AND REASONABLE PRICE, AWARD AND EXECUTE CONTRACTS FOR ENVIRONMENTAL DOCUMENTATION AND MITIGATION MONITORING IN ACCORDANCE WITH STATE POLICIES AND PROCEDURES.
5. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO ENTER INTO AN AGREEMENT WITH PROJECT APPLICANT TO RECOVER COSTS INCURRED IN THE CONSIDERATION OF THIS PROJECT.