



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: RES 25-087

June 17, 2025

Introduced: 5/28/2025

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

Adopt a resolution:

- a. Transferring an Oil Pipeline Franchise Agreement from ExxonMobil Oil Corporation (formerly Mobil Oil Corporation) to Green Gate San Ardo LLC.
- b. Authorizing the Clerk of the Board to submit a copy of the resolution transferring the Franchise Agreement and a copy of the Resolution to the County Auditor-Controller for annual billing.
- c. Authorizing the County Auditor-Controller to allocate all fees collected through this franchise to the General Fund.
- d. Approving the release of the Faithful Performance Bond from ExxonMobil (Bond No. SU1205677) and replace it with Green Gate San Ardo LLC Performance Bond No. B014862 (Attachment D) to ensure the Faithful Performance of all the covenants, terms, and conditions of said Franchise Resolution pursuant to Resolution Number 00-272 (Attachment B).

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a resolution:

- a. Transferring of an Oil Pipeline Franchise Agreement from ExxonMobil Oil Corporation (formerly Mobil Oil Corporation) to Green Gate San Ardo LLC.
- b. Authorizing the Clerk of the Board to submit a copy of the resolution transferring the Franchise Agreement and a copy of the Resolution to the County Auditor-Controller for annual billing.
- c. Authorizing the County Auditor-Controller to allocate all fees collected through this franchise to the General Fund.
- d. Approving the release of the Faithful Performance Bond from ExxonMobil (Bond No. SU1205677) and replace it with Green Gate San Ardo LLC Performance Bond No. B014862 (Attachment D) to ensure the Faithful Performance of all the covenants, terms, and conditions of said Franchise Resolution pursuant to Resolution Number 00-272 (Attachment B).

SUMMARY/DISCUSSION:

On April 17, 1990, the Board of Supervisors adopted a Resolution (90-231) granting a Private Purpose Franchise Agreement to Mobil Oil Corporation, under which Mobil Oil Corporation was authorized to operate and maintain certain pipelines within the County's unincorporated public Right-of-Way for 10 years. On June 13, 2000, the Board of Supervisors (Board) adopted Resolution No. 00-272, extending the Private Purpose Franchise Agreement for 10 years, e.i. May 17, 2000, through May 16, 2010. On May 25, 2010, the Board approved Amendment No. 1 to the Franchise Resolution No. 00-272, extending the term through November 16, 2010. On November 9, 2010, the Board approved Amendment No. 2 to the Franchise Resolution No. 00-272, extending the term through May 16, 2011. On May 10, 2011, the Board approved Amendment No. 3 to the Franchise Resolution, extending the term through May 16, 2021. On November 8, 2022, the Board approved

Amendment No. 4 to the Franchise Resolution, extending the term through May 16, 2031.

The Franchise Agreement allows ExxonMobil Oil Corporation to operate and maintain approximately 10.36 miles of pipelines within the unincorporated Public Right-of-Way of Monterey County (Appendix B). The 4" crude oil line (M-121) is currently idle, the 10" and 12" natural gas lines (M-120) have been purged with nitrogen and removed from service. The pipelines were taken out of service in 1998 and remain inactive. Green Gate San Ardo LLC purchased these assets from ExxonMobil Oil Corporation (Attachment E). ExxonMobil Oil Corporation now desires to transfer the right to operate and maintain these underground pipelines and its appurtenances to Green Gate San Ardo LLC.

Transferring the existing Franchise Agreement allows Green Gate San Ardo LLC to preserve the option of reactivating these lines in the future and will retain title to and financial/legal liability for these pipelines. Green Gate San Ardo LLC has submitted the required performance bond in place (Attachment D). The pipelines have been located in the County Right-of-Way for many years and no physical changes will occur as a result of this transfer. Therefore, staff recommends that the Board of Supervisors allow the Franchise Agreement to be transferred to Green Gate San Ardo LLC.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved the draft Resolution transferring the Private Purpose Franchise from ExxonMobil Oil to Green Gate San Ardo LLC as to form. A copy of the executed, adopted resolution transferring the Franchise Agreement, and a copy of Resolution No. 00-272 will be forwarded to the County Auditor-Controller. HCD-Engineering Services coordinated with PWWP staff on the Franchise Agreement transfer.

FINANCING:

There is an annual positive impact to the General Fund. Fees will continue to be collected annually in accordance with the terms and conditions of the Franchise Agreement. The fees will be deposited in the General Fund. The annual payment collected for January 01 through December 31, 2024, was \$23,688.92. Staff costs to prepare this report are included in the FY2024-25 Adopted Budget for Housing and Community Development Department (HCD) Appropriation Unit HCD002, Unit 8543. The cost of the Franchise Agreement transfer processing is funded with applicant fees.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommended action supports the Board of Supervisors' Strategic Initiative for Economic Development and Infrastructure.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Armando Fernandez, PE, Senior Civil Engineer

Reviewed by: Joshua Bowling, CBO, CCEO Chief of Building Services, HCD

Approved by: Craig Spencer, ACIP, Director of Housing and Community Development, HCD

The following attachments are on file with the Clerk of the Board:

Attachment A - Draft Board Resolution

Attachment B - Resolution No. 00-272

Attachment C - Location Map

Attachment D - Performance Bond

Attachment E - Recorded Assignment