

**CALENDAR ITEM
C30**

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**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 AND MITIGATION
MONITORING FOR THE PROPOSED TESORO REFINING AND MARKETING CO.-
LEASE RENEWAL FOR THE AVON WHARF (PRC 3454.1) AND AMORCO WHARF
(PRC 3453.1) IN MARTINEZ, CALIFORNIA**

PARTY:

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

BACKGROUND:

Tesoro Refining and Marketing Company is a wholly owned subsidiary of Tosco Petroleum Company. Tesoro Refining and Marketing Company owns and operates the Avon and Amorco wharves in the Carquinez Strait near Suisin Bay.

The Avon Wharf occupies 11.24 acres and Amorco Wharf occupies 16.6 acres of sovereign lands within the Carquinez Strait, leased from the California State Lands Commission (CSLC).

Avon Wharf is located approximately two miles east of the Benicia-Martinez Bridge and the Amorco Wharf is located approximately one-half mile west of the Benicia-Martinez Bridge. Both wharves are constructed of marine timbers and concrete; both are designed for the receipt and shipment of petroleum products to and from the Golden Eagle Refinery. Tesoro Refining and Marketing Company owns and operates Golden Eagle Refinery which occupies approximately 400 acres adjacent to the Avon Wharf and 44 acres adjacent to the Amoco Wharf. The facilities contain petroleum refining equipment, storage tanks, pumps and associated pipelines, rail spurs, loading racks and administrative and warehousing facilities.

CALENDAR ITEM NO. **C30** (CONT'D)

The Avon Wharf is a multiple-vessel docking facility used for importing and exporting petroleum products. The facility includes a vapor recovery system and similar equipment as the Amorco facility. The wharf is located approximately one mile from the on-shore storage and transfer equipment.

The Amorco Wharf is a single vessel docking facility with associated pumps, pipelines, electrical utilities, fire protection equipment, spill response equipment, and other mechanical equipment. Amorco Wharf imports petroleum products for transfer to on-shore tanks located approximately one-half mile from the wharf.

Both wharves operate 24 hours a day, 365 days per year.

The CSLC issued the previous lease for the Avon Wharf in July 26, 1964, to Tidewater Oil Company for 15 years with the option of three additional 10 year terms. In 2002, the lease was assigned to Ultramar, Inc. then to Tesoro Refining and Marketing Company in May of 2005. The CSLC issued the previous lease for the Amorco Wharf in December, 1983, to Tosco Company for 25 years. In 2002 the lease was assigned to Ultramar, Inc. and then to Tesoro Refining and Marketing Company.

PROPOSED ACTIVITY:

Tesoro Refining and Marketing Company, wishes to continue its operations at its Avon and Amorco marine oil terminals and is requesting the issuance of 30-year leases from the California State Lands Commission.

From the information that Tesoro Refining and Marketing Company has provided, in consultation with the other California Responsible and/or Trustee agencies for the whole project, and in accordance with the California Code of Regulations Title 14, Chapter 3, §15000 et seq., the CSLC has determined to act as the Lead Agency for the whole action of the Proposed Project under the California Environmental Quality Act (CEQA).

Consideration of this proposed project will require environmental documentation, and possibly monitoring, in accordance with the CEQA. The Executive Officer requests delegation of authority to engage a consultant for this purpose. Consultant selection shall be conducted in accordance with the 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 the project applicant.

The environmental documentation will address potential impacts to sensitive habitat of state- and federally-listed species, cultural resources, and potential impacts from other proposed project activities. For sensitive areas which cannot be avoided, the environmental documentation will provide measures to reduce impacts as much as

CALENDAR ITEM NO. **C30** (CONT'D)

possible. The CSLC may recommend that a monitoring plan with appropriate guidelines be adopted to ensure that any proposed mitigations measures would be accomplished.

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 (rev. 10/05)
- 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 11342.610, BECAUSE THEY WILL BE ACCORDED EQUAL OPPORTUNITY TO SUBMIT STATEMENTS OF QUALIFICATIONS AND PERFORMANCE DATA.
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

CALENDAR ITEM NO. **C30** (CONT'D)

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 A 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.