

**MEETING DATE: July 27, 2015**

**AGENDA ITEM: Introduction of an Ordinance Granting a Franchise to Crimson California Pipeline, L.P. for the Operation of Existing Pipelines Located in the Public Rights-of-Way for the Transportation of Oil or Products Thereof Pursuant to Certain Terms and Conditions Contained in the Proposed Ordinance.**

**ATTACHMENTS**

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**ORDINANCE NO. 2015-\_\_\_\_\_**

**AN ORDINANCE OF THE CITY OF CULVER CITY, CALIFORNIA,  
CONSOLIDATING, RESTATING AND AMENDING A NON EXCLUSIVE  
FRANCHISE IN FAVOR OF CRIMSON CALIFORNIA PIPELINE, L.P. TO  
OPERATE AND MAINTAIN CERTAIN PIPELINES AND  
APPURTENANCES FOR THE TRANSPORTATION OF OIL OR  
PRODUCTS THEREOF IN THE CITY OF CULVER CITY**

WHEREAS, the City of Culver City (“City”), pursuant to its Charter and Ordinance No. 94-031 (“Ord. 94-031”), previously granted a non-exclusive Franchise (the “Shell Franchise”) to Shell California Pipeline Company (“Shell”) to operate, maintain, replace and repair 1,186 lineal feet of one ten inch (10”) diameter pipeline (the “Shell 10” Line”) for the transportation of oil or products thereof; and,

WHEREAS, pursuant to Ordinance No. 2003-001 (“Ord. 2003-001”), 1,100 lineal feet of one eight inch (8”) diameter pipeline (the “Shell 8” Line”) were consolidated and made a part of the Shell Franchise and the Shell Franchise was extended to April 11, 2008, subject to all of the terms and conditions of Ord. 94-031; and,

WHEREAS, on May 1, 2005, Shell sold and assigned certain components of its common-carrier crude oil pipeline system located in Southern California, including the Shell 10” Line, to Crimson California Pipeline, L.P., a California limited partnership (CRIMSON) and CRIMSON agreed to assume all of Shell’s obligations relating to the Shell 10” Line. The Shell 8” Line was not transferred by Shell to CRIMSON. On April 7, 2005, Shell and CRIMSON received approval (of Shell’s sale to CRIMSON) of the Shell 10” Line from the California Public Utilities Commission (“CPUC”); and,

WHEREAS, although the Shell Franchise has expired, CRIMSON has continued to operate the Shell 10” Line in compliance with all of the terms and conditions of the Shell Franchise; and,

WHEREAS, the City, pursuant to a License (“License No. 57658”) dated October 20, 1989 (the “Union Oil License”), granted Union Oil Company of California (“Union Oil”) a non-exclusive license to install, operate and maintain 1,588 lineal feet of twelve inch (12”) pipeline (the “Union Oil 12” Line”) to transport petroleum; and,

WHEREAS, subsequent to the issuance of the Union Oil License, through mesne conveyances, the Union Oil License was acquired as of February 1, 2005 by ConocoPhillips Pipeline Company (“CPPLC”); and,

WHEREAS, effective July 1, 2008, CPPLC sold and assigned its common-carrier crude oil pipeline system located in Southern California to CRIMSON and CRIMSON agreed to assume all of CPPLC’s obligations relating to the Union Oil 12” Line; and,

WHEREAS, on December 20, 2007, CPPLC and CRIMSON received approval of CPPLC’s sale to CRIMSON from the CPUC; and,

WHEREAS, since July 1, 2008, CRIMSON has operated the Union Oil 12” Line in compliance with all of the terms and conditions of the Union Oil License; and,

WHEREAS, the Shell 10” Line and the Union Oil 12” Line are operated by CRIMSON as a public utility common carrier to transport oil or products thereof for the public under tariffs governed by the CPUC; and,

WHEREAS, CRIMSON has requested the Culver City City Council to approve the assignment of the Shell Franchise (as it relates to the Shell 10” Line) from Shell to CRIMSON and the assignment of the Union Oil License from CPPLC to CRIMSON; and,

WHEREAS, CRIMSON has further requested that the Union Oil 12” Line be consolidated into and made a part of a renewed and extended CRIMSON FRANCHISE; and

WHEREAS, CRIMSON has requested the City Council to renew and extend the Shell Franchise (as it relates to the Shell 10” Line) and the Union Oil License into a single CRIMSON FRANCHISE; and,

WHEREAS, the Shell 10” Line and the Union Oil 12” Line have been in continuous operation for over 25 years, with such operation being without incident; and,

WHEREAS, the City Council, to ensure the continued protection of the public health, safety, and welfare, has provided direction to CITY MANAGER to enter into negotiations with CRIMSON for the purposes of updating the decades-old Shell Franchise and Union Oil License, especially in the areas of safety precautions, including obtaining adequate levels and appropriate types of insurance to protect the interests of CITY and its residents; and,

WHEREAS, pursuant to Resolution No. 2014-R043, adopted on June 8, 2015, the CITY COUNCIL declared its intention to approve the renewed and extended Shell Franchise and Union Oil License as consolidated into this CRIMSON FRANCHISE; and,

WHEREAS, on July 27, 2015, the CITY COUNCIL held a public hearing on the application submitted by CRIMSON and, following public testimony and thorough discussion of CRIMSON’s application, determined to approve the application on the terms and conditions provided herein.

NOW THEREFORE, the CITY COUNCIL of the City of Culver City, California, DOES HEREBY ORDAIN as follows:

**SECTION 1. CLARIFICATION, ASSIGNMENT, AND GRANT OF FRANCHISE**

1. The Shell Franchise (as it relates to the Shell 10” Line) and the Union Oil License are hereby renewed and extended as consolidated into this CRIMSON FRANCHISE, subject to each of the terms and conditions of this Ordinance No. 2015-\_\_\_\_;
2. The CRIMSON FRANCHISE reads as follows:

**SECTION 1A. DEFINITIONS**

The following CAPITALIZED TERMS shall have the meaning as set forth in this Section:

**ABANDONMENT:** The permanent discontinuance of the use of the PIPELINES under this CRIMSON FRANCHISE or the PIPELINES have been idle for a period of not less than six months.

**APPURTENANCES:** Items such as, but not limited to, scraper traps, manholes, flanges, conduits, culverts, valves, appliances, cathodic protection systems, vaults, attachments and other accessories necessary for the proper operation of the PIPELINES, including safety monitoring devices.

**ANNIVERSARY DATE:** January 1 of each year this CRIMSON FRANCHISE is in full force and effect.

**ANNUAL FRANCHISE FEE:** The fee payable to CITY by CRIMSON in return for the rights and privileges enjoyed by CRIMSON pursuant to this CRIMSON FRANCHISE.

**CITY:** The City of Culver City, California – a Charter City.

**CITY ATTORNEY:** The duly acting and appointed City Attorney of CITY.

**CITY CLERK:** The duly appointed and acting City Clerk of CITY.

**CITY COUNCIL:** The duly elected City Council of CITY.

**CITY MANAGER:** The duly appointed and acting City Manager of CITY or his/her duly authorized representative.

**CRIMSON FRANCHISE:** This franchise.

**DIRECTOR:** The duly appointed and acting Director of Public Works/City Engineer of CITY or his/her duly authorized representative.

**EFFECTIVE DATE:** The 31st calendar day after the adoption of this ORDINANCE by the CITY COUNCIL.

**EMERGENCY:** Situations in which persons are endangered or property or environmental damage may result, or other requirements of law, rule, regulation, or government order may be violated, if work is delayed pending issuance of a permit.

**FRANCHISE RENEWAL AND EXTENSION FEE:** The sum of \$10,000 payable in lawful money of the United States of America.

**FRANCHISE TERM:** The period of time this CRIMSON FRANCHISE shall be in full force and effect.

**GRANTEE OR CRIMSON:** Crimson California Pipeline, L.P., a California limited partnership.

**PIPELINES:** The system of pipelines built and/or operated by CRIMSON under this CRIMSON FRANCHISE as set forth in Exhibit A hereof.

**REPAIR:** Work undertaken to maintain the PIPELINES in compliance with the latest revision of the Standard Plans for Public Works Construction and the Standard Specifications for Public Works and standard plans for street repair as approved by the DIRECTOR. Such work may include, but is not necessarily limited to, excavation of STREETS.

**STREETS:** Those public roads, highways and alleys, and other public rights-of-way under the control of CITY under which PIPELINES are located.

**TERM:** The period of time commencing on the EFFECTIVE DATE and concluding on December 31, 2025.

## **SECTION 2. GENERAL TERMS AND CONDITIONS OF FRANCHISE**

### **A. Grant of Franchise**

This CRIMSON FRANCHISE is hereby granted to GRANTEE for the TERM effective on the EFFECTIVE DATE, subject to all of the limitations and restrictions herein contained. Pursuant to Section 6265 of the California Public Utilities Code, as such code existed on the EFFECTIVE DATE, this CRIMSON FRANCHISE grants to GRANTEE the right to use the PIPELINES and the APPURTENANCES for the purpose of transmitting and distributing oil or products thereof and shall include the right and privilege to operate, maintain, replace, and REPAIR the PIPELINES for such purposes, under, along and across STREETS in CITY, as such PIPELINES are shown on the maps attached hereto as Exhibit "A." This CRIMSON FRANCHISE may be terminated by voluntary surrender or ABANDONMENT by GRANTEE or by forfeiture for non-compliance with the terms and provisions of this CRIMSON FRANCHISE.

### **B. Appurtenances**

Subject to GRANTEE's compliance with the provisions of Section 10 below, GRANTEE shall have the right to operate, maintain, REPAIR or replace such APPURTENANCES as may be necessary or convenient for the proper maintenance and operation of the PIPELINES under this CRIMSON FRANCHISE.

### **SECTION 3. COMPENSATION TO CITY**

A. **FRANCHISE RENEWAL AND EXTENSION FEE:** Upon submission of an application to CITY for the renewal and extension of this CRIMSON FRANCHISE, GRANTEE shall pay to the CITY the FRANCHISE RENEWAL AND EXTENSION FEE which shall be an administrative fee for appraisal, engineering, legal, publication and other services incurred by the CITY in processing the application for the CRIMSON FRANCHISE.

B. **ANNUAL FRANCHISE FEE:** During the FRANCHISE TERM, GRANTEE shall pay to the City an annual fee calculated as set forth in Exhibit C of this CRIMSON FRANCHISE. The first ANNUAL FRANCHISE FEE, which fee shall be prorated for the period from the EFFECTIVE DATE to December 31 following the EFFECTIVE DATE, shall be paid on or before February 29, 2016 and each ANNUAL FRANCHISE FEE thereafter shall be paid annually to the CITY within sixty (60) days after the end of each calendar year.

C. The ANNUAL FRANCHISE FEE shall be subject to increase after January 1, 2016, and each subsequent year thereafter during the FRANCHISE TERM, based on the provisions of Section 6231.5 of the Public Utilities Code, as amended, and Exhibit C hereof, as the case may be.

D. The ANNUAL FRANCHISE FEE set forth in this Section shall in no way limit Grantee's obligation to compensate CITY or any private citizen for any damage, claim, expense, or loss whatsoever as set forth in this CRIMSON FRANCHISE.

E. **Compensation Adjustments and Compensation in the Event of Removal or Abandonment.** Notwithstanding the provisions of Section 7 hereof, the GRANTEE shall be liable to pay CITY the ANNUAL FRANCHISE FEE for the period to and including the date of either (1) the last day of the month in which actual removal of the PIPELINES was completed;



or (2) the last day of the month in which falls the effective date of any properly approved abandonment “in place” as may be authorized by CITY, or until the GRANTEE shall have fully complied with all the provisions of law or ordinances relative to such abandonments, whichever is later.

In the event of partial abandonment of the PIPELINES with the approval of CITY as elsewhere in this CRIMSON FRANCHISE provided, or in the event of partial removal of such PIPELINES by GRANTEE, the payments otherwise due CITY for occupancy of the STREETS by such PIPELINES shall be reduced by the length of PIPELINES abandoned or the actual PIPELINES removed beginning with the first day of the next succeeding calendar year, and for each calendar year thereafter; provided, however, that the said base rate shall be modified to reflect the adjustment per Section 7 hereof applicable to such abandoned or removed PIPELINES at the beginning of the next succeeding calendar year following abandonment or removal.

F. GRANTEE shall pay to CITY, on demand, the cost of all REPAIRS made at the cost of CITY to public property made necessary by any operation of the GRANTEE under this CRIMSON FRANCHISE. In addition, if any private property is damaged by an accident, spill, discharge, release, escape, accident, leaks or breaks in the PIPELINES or APPURTENANCES or from any cause arising in whole or in part from the operation or existence of the PIPELINES or APPURTENANCES or from any act or omission of GRANTEE, GRANTEE shall pay all damages or compensation to which the owners are entitled and GRANTEE shall REPAIR its facilities to protect the damaged private property from further damage to the extent permitted and in conformity with Federal, State and local law, rule, regulation or order.

G. Any payment due from GRANTEE to CITY under any provision of this CRIMSON FRANCHISE which is not paid when due shall bear interest at the highest amount allowed by law, but the payment of such interest shall not excuse nor cure any other default by GRANTEE under this CRIMSON FRANCHISE. All payments shall be paid without deduction or offset except as herein provided, in lawful money of the United States to CITY at the following address: City of Culver City Attn: Chief Financial Officer, 9770 Culver Boulevard, Culver City, California 90232, or at such place as CITY may from time to time designate in writing.

In addition to the interest payable pursuant to the Section above, in the event any payment required under this Section is late, the following schedule of late charges shall be applicable to that portion which is overdue as follows: late 10 days but fewer than 30 days -- 2% of the amount due; for each additional 30 days or fraction thereof over 30 days -- an additional 2% of the amount, including interest due under this Section.

AUDIT: The City shall have the right to inspect GRANTEE'S records relating to its annual report and to audit and recompute any and all amounts payable to CITY under this CRIMSON FRANCHISE. Costs of audit shall be borne by GRANTEE when audits result in an increase of more than five percent of GRANTEE'S annual payments due CITY. Acceptance of any payment shall not be construed as a release, waiver, acquiescence, or accord and satisfaction of any claim CITY may have for further or additional sums payable under this CRIMSON FRANCHISE or for the performance of any other obligation hereunder.

#### **SECTION 4. ROUTINE MAINTENANCE AND REPAIR**

A. GRANTEE, at GRANTEE'S sole cost, shall maintain PIPELINES in good working order in conformity with all applicable federal, state and local rules and regulations and

shall perform any necessary REPAIRS. CITY agrees to process permit applications for such REPAIRS in a timely manner, subject to the payment of the fee therefor as set by CITY COUNCIL.

B. Subject to GRANTEE'S compliance with the provisions of Section 10 below, GRANTEE, at GRANTEE'S sole cost, shall conduct REPAIRS of PIPELINES and APPURTENANCES with the least possible hindrance to the use of STREETS, and as soon as such work is completed, all portions of STREETS which have been excavated or otherwise damaged thereby shall be REPAIRED.

C. REPAIR Plans - Should GRANTEE plan any routine REPAIRS to PIPELINES during any calendar year, the plans for such REPAIRS, showing location and approximate date and length of time of work, must be submitted to the DIRECTOR six months prior to the time in which the REPAIRS are to take place. Any REPAIRS not scheduled in accordance herewith may be denied unless the work is an EMERGENCY, or the need is unforeseen.

D. GRANTEE, upon completing REPAIRS under this Section, shall REPAIR all STREETS and private property to the satisfaction of DIRECTOR, and does by this CRIMSON FRANCHISE, guarantee that the work of restoration shall be good against all faulty work and materials and shall, for a period of one (1) year thereafter, maintain all such restored STREET surfaces in as good condition as other portions of said STREET not disturbed by said REPAIRS and according to current ordinances of CITY and all other applicable law, rules, and regulations.

E. In the event City elects to perform work on STREETS that requires relocation or alteration of GRANTEE'S facilities which are the subject matter of this CRIMSON

FRANCHISE, GRANTEE hereby agrees to move and alter its PIPELINES and APPURTENANCES, either permanently or temporarily, as required by the DIRECTOR, at GRANTEE'S sole cost.

F. GRANTEE shall coordinate REPAIRS undertaken under this Section with CITY in order to minimize disruption of the STREETS especially the disturbance of roadways that have been repaved within five years of the date of the proposed REPAIRS. In the case GRANTEE shall be permitted by CITY to perform REPAIRS on such roadways, subject to GRANTEE'S compliance with the provisions of Section 10 below, GRANTEE shall, at its sole cost, provide for the REPAIRS and re-pavement of the roadway.

#### **SECTION 5. UNPLANNED MAINTENANCE AND REPAIRS**

A. GRANTEE shall report as soon as reasonably practicable any unplanned REPAIRS, including but not limited to those undertaken in response to spills or leaks, to CITY. If any portion of any STREET is damaged by reason of operation of PIPELINES and/or APPURTENANCES, or if any STREET, sidewalk, sewer, storm drain, other facility or private property is contaminated with any products transported in PIPELINES, GRANTEE shall, at its sole expense, immediately REPAIR or clean up or cause to be REPAIRED or cleaned up any such damage or contamination and REPAIR such STREET or other facility to the satisfaction of DIRECTOR. Such cleanups shall be accomplished in a timely manner, with as little public disruption as possible.

B. GRANTEE shall reimburse CITY for all costs associated with CITY services provided for such unplanned maintenance and REPAIRS. Such reimbursement shall include, but not be limited to, the current rate of overhead being charged by CITY for

reimbursable work. Reimbursable work shall include, but not be limited to, inspection, traffic control, police, fire, STREET, environmental, and any other CITY response forces or services.

## **SECTION 6. EMERGENCY MAINTENANCE AND REPAIRS**

A. In the case of EMERGENCY, as that term is defined in this CRIMSON FRANCHISE, GRANTEE shall coordinate its response with all Federal, State, Regional, and CITY forces to respond to and rectify such emergency. Such coordination shall include, but not be limited to, providing notice to CITY immediately of such emergency condition.

B. EMERGENCY CREWS - At all times during the term of this CRIMSON FRANCHISE, GRANTEE shall maintain, on a twenty-four (24) hour basis, personnel to operate PIPELINE and APPURTENANCES, including but not limited to the leak detection and other safety or operations systems used in the operation of the PIPELINES. In addition, during the term of this CRIMSON FRANCHISE, GRANTEE shall maintain, on a twenty-four (24) hour basis, adequate standby equipment and properly trained emergency standby crews for the purpose of implementing emergency response such as REPAIRS, oil spill cleanup, preventing or minimizing damage or the threat of damage to people, property and the environment in the event of an emergency resulting from an earthquake, act of war, civil disturbance, flood, leakage, or other cause. As soon as practicable following discovery of an EMERGENCY, GRANTEE shall report the emergency to the National Response Center and other applicable Federal, State, Regional, and agencies and departments and call out the emergency standby crews and equipment.

## **SECTION 7. REMOVAL OR ABANDONMENT OF FACILITIES**

A. Application to DIRECTOR

At the expiration, revocation or termination of this CRIMSON FRANCHISE or upon the permanent discontinuance of the use of its PIPELINES or any portion thereof, GRANTEE shall, within thirty (30) days thereafter, make a written application to DIRECTOR for authority to abandon all or a portion of such PIPELINES. Such application shall describe the PIPELINES desired to be abandoned or removed and shall also describe with reasonable accuracy the relative physical condition of such PIPELINES. Upon abandonment, as-built plans of the PIPELINES as they exist at the time of abandonment shall be provided to CITY. Abandonment of the PIPELINES shall be accomplished as required by the Pipeline Safety Act, State or Federal regulations, or any successor legislation.

B. Determination of DIRECTOR

DIRECTOR shall review the application submitted pursuant to this Section and, within 30 days of such application being deemed complete by DIRECTOR, determine whether such proposed abandonment or removal may be effected without detriment to the public interest or under what conditions such proposed abandonment or removal may be safely effected. DIRECTOR shall notify GRANTEE of the DIRECTOR'S determination to approve, conditionally approve, or deny such application, and, in the case such application is approved or conditionally approved, in accordance with such requirements and conditions as shall be specified by DIRECTOR in any permit issued as a result of the application submitted pursuant to this Section, including but not limited to applicable state and federal regulations, GRANTEE shall, within ninety (90) days of such determination, either:

1. Remove all or a portion of such PIPELINES, or
2. Abandon in place all or a portion of such PIPELINES, as set forth

in the approved Permit.

C. Failure to Properly Abandon

If any PIPELINES to be abandoned in place subject to prescribed conditions shall not be abandoned in accordance with all such conditions, then DIRECTOR may make additional appropriate orders, including, if deemed desirable, an order that GRANTEE shall remove all such PIPELINES in accordance with applicable requirements of the Pipeline Safety Act or other governing law or statute. In the event GRANTEE shall fail to remove any facilities which it is obligated to remove in accordance with such applicable requirements within such time as may be prescribed by DIRECTOR, then CITY may remove or cause to be removed such PIPELINES at GRANTEE'S expense, and GRANTEE shall pay CITY the actual cost thereof plus the current rate of overhead being charged by CITY for reimbursable work, as such overhead rate may have been set by action of CITY COUNCIL or as may reasonably be calculated by CITY MANAGER

**SECTION 8. REARRANGEMENT/RELOCATION OF FACILITIES**

A. Expense of GRANTEE

Whenever, during the FRANCHISE TERM, CITY shall change the grade, width, or location of any STREET or improve any STREET in any manner including the laying of any sewer, storm drain, conduits, gas, water, or other pipes owned or operated by CITY or any other public agency or utility, or construct any pedestrian tunnels or other work of CITY (the right to do all of which is specifically reserved to CITY without any admission on its part that it would not otherwise have such rights) and such work shall, in the opinion of DIRECTOR, render necessary any change in the position or location of any PIPELINES in the STREET, GRANTEE shall, at its sole cost and expense, do any and all things to effect such change in position or location in conformity with the written notice of DIRECTOR as provided in this Section;

provided, however, that CITY shall not require GRANTEE to remove PIPELINES in their entirety.

B. Expense of Others

Except as provided in Paragraph A of this Section, when such rearrangement/relocation is done for the accommodation of any person, firm, or corporation, the cost of such rearrangement shall be borne by the accommodated party. Such accommodated party, in advance of such rearrangement, shall (a) deposit with GRANTEE either cash or a corporate surety bond in an amount, as in the reasonable discretion of GRANTEE shall be required to pay the costs of such rearrangement, and (b) shall execute an instrument agreeing to indemnify and hold harmless GRANTEE from any and all damages or claims caused by such rearrangement.

C. Rearrangement/Relocation of the Facilities of Others

Nothing in this CRIMSON FRANCHISE shall be construed to require GRANTEE to move, alter, or relocate any of the facilities upon said STREETS for the convenience, accommodation, or necessity of any other public or private utility, person, firm, or corporation, or to require CITY or any person, firm, or corporation now or hereafter owning a public utility system of any type or nature to move, alter, or relocate any part of its system upon said STREETS for the convenience, accommodation, or necessity of GRANTEE.

D. Notice Related to Rearrangement/Relocation of Facilities

Prior to commencement of any rearrangement of facilities which GRANTEE is required to make hereunder, GRANTEE shall be given not less than thirty (30) days' written notice, which notice shall specify the time that such work is to be accomplished. In the event that CITY shall change the planned rearrangement/relocation of facilities, or the notice given to



GRANTEE, GRANTEE may require an additional period no fewer than sixty (60) days to accomplish such work, unless GRANTEE shall waive such additional period in whole or in part.

#### **SECTION 9. SUSPENSION OF OPERATIONS**

If, for any reason, GRANTEE suspends operations on PIPELINES, during any period of suspended operations and while maintenance and REPAIRS are effectuated, GRANTEE shall maintain its normal pipeline surveillance and safety monitoring processes, including all cathodic protection systems, to ensure ongoing pipeline integrity. This shall continue until such a time as the line is returned to service or abandoned in accordance with this CRIMSON FRANCHISE. Subject to the foregoing, this will confirm that performing maintenance or REPAIR of the PIPELINES shall not be construed as suspending operations.

#### **SECTION 10. SAFETY REQUIREMENTS AND REPORTING**

##### **A. Conformance with Pressure Piping Code**

The PIPELINES and APPURTANCES shall be operated, maintained, replaced or REPAIRED in accordance with the latest revision of the "American National Standard Code for Pressure Piping ANSI/ASME B31 4-1979," American Petroleum Institute Standard 1104, Code of Federal Regulations, Part 195, Title 49 USC and other applicable standards and codes, whichever is the most stringent.

##### **B. Conformance with Federal and State Law**

The PIPELINES and APPUTENANCES shall be operated, maintained, replaced or REPAIRED in accordance with all applicable Federal and/or State standards for the constructing and operation of interstate pipelines as set forth in State or Federal laws, rules or regulations. Whenever there is a conflict with the Federal or State standards, the more stringent standard will prevail.

C. Conformance with City Ordinances, Regulations, and Permits

The PIPELINES and APPURTENANCES shall be operated, maintained, replaced, or REPAIRED in conformity with all applicable CITY ordinances, rules or regulations (including, without limitation, City's Standard Plans for Public Works Construction and the Standard Specifications for Public Works and standard plans for street REPAIR), not in conflict with Federal or State standards, or as otherwise prescribed by CITY COUNCIL, not in conflict with Federal or State standards, and in accordance with the terms and conditions of any permit issued by the DIRECTOR.

D. Reporting

GRANTEE shall maintain and make reasonably available to CITY upon request by CITY to inspect all records as may be required by any regulatory authority, including the California Public Utilities Commission, the California State Fire Marshal, and any other Federal or State body or official.

Prior to the EFFECTIVE DATE, GRANTEE shall provide, at sole cost of GRANTEE, to the DIRECTOR, a report verified under oath or penalty of perjury by a duly authorized officer of GRANTEE, which describes in full the following information:

- (i) The length of PIPELINES prescribed in this CRIMSON FRANCHISE;
- (ii) The nominal internal diameter of PIPELINES;
- (iii) The method used to calculate the ANNUAL FRANCHISE FEE,

including the total amount due to the CITY; and

- (iv) Maps or suitable diagrams indicating the accurate “as-built” location and size of the PIPELINES and contingency plans for any pipeline emergencies.

Should any of the information set forth in the report change at any time during the FRANCHISE TERM, GRANTEE shall, within sixty (60) days, provide to the DIRECTOR a report reflecting the changes verified under oath or penalty of perjury by a duly authorized officer of GRANTEE. CITY reserves the right to revise and to amend the safety and reporting requirements prescribed in this CRIMSON FRANCHISE in conformity with all rules and regulations now or hereafter adopted or prescribed by any State or Federal law.

#### **SECTION 11. INDEMNIFICATION, INSURANCE, AND BONDS**

A. Indemnification: Grantee shall indemnify, defend, and hold CITY, CITY COUNCIL as well as CITY’s boards, commissions, officers, agents, servants, volunteers and employees harmless from and against any and all claims, demands, or causes of action which may be asserted, prosecuted, or established against them, or any of them, for damage to persons or property, of whatever nature, arising out of GRANTEE’s use of STREETS hereunder or arising out of any of the operations or activities of GRANTEE pursuant to this CRIMSON FRANCHISE, whether such damage shall be caused by GRANTEE’s negligence or otherwise, including reasonable attorneys’ fees regardless of the merit or outcome of any such claim or suit.

B. GRANTEE shall indemnify, defend, and hold harmless CITY, CITY COUNCIL as well as CITY’s boards, commissions, officers, agents, servants, volunteers and

employees, from and against any and all claims and losses whatsoever, including reasonable attorney's fees, accruing or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, equipment, or supplies to GRANTEE or to its contractors in connection with activities or work conducted or performed pursuant to this CRIMSON FRANCHISE and arising out of such activities or work, and from any and all claims or losses whatsoever, including reasonable attorneys' fees, accruing or resulting to any person, firm or corporation for damage, injury, or death arising out of GRANTEE's operations.

C. GRANTEE shall indemnify, defend and hold harmless CITY, CITY COUNCIL, as well as CITY's boards, commissions, officers, agents, servants, volunteers, and employees from and against any and all claims and losses whatsoever, including reasonable attorney's fees, for any act in connection with approving this CRIMSON FRANCHISE.

D. Insurance: GRANTEE at all times during the FRANCHISE TERM shall maintain insurance for all operations of GRANTEE relating to the operation of PIPELINES within CITY in the amounts and coverages specified and described in Exhibit "B" attached hereto and incorporated herein by this reference.

E. Upon request of DIRECTOR, GRANTEE shall file with CITY a bond in the amount of Seventy-Five Thousand Dollars (\$75,000.00) in favor of CITY, in a form approved by CITY ATTORNEY, to ensure satisfactory REPAIRS of PIPELINES, APPURTENANCES, STREETS and public and private property. For each additional renewal period thereafter, the amount of the required bond shall be reviewed and shall be increased based on the then current pipeline franchise standard. In no event shall the amount of the bond be reduced below Seventy-Five Thousand Dollars (\$75,000.00); provided, however, to the extent all or any segment of the PIPELINES located in the CITY is, from time to time, removed or

abandoned in accordance with the provisions of this CRIMSON FRANCHISE, the amount of the bond shall be reviewed by CITY and GRANTEE and shall be reduced in accordance with the then current pipeline franchise standard.

## **SECTION 12. DEFAULT**

### **A. Effect of Default**

In the event that GRANTEE shall default in the performance of any of the terms, covenants, and conditions herein and such default is curable, CITY may give written notice to GRANTEE of such default. In the event that GRANTEE does not commence the work necessary to cure such default within thirty (30) days after such notice is sent or prosecute such work diligently to completion, CITY may declare this CRIMSON FRANCHISE forfeited. Upon giving written notice thereof to GRANTEE, this CRIMSON FRANCHISE shall be void and the rights of GRANTEE hereunder shall terminate, and GRANTEE shall execute an instrument of surrender and deliver the same to CITY. Upon giving notice of such forfeiture to GRANTEE and the State Fire Marshal, CITY may require GRANTEE to immediately shut off the access valves to the PIPELINES. Further, CITY may require GRANTEE to effect the removal of PIPELINES at the sole cost of GRANTEE. In the event GRANTEE does not commence removal of the facilities within 60 days of receipt of notice from CITY that removal is required, then CITY may commence removal of such facilities and pursue remedies against GRANTEES, including but not limited to, the exercise of its rights under any bonds provided under this CRIMSON FRANCHISE.

### **B. Force Majeure**

In the event GRANTEE is unable to perform any of the terms of this CRIMSON FRANCHISE by reason of strikes, riots, acts of God, acts of public enemies, or other such cause

beyond its control, it shall not be deemed to be in default or have forfeited its rights hereunder if it shall commence and prosecute such performance with all deliberate speed.

C. Cumulative Remedies

No provision herein made for the purpose of securing the enforcement of terms and conditions of this CRIMSON FRANCHISE shall be deemed an exclusive remedy, or to afford the exclusive procedure, for the enforcement of said terms and conditions, but the remedies and procedures herein provided, in addition to those provided by law, shall be deemed to be cumulative.

**SECTION 13. SCOPE OF RESERVATION**

The enumeration herein of specific rights reserved shall not be construed as exclusive or as limiting such rights as CITY may now or hereafter have in law.

**SECTION 14. NOTICE**

Any notice required to be given under the terms of this CRIMSON FRANCHISE, the manner of services of which is not specifically provided for elsewhere herein, may be served as follows:

(1) Upon CITY, by serving the City Clerk personally, or by addressing a written notice to the City Clerk of the City of Culver City, City Hall, 9770 Culver Boulevard, P. O. Box 507, Culver City, California 90232-0507, or at such address as may be subsequently provided to GRANTEE, and depositing such notice in the United States mail, postage prepaid or,

(2) Upon GRANTEE, by personal delivery to the Chief Operating Officer or by addressing a written notice to GRANTEE addressed as follows:

Crimson California Pipeline, L.P.  
3780 Kilroy Airport Way, Suite 400  
Long Beach, California 90806  
Attn: Land Department

and depositing such notice in the United States mail, postage prepaid, or such other address as may from time to time be furnished in writing by one party to the other, and depositing said notice in the United States mail.

When the service of any such notice is made by mail, the time of such notice shall begin with and run from the date of the deposit of same in the United States mail.

#### **SECTION 15. SUCCESSORS**

The terms herein shall inure to the benefit of or shall bind, as the case may be, the successors and assigns of the parties hereto. Assignment of this CRIMSON FRANCHISE shall require the written approval of CITY, which approval shall not unreasonably be withheld. In the event GRANTEE wishes to request CITY approval of assignment of this CRIMSON FRANCHISE, such request shall be made in writing by GRANTEE and shall be accompanied by the FRANCHISE ASSIGNMENT FEE contained herein. Approval of assignment may be executed by CITY MANAGER or, in the case CITY MANAGER so determines, referred to CITY COUNCIL for consideration. This CRIMSON FRANCHISE is granted exclusively to GRANTEE. CITY may demand proof of financial responsibility of any proposed assignee of GRANTEE. The provisions of this Section shall not apply to GRANTEE's assignment of rights, duties and obligations under this CRIMSON FRANCHISE to any affiliate or subsidiary of GRANTEE. As used in this CRIMSON FRANCHISE, the term "affiliate" or "subsidiary" shall mean an entity controlling, controlled by or under common control with the entity to which the term applies, whether by ownership, contract or voting control. GRANTEE and the entity to

whom the rights are to be assigned shall sign an assignment and assumption agreement whereby the transferee agrees to be bound by and comply with the terms of this CRIMSON FRANCHISE.

**SECTION 16. ACCEPTANCE OF FRANCHISE**

This CRIMSON FRANCHISE is granted and shall be held and enjoyed only upon the terms and conditions herein contained, and GRANTEE must, within thirty (30) days after the ordinance granting said CRIMSON FRANCHISE becomes effective, file with CITY CLERK a written acceptance of such terms and conditions. Failure of GRANTEE to file said written acceptance subjects this CRIMSON FRANCHISE to revocation by CITY upon CITY providing written notice thereof to GRANTEE.

**SECTION 17. COSTS OF LITIGATION**

If any legal action is necessary to enforce any provision hereof or for damages by reason of an alleged breach of any provisions of this CRIMSON FRANCHISE, the prevailing party shall be entitled to receive from the losing party reasonable costs and expenses in such amount as the court or arbitrator may adjudge to be reasonable attorney's fees and costs incurred by the prevailing party in such action or proceeding.

**SECTION 18. CAPTIONS FOR CONVENIENCE**

The captions herein are for convenience and references only and are not a part of this CRIMSON FRANCHISE and do not in any way limit, define or amplify the terms and provisions hereof.

**SECTION 19. FRANCHISE TO BE STRICTLY CONSTRUED AGAINST GRANTEE**

A. This CRIMSON FRANCHISE is granted upon each and every condition herein contained and shall ever be strictly construed against GRANTEE.



B. If any section, subsection, sentence or clause or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. CITY COUNCIL hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases are declared invalid or unconstitutional.

#### **SECTION 20. GOVERNING LAW**

This CRIMSON FRANCHISE has been made and shall be constructed and interpreted in accordance with the laws of the State of California.

#### **SECTION 21. MEDIATION/REFERENCE**

A. If a dispute arises between the parties relating to this CRIMSON FRANCHISE, the parties agree to use the following procedure prior to using the reference procedure described in Section 21.B below. A meeting shall be held promptly between the parties, attended by individuals with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute. If, within thirty (30) days after such meeting, the parties have not succeeded in negotiating a resolution of the dispute, they agree to submit the dispute to mediation in accordance with the commercial Mediation Rules of the American Arbitration Association. GRANTEE shall advance the costs of mediation. The parties shall jointly appoint a mutually acceptable mediator, seeking assistance in such regard from the American Arbitration Association if they have been unable to agree upon such appointment within twenty (20) days from the conclusion of the negotiation period. The parties agree to participate in good faith in the mediation and negotiations related thereto for a period of thirty

(30) days. Any decision of the mediator shall be supported by written findings of facts and conclusions of law. The mediator shall apportion the costs of mediation.

B. If the parties are not successful in resolving the dispute through mediation, the matter shall be heard by a referee pursuant to the provisions of California Code of Civil Procedure Sections 638 to 645.2, inclusive. The parties hereto shall agree upon a single referee who shall try all issues of fact, whether at law or in equity (including, but not limited to, specific enforcement of any provision of this agreement, declaratory relief or injunctive relief), and report a finding and judgment thereon. If the parties are unable to agree upon a referee, either party may seek to have one appointed, pursuant to California Code of Civil Procedure Sections 638 and 640. The cost of such proceeding shall initially be borne equally by the parties. However, the prevailing party shall be entitled, in addition to all other costs, to the costs of the reference as an item of recoverable costs.

C. Notwithstanding the provisions of this Section 21, either party shall be entitled to seek declaratory and injunctive relief in any court of competent jurisdiction to enforce the terms of this CRIMSON FRANCHISE or to enjoin the other party from an asserted breach thereof, pending the selection of a referee, on a showing that the moving party would otherwise suffer irreparable harm.

## **SECTION 22. EXECUTION**

The Mayor of the City shall sign and CITY CLERK shall attest to the passage of this ordinance. This ordinance shall take effect thirty (30) days from the date of its adoption and prior to the expiration of fifteen (15) days from the adoption hereof CITY CLERK, pursuant to Section 616 of the City Charter, shall cause a summary of this ordinance to be published and

shall post in the Office of the City Clerk a copy of the full text of this ordinance along with the record of the vote thereon.


APPROVED and ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_, Mayor  
City of Culver City, California

ATTEST

APPROVED AS TO FORM

\_\_\_\_\_  
MARTIN R. COLE,  
City Clerk

  
\_\_\_\_\_  
CAROL A. SCHWAB  
for City Attorney

**EXHIBIT "A"**

**MAPS REFLECTING LOCATION OF PIPELINES**

## **EXHIBIT "B"**

### **INSURANCE REQUIREMENTS**

Without limiting Grantee's duty to indemnify City, Grantee shall procure and maintain, for the duration of the Franchise, insurance against claims for injuries to persons or damages to property that may arise from or in connection with the operation, use, maintenance or any other privilege exercised under the Franchise:

#### **Minimum Scope/Limits of Insurance**

Coverage may be arranged through any combination of primary and excess or umbrella policies to reach the required minimum limits. Required coverage shall be as follows:

1. **Commercial General Liability (CGL):** Providing coverage at least as broad as Insurance Services Office Form CG 00 01 and covering bodily injury, property damage, personal injury and advertising injury. The CGL policy shall be scheduled under the Excess or Umbrella policy identified in Paragraph 3, below. This policy shall contain no exclusions for:
  - a. Hazards commonly referred to as "XCU," including explosion, collapse and underground property damage; or
  - b. Work performed within 50 feet of a railroad.
2. **Business Auto Liability:** Providing coverage at least as broad as Insurance Services Office Form CA 00 01. This policy shall cover "any auto" (symbol "1"). This policy shall be scheduled under the Excess or Umbrella policy identified in Paragraph 3, below.
3. **Excess or Umbrella Liability:** Providing coverage at least as broad as specified above for the CGL and Business Auto coverage, with total limits of not less than \$10,000,000 per occurrence and in the aggregate. Such policy or policies shall include the following terms and conditions:
  - a. A drop down feature requiring the policy to respond in the event that any primary insurance that would otherwise have applied proves to be uncollectable, in whole or in part, for any reason;
  - b. Pay on behalf of wording, as opposed to reimbursement;
  - c. Concurrency of effective dates with primary policies;
  - d. Policies shall "follow form" to the underlying primary policies;

- e. Insureds under primary policies shall also be insureds under the umbrella or excess policies.
4. Pollution Legal Liability and/or Asbestos Pollution Legal Liability: Insurance appropriate to the work being performed, with limits of no less than \$35,000,000 per claim or occurrence. All activities contemplated in this Franchise shall be specifically scheduled on the policy as “covered operations.” This policy shall specifically provide for a duty to defend on the part of the insurer. Coverage shall be included on behalf of the insured for covered claims arising out of the actions of independent contractors. If the insured is using subcontractors, the policy must include work performed “by or on behalf” of the insured.

If the Grantee maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Grantee.

### **Other Insurance Provisions**

The policies are to contain, or be endorsed to contain, the following provisions:

- a. Additional Insured Status (all policies): The City, its officers, officials, employees and volunteers are to be covered as additional insureds on the CGL, Umbrella and Pollution policies.
- b. Primary Coverage (all policies): For any claims related to this Franchise, the Grantee’s insurance shall be primary as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be in excess of the Grantee’s insurance and shall not contribute with it.
- c. Notice of Cancellation (all policies): Each insurance policy required herein shall state that coverage shall not be cancelled, except after 30 days prior written notice of reasons for cancellation (other than non-payment of premium) has been given to the City.
- d. Waiver of Subrogation (all policies): Grantee hereby grants to the City a waiver of any right of subrogation which any insurer of said Grantee may acquire against the City by virtue of payment of any loss. Grantee agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

### **Requirements Not Limiting**

Requirements of specific coverage features or limits contained in this Exhibit B are not intended as a limitation on coverage, limits or other requirements, nor as a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for

purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type.

### **Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by the City. The City may require the Grantee to reduce or eliminate the deductible or retention applicable to this Franchise or provide satisfactory proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

### **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best rating of no less than A-:VII, unless otherwise acceptable to the City.

### **Timely Notice of Claims**

Grantee shall give City prompt and timely notice of claims made or suits instituted that arise out of or result from Grantee's performance under this Franchise, and that involve or may involve coverage under any of the required liability policies.

### **Claims Made Policies**

If the Pollution Legal Liability and/or Asbestos Legal Liability and/or Errors & Omissions policy provides "claims made" coverage:

- a. The Retroactive Date must be shown, and must be before the effective date of this Franchise.
- b. The insurance must be maintained and evidence of insurance must be provided for at least 5 years after termination of the Franchise.
- c. If the policy is cancelled or not renewed, and not replaced with another "claims made" policy form with a Retroactive Date prior to the effective date of the Franchise, the Grantee must purchase "extended reporting" coverage for a minimum of 5 years after termination of the Franchise.
- d. A copy of the claims reporting requirements must be submitted to the City for review.

### **Verification of Coverage**

Grantee shall furnish the City with original certificates and amendatory endorsements or copies of the applicable policy language providing the insurance coverage required herein. All certificates and endorsements are to be received and approved by the City before work commences. However, failure to obtain required documents prior to the work beginning shall not waive the Grantee's obligation to provide them. Grantee acknowledges and agrees that any

actual or alleged failure on the part of the City to inform Grantee of non-compliance with any insurance requirement imposes no additional obligations on the City nor does it waive any rights hereunder. The City reserves the right to require complete, certified copies of all required insurance policies, including the endorsements required herein, at any time.



## EXHIBIT "C"

### FRANCHISE FEE CALCULATION

The length of pipe expressed in feet located within the City, rounded to the nearest foot, shall be multiplied by the applicable CPUC (California Public Utilities Code) base rate (see Table 2 below). The applicable base rate shall be multiplied by the Consumer Price Index (CPI-U), All Items for the Los Angeles-Riverside-Orange County areas, as published by the United States Department of Labor, Bureau of Labor Statistics for the month of September immediately preceding the month in which payment is due and payable, and divided by the Consumer Price Index for June 30, 1989, which is declared to be 100.0. Under no circumstances shall the multiplying factor be less than one. Under the CPUC the base rate is adjusted based on CPI (Consumer Price Index) series ID CUURA421SA0 (see Table 1 below):

*Table 1*

Consumer Price Index – All Urban Consumers  
Original Data Value

Series ID: CUURA421SAO  
Not Seasonally Adjusted  
Area: Los Angeles-Riverside-Orange County, CA  
Item: All items  
Base Period: 1982-84=100  
Years: 1989 to 2014

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1989	124.6	125.5	126.2	127.2	128.3	128.7	129.0	128.9	130.1	130.0	130.0	130.6	128.3	126.8	129.8
1990	132.1	133.6	134.5	134.2	134.6	135.0	135.6	136.3	137.7	138.7	138.9	139.2	135.9	134.0	137.7
1991	140.0	139.9	139.7	140.7	140.8	140.8	141.5	141.7	142.6	142.9	143.5	143.1	141.4	140.3	142.6
1992	144.3	144.9	145.5	145.8	146.0	146.2	146.7	146.9	147.4	148.4	148.2	148.2	146.5	145.5	147.6
1993	149.2	150.0	149.8	149.9	150.1	149.7	149.8	149.9	150.2	150.9	151.6	151.9	150.3	149.8	150.7
1994	152.2	152.2	152.5	152.0	151.4	151.3	151.7	152.0	152.7	153.4	152.9	153.4	152.3	151.9	152.7
1995	154.3	154.5	154.6	154.7	155.1	154.8	154.5	154.4	154.6	155.2	154.4	154.6	154.6	154.7	154.6
1996	155.7	156.2	157.3	157.7	157.5	156.7	157.6	157.3	158.2	158.8	158.4	158.3	157.5	158.9	158.1
1997	159.1	159.2	159.8	159.9	159.5	159.4	159.5	159.7	160.5	161.1	160.7	161.2	160.0	159.5	160.5
1998	161.0	161.1	161.4	161.8	162.3	162.2	162.1	162.6	162.6	163.2	163.4	163.5	162.3	161.6	162.9
1999	164.2	164.6	165.0	166.6	166.2	165.4	165.8	166.3	167.2	167.2	167.1	167.3	166.1	165.3	166.8
2000	167.9	169.3	170.7	170.6	171.1	171.0	171.7	172.2	173.3	173.8	173.5	173.5	171.6	170.1	173.0
2001	174.2	175.4	176.2	176.6	177.5	178.9	178.3	178.4	178.8	178.3	178.1	177.1	177.3	176.5	178.2
2002	178.9	180.1	181.1	182.2	182.6	181.9	182.2	183.0	183.4	183.7	184.0	183.7	182.2	181.1	183.3
2003	185.2	188.5	188.2	187.6	186.4	186.3	186.3	186.9	188.2	187.8	187.1	187.0	187.0	186.7	187.2
2004	188.5	190.1	191.5	191.9	193.3	193.7	193.4	193.1	194.5	196.3	196.9	195.2	193.2	191.5	194.9
2005	195.4	197.4	199.2	201.1	201.5	200.7	201.4	203.1	205.8	206.9	205.6	203.9	201.8	199.2	204.5
2006	206.0	207.5	208.5	210.5	212.4	211.1	211.4	211.9	212.9	211.4	211.1	210.6	210.4	209.3	211.6
2007	212.584	214.760	216.500	217.845	218.596	217.273	217.454	217.330	217.697	218.696	219.943	219.373	217.338	216.260	218.416
2008	220.918	221.431	223.606	224.625	226.651	229.033	229.886	228.484	227.449	226.159	222.229	219.620	225.008	224.377	225.638
2009	220.719	221.439	221.376	221.693	222.522	223.906	224.010	224.507	225.226	225.264	224.317	223.643	223.219	221.943	224.495
2010	224.610	224.620	225.483	225.916	226.438	225.877	225.991	226.373	226.048	226.794	225.941	226.639	225.894	225.491	226.298
2011	228.652	229.729	232.241	233.319	233.367	232.328	231.303	231.833	233.022	233.049	232.731	231.567	231.928	231.606	232.251
2012	233.441	234.537	236.941	236.866	237.032	236.025	235.776	237.222	238.104	240.111	237.675	236.042	236.648	235.807	237.488
2013	238.015	239.753	239.995	239.043	239.346	239.223	238.920	239.219	239.611	239.940	238.677	238.742	239.207	239.229	239.185
2014	239.857	241.059	242.491	242.437	243.362	243.528	243.727	243.556	243.623					242.122	

Table 2

CPUC 1989 Table Pipe Size (internal diameter in inches)	Base rate per lineal foot
0 – 4	\$0.088
6	0.132
8	0.176
10	0.220
12	0.264
14	0.308
16	0.352
18	0.396
20	0.440
22	0.484
24	0.528
26	0.572
28	0.616
30	0.660

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Formula for Franchise Fee Calculations:

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- CPI Adjustment = Current Year CPI / Original Year (June 30, 1989) CPI (from Table 1).
  - Payment Amount = Linear Feet of Pipe x CPUC Base Rate (from Table 2) x CPI Adjustment:
1. 1,186 feet of 10” pipe:  
CPI Adjustment =  $243.623 / 128.7 = 1.893$   
Payment Amount =  $1,186 \times \$0.220 \times 1.893 = \mathbf{\$493.92}$
  2. 1,588 feet of 12” pipe:  
CPI Adjustment =  $243.623 / 128.7 = 1.893$   
Payment Amount =  $1,588 \times \$0.264 \times 1.893 = \mathbf{\$793.60}$

**Franchise Fee for 2015:                      \$1,287.52**

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