R/W 4574-1

ORDINANCE NO. 3962

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE GRANTING TO MOBIL OIL CORPORATION, A NEW YORK CORPORATION, A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN PIPELINES FOR THE TRANSPORTATION OF HYDROCARBON SUBSTANCES IN THE COUNTY OF ORANGE

A. Recitals.

- (i) On June 4, 1996, the Board of Supervisors of the County of Orange adopted its Resolution No. 96-388 setting forth said Board's intention to grant a new franchise, to replace Mobil Oil Corporation's franchise Ordinance No. 761 which expired September 20, 1995, under and pursuant to the provisions of Article 1 of Chapter 2 of Division 3 of the California Public Utilities Code, commencing at Section 6201, for certain purposes.
- (ii) Pursuant to said Resolution No. 96-388 the Board of Supervisors set the date of July 9, 1996 at the hour of 9:30 a.m., as the time for public hearing for interested persons to voice any objections to the granting of the franchise to MOBIL OIL CORPORATION, a New York corporation.
- (iii) Heretofore, this Board has held a public hearing on its intention to grant said franchise and it is now the desire of this Board to grant said franchise, in accordance with the terms and conditions specified in this Ordinance.
- (iv) All legal prerequisites to the enactment of this Ordinance have occurred.

B. Ordinance.

NOW, THEREFORE, IT IS ORDAINED by the Board of Supervisors of the County of Orange as follows:

Section 1.

Whenever in this Ordinance the words or phrases set forth in this section are used, they shall have the respective meanings ascribed to them in the following definition (unless, in the given instance, the context wherein said words or phrases

are used shall clearly import a different meaning):

- a. The word "Grantee" shall mean MOBIL OIL CORPORATION, a New York corporation and its lawful successors or assigns;
 - b. The word "County" shall mean the County of Orange, State of California;
- c. The word "streets" shall mean the public highways, streets, ways, alleys and places as the same may now or hereafter exist within said unincorporated areas of County;
- d. The words "County Engineer" shall mean the Director of the Environmental Management Agency of Orange County or his designees;
- e. The word "oil" shall mean petroleum, gas, oil, gasoline, other hydrocarbon substances or water;
- f. The phrase "pipes and appurtenances" shall mean pipe, pipeline (not to exceed twelve (12) inches in diameter), main, service, trap, vent, vault, manhole, meter, gauge, regulator, valve, conduit, appliance, attachment, appurtenance and any other property located or to be located in or under the streets of the County, and used or useful in the transmission and distribution of oil; and
- g. The phrase "lay and use" shall mean to lay, construct, erect, install, operate, maintain, use, repair, replace or remove.

Section 2.

That the right, privilege and franchise, subject to each and all of the terms and conditions contained in this Ordinance, and pursuant to the provisions of Article 1 of Chapter 2 of Division 3 of the Public Utilities Code of the State of California, be and the same hereby is granted to Grantee, its successors and assigns, to lay and use pipes and appurtenance for transmitting and distributing oil for any and all purposes, under and in the streets of County as described in Exhibits "A" & "B" attached hereto and made part hereof.

Section 3.

This franchise is non-exclusive and is granted and shall be held and enjoyed

only upon the provisions and conditions prescribed by law and those contained in this Ordinance. The term of this franchise shall be for twenty-five (25) years commencing thirty (30) days after its passage and adoption by the Board of Supervisors and effective upon Grantee's written acceptance not later than ten (10) days after publication of said Ordinance.

Section 4.

THE GRANTEE SHALL:

a. Fees

During the life of said franchise the Grantee thereof, its successors and assigns, shall pay in advance to the County of Orange annual fees in accordance with Public Utilities Code Section 6231.5, which specifies a base rate of \$0.132 per linear foot for a 6-inch diameter pipeline. The applicable base rate shall be multiplied by the Consumer Price Index, All Urban Consumers, for the Los Angeles-Anaheim-Riverside area (1982-84 = 100), as published by the United States Department of Labor, Office of Information 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 stood at 128.7.

If the United States Department of Labor, Office of Information discontinues the preparation or publication of a Consumer Price Index for the area, and if no translation table prepared by the Department of Labor is available so as to make those statistics which are then available applicable to the index of June 30, 1989, the County shall prescribe a rate of payment which shall, in its judgment, vary from the rates specified in this section in approximate proportion as commodity consumer prices then current vary from commodity consumer prices current in December 1988.

On this point, the determination by the County shall be final and conclusive.

b. Review

The County reserves the right to change its fees at five (5) year intervals from the effective date of the ordinance granting the franchise, after a public

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hearing determines good cause is found and such action is not in conflict with the law of the State of California.

c. Reports

The Grantee during the life of the franchise, shall file with the Auditor-Controller, at the time of payment of annual franchise fees, a copy of the report certified by the oath of the Grantee, or by the oath of duly authorized representative of the Grantee, showing the total pipeline footages for the immediately preceding fiscal year, or fraction thereof, in connection with the furnishing of the commodity or services arising from the use, operation, or possession of the franchise.

d. The Accounting Year

"The accounting year shall consist of the period from January 1 through December 31. Payment for any fraction of an accounting year due to commencement, expiration or termination of this franchise shall be pro-rated on a daily basis, utilizing a daily factor of 1/365."

Once an accounting year is established, it shall be continued through the term of the ordinance unless Grantor specifically approved in writing a different accounting year. Grantor shall only approve a change in accounting years in the event of undue hardship being placed on either the Grantee or Grantor, and not because of mere convenience or inconvenience.

e. Payment Due Date

The Grantee shall pay the County, prior to February 1 of each year for the life of this franchise, in lawful money of the United States, the above required advance payment for the accounting year, or fractional accounting year. Payments are to be made to the County of Orange, Auditor-Controller, P.O. Box 567, Santa Ana, California 92702.

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Section 5. Late Payment Penalty

If a franchise payment, as specified in Section 4 is not received from Grantee or postmarked within ten (10) days after the due date, a late charge of one percent (1%) of the payment due and unpaid plus \$25.00 shall be added to the payment, and the total sum shall become immediately due and payable to the County. An additional one (1%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

Section 6. Records

Grantee shall keep and preserve, for a period of five (5) years subsequent to the date of the most recent franchise payment, records, and accounts of all financial transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted herein. The records must be supported by source documents such as sales slips, cash register tapes, purchase invoices, or other pertinent documents.

All Grantee's books of account and records related to this franchise or to business operations arising from the use, operation or possession of the franchise shall be kept and made available to the County of Orange.

Section 7.

That any neglect, failure or refusal to comply with any of the conditions of said franchise may effect a forfeiture thereof, and after giving 30 days written notice of intent to revoke describing the cause of revocation, said County by its Board of Supervisors may thereupon declare said franchise forfeited and may exclude said Grantee or his or its successors or assigns from further use of the highways of said County under said franchise; and said Grantee, and his or its successors or assigns, shall thereupon and immediately surrender all rights in and to the same, and said franchise shall be deemed and shall remain null, void, and of no effect. The right of the County's to declare a forfeiture of the franchise as set forth above in this section shall be in addition to and not in lieu of any and all other

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rights and remedies available to the County at law or in equity and the County may pursue, at its option, forfeiture or any other right or remedy cumulatively or in the alternative.

Section 8.

This franchise is granted in lieu of all other franchises owned by Grantee, or by any successor or assign of the Grantee to any rights under this franchise, for transmitting and distributing oil within the limits of the County, as said limits now or may hereafter exist, and the acceptance of the franchise hereby granted shall operate as an abandonment of all such franchises within the limits of County, as such limits now or may hereafter exist, in lieu of which this franchise is granted.

Section 9.

The franchise granted hereunder shall not become effective until written acceptance thereof shall have been filed by the Grantee with the Clerk of the Board of Supervisors. When so filed, such acceptance shall constitute a continuing agreement of the Grantee that if and when the County shall thereafter annex or consolidate with additional territory, any and all franchise rights and privileges owned by the Grantee therein shall likewise be deemed to be abandoned within the limits of such territory.

Section 10.

The franchise granted hereunder shall not in any way or to any extent impair or affect the right of the County to acquire the property of the Grantee hereof either by purchase or through the exercise of the rights of eminent domain, and nothing herein contained shall be construed to contract away or to modify or to abridge, either for a term or in perpetuity, the County's right of eminent domain in respect to the Grantee or any public utility, nor shall this franchise ever be given any value before any court or other public authority in any proceeding of any character in excess of the cost of the Grantee of the necessary publication and other sum paid by it to the County therefore at the time of acquisition thereof.

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Section 11.

The Grantee shall:

- a. Construct, install and maintain all pipes and appurtenances in a good and workmanlike manner and of good material and in accordance and in conformity with all and any of the ordinances, rules and regulations heretofore, or hereafter adopted by the Board of Supervisors of the County in the exercise of its police powers and not in conflict with the paramount authority of the State of California and, as to state highways, subject to the provisions of general laws, rules and regulations relating to the location and maintenance of such facilities.
- b. Pay to the County, on demand, the cost incurred of all repairs to public streets or property directly or indirectly caused by any acts, omissions or operations of the Grantee under this franchise, including, but not limited to, reasonable overhead expenses in the sum of thirty percent (30%). In lieu of the foregoing obligation of the Grantee's to reimburse the County for damage to public streets or property, the County, at its option, shall have the right to require Grantee, at Grantee's sole cost and expense (including a reasonable fee to the County for supervision and inspection), to promptly repair any said damaged public streets or property to the complete satisfaction of the County.
- c. Indemnify, defend and hold County and its elected officers, officials, agents and employees free and harmless from all liability or loss resulting from claims for damages for injuries to persons or property by reason of Grantee's acts or omissions or those of Grantee's officers, agents or employees in connection with Grantee's acts, omissions or operations under this franchise. Grantee shall be liable to County for all damages proximately resulting from the failure of Grantee to well and faithfully observe and perform each and every provision of this franchise and each and every provision of Article 1 of Chapter 2 of Division 3 of the Public Utilities Code of the State of California, including, but not limited to, any amounts for attorneys' fees and court costs assessed by a court of competent

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jurisdiction.

d. The County of Orange reserves the right to improve any highway, street, alley or other public places, or portion thereof, over and within which this franchise is granted, including the widening, change of grade, construction or reconstruction of such highway, street, alley or other public places or any portion thereof, and there is further reserved to the County of Orange and any municipal corporation, political subdivision or district within the County of Orange the right to construct, reconstruct, install, repair and maintain in any such highway, street, alley or other public places, or portion thereof, any public improvement.

If notice in writing is given to the Grantee thirty (30) days in advance of the fact that work is to be done pursuant to any right reserved above in this section, specifying the general nature of the work and the area in which the same is to be performed, then the Grantee shall do all things necessary to protect its franchise property during the progress of such work, and if ordered by the Board of Supervisors of the County of Orange, the Grantee shall temporarily disconnect or temporarily remove or shall relocate its franchise property within the highway, street, alley or other public places to such extent, in such manner, and for such period as shall be necessary to permit the performance of such work in an economical manner, and in accordance with the generally recognized engineering and construction methods, and to permit the maintenance, operation and use of such public improvement or of the highway, street, alley or other public places as so improved. All of such things to be done and work to be performed by the Grantee shall be at the sole cost and expense of the Grantee.

In the event that the County of Orange or any municipal corporation, political subdivision or district within the County of Orange shall hereafter construct, install, reconstruct or repair any bridge or artificial support in or underlying any highway, street, alley or other public places in which the Grantee's franchise property is located, and in the event that the cost of such work as may

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reasonably be required is increased in order to provide for the installation, maintenance or operation of Grantee's franchise property in or on the area covered by or underlain by said bridge or other artificial support, then the Grantee shall pay to the County or such municipal corporation, political subdivision or district doing such work the full amount of such increase or cost, upon completion of such construction, installation or repair.

- e. File with the Board of Supervisors of the County within thirty (30) days after any sale, transfer, assignment or lease of this franchise, or any part thereof, or any of the rights or privileges granted thereby, written evidence of the same, certified thereto by the Grantee or its duly authorized officers.

 Notwithstanding anything to the contrary set forth in this Section 11 or in this Ordinance, Grantee shall not sell, transfer or assign all or any portion of this franchise or any of the rights or privileges hereby granted without the prior consent of the Board of Supervisors and except by a duly executed instrument in writing filed in the office of the County Clerk of the County of Orange. Nothing in the franchise shall be construed to grant to said Grantee any right to sell, transfer or assign this franchise or any of the rights or privileges hereby granted, except in the manner aforesaid.
 - f. If the Grantee shall fail to comply or to commence and diligently proceed toward compliance with any instruction of the Board of Supervisors or Road Commissioner with respect to the location of any of said franchise property or the repair of any damage to streets, alleys, highways or other public places or any public improvements within thirty (30) days after the service of written notice upon the Grantee requiring compliance therewith, then the Board of Supervisors may immediately do whatever work is necessary to carry out the instructions at the cost and expense of the Grantee, which cost by the acceptance of this franchise, the Grantee shall pay upon demand.

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Section 12.

Grantee shall, at all times during the term of this franchise, maintain on a twenty-four (24) hour-a-day basis, adequate emergency equipment and properly trained emergency crew within a radius of fifty (50) miles from any of the pipes or appurtenances installed or maintained pursuant to this franchise for the purpose of shutting off the pressure and the flow of the contents of such pipes and appurtenances in the event of an emergency resulting from an earthquake, act of war, civil disturbance, flood or other cause.

Section 13.

Subject to the provisions of Section 11(b) hereof, if any portion of any street or publicly owned land or facility shall be damaged by reason of breaks or leaks in any pipe or appurtenance constructed under this franchise, the Grantee shall, at its own expense, immediately following written or oral notification thereof, repair any such damage and put such land or facilities in as good condition as it was in before such break or leak, to the satisfaction of the County Engineer.

Section 14.

Pipes and appurtenances may be installed, operated and maintained under this franchise only in and under the streets set forth in Section 2 hereof. Any additional pipes and appurtenances may be installed, modified, repaired, replaced, operated and maintained within the franchise area only with the consent, pursuant to a permit, of the County.

Section 15.

The County Engineer shall have the power to give the Grantee such directions for the location of any pipes and appurtenances as may be reasonably necessary in the opinion of the County Engineer to avoid sewers, pipes, conduits or other structures in or under the streets. Prior to the commencement of any work to construct any pipe or appurtenances, the Grantee shall file with the County Engineer the plans showing the location thereof, which shall be subject to the approval of said County

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Engineer and done to his satisfaction and in compliance with any and all County rules, regulations, ordinances, standards and/or specifications. All street coverings or openings of traps, vaults, and manholes shall at all times be kept flush with the surface of the streets; provided, however, that vents for underground traps, vaults and manholes may extend above the surface of the streets when said vents are located in parkways, between the curb and the property line subject to the prior approval of the County Engineer.

Upon completion of the construction of any pipelines constructed pursuant to said franchise, the Grantee shall render a statement to the County of Orange, showing in detail the permit or permits issued and the total length of pipeline, the construction of which was authorized under such permit or permits, and the total length of pipeline actually laid.

Section 16.

Within ninety (90) days following the date on which any pipelines or additional pipelines have been laid or constructed under this franchise, the Grantee shall file a map or maps in such form as may be required by the County Engineer showing the accurate location and size of all its facilities then in place, and shall, upon installation of any additional facilities or upon removal, change or abandonment of all or any portion thereof, file a revised map or maps showing the location and size of all such additional and/or abandoned facilities as of that date. If cathodic protection is to be used for facilities installed or maintained pursuant to this franchise, a description of the protective devices shall be furnished to the County Engineer which shall show the location and types of anodes, including a description of methods to be used as a protection against corrosion and electrolytic leakage.

Section 17.

Where it is necessary to lay any underground pipes in or under any portion of a paved or macadamized street, the same, where practicable and economically reasonable, shall be done by a tunnel or bore, so as not to disturb the foundation

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of such paved or macadamized street. In the event that the same cannot be done, such work shall be done under a permit to be granted by the County Engineer upon application therefore and subject to any and all County rules, regulations, ordinance, standards and/or specifications.

Section 18.

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Upon expiration, revocation or termination of this franchise, or the permanent discontinuance of use of the pipelines and appurtenances or any portion thereof, Grantee shall be obligated to either remove, at its sole cost, or abandon all or part of its pipelines and appurtenances in accordance with the determination and ... order by the County Engineer to be in the best interests of the public, which determination shall be final. Grantee shall, at least one (1) year prior to any expiration, make written application to the County Engineer requesting the County's permission to either (1) abandon all, or a portion, of such pipes and appurtenances in place, or (2) remove all, or a portion, of such pipes and appurtenances. application shall describe the location of the pipes and appurtenances desired to be abandoned or removed, and the relative physical condition of such pipes and appurtenances. The County Engineer shall determine whether such abandonment or removal may be affected without detriment to the public interests and under what conditions and terms the proposed abandonment or removal may be safely effected, and shall then notify the Grantee of his determination on what portion, if any, of said pipelines and appurtenances shall be removed and/or abandoned as well as any additional requirements. Grantee shall, within ninety (90) days thereafter, either remove, at its sole cost and expense, all or such portions of such pipes and appurtenances or abandon in place all or a portion of such pipes and appurtenances, as directed by the County Engineer.

If any pipes and appurtenances which are to be abandoned in place subject to prescribed conditions are not abandoned in accordance with all such conditions, the County Engineer may make additional orders including, if desirable, an order that

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Grantee remove all such pipes and appurtenances in accordance with applicable requirements. In the event Grantee fails to remove any pipes and appurtenances in accordance with such applicable requirements within the time prescribed by the County Engineer, then County may remove such pipes and appurtenances and Grantee shall thereafter pay to County the actual cost thereof, plus thirty percent (30%) as and as for County's reasonable overhead expenses. County may also pursue any other right or remedy available to County at law or in equity due to Grantee's failure to perform under this Section 18. Any decision of the County Engineer with respect to conditions, interpretations of plans, specifications, rules, regulations and/or standards shall be final.

Section 19.

Grantee shall be responsible to immediately notify the County of any failure of its pipeline resulting in a spill or leak. Notwithstanding the obligation of Grantee to indemnify the County pursuant to this franchise, Grantee shall, upon demand of County, and at its sole cost and expense, promptly take all actions to remediate County property which are reasonably necessary to mitigate environmental damages.

Such actions shall include, but not be limited to, the investigation of the environmental condition of the property, the preparation of any feasibility studies, reports or remedial plans and the performance of any cleanup, remediation, containment, operation, maintenance, monitoring or restoration work, whether on or off the property. Grantee shall take all actions necessary to restore the property to the condition existing prior to the introduction of hazardous material upon, about or beneath the property notwithstanding any lesser standard of remediation allowable under applicable law or governmental policies.

Section 20.

The County may sue in its own name for the forfeiture of this franchise in the event of noncompliance by the Grantee, its successors or assigns, with any of the

conditions thereof. In the event of any such suit or other legal proceeding, the prevailing party shall be entitled to attorney's fees.

Section 21.

Not later than ten (10) days after the publication of this Ordinance, the Grantee shall file with the County Clerk of the County a written acceptance of the franchise hereby granted and an agreement to comply with the terms and conditions hereof.

Section 22.

The Grantee shall, within ten (10) days after the publication of this

Ordinance, file with the Environmental Management Agency, Building & Development

Services, County Property Permits Division of the County a corporate surety bond in
the penal sum of Five Thousand Dollars (\$5,000.00) in condition that the Grantee
shall well and truly observe, fulfill and perform each and every term, condition and
requirement of this franchise.

Section 23.

Grantee shall, at Grantee's sole cost and expense, keep or cause to be kept in full force and effect, for the mutual benefit of County and Grantee, a comprehensive form of general public liability insurance against claims and liability for personal injury, death, or property damages arising from the use, construction, or maintenance of this franchise of at least One Million Dollars (\$1,000,000.00) for any one accident or occurrence.

All insurance required by express provisions of this Ordinance shall be carried only in responsible insurance companies licensed to do business in the State of California. All such policies shall contain language to the effect that (1) the insurer waives the right of subrogation against the County and against County's agents and representatives, (2) the policies are primary and noncontributing with any insurance that may be carried by the County, and (3) they cannot be canceled materially changed except after thirty (30) days notice by the insurer to the

County. Grantee shall furnish County with copies of all such policies promptly upon receipt of them, or certificates evidencing the insurance. For commencement of the franchise, Grantee shall furnish County with binders representing all insurance required by this Ordinance. Grantee may effect for its own account any insurance not required under this Ordinance.

Grantee shall deliver to County, in the manner provided for, notices, copies or certificates of all insurance policies required by this Ordinance, together with evidence satisfactory to County of payment required for procurement and maintenance of the policy, within the following time limits:

For insurance required at the commencement of this Ordinance, within ten (10) days after this Ordinance becomes effective;

For insurance becoming required at a later date, at least ten (10) days after before this requirement takes effect, or as soon thereafter as the requirement, if new, takes effect; and,

For any renewal or replacement of a policy already in existence, at least twenty (20) days before expiration or other termination of the existing policy.

If Grantee fails or refuses to procure or maintain insurance as required by this Ordinance, or fails or refuses to furnish County with required proof that the insurance has been procured and is enforced and paid for, County shall have the right at County's election and on ten (10) days notice, to declare this franchise as a forfeiture.

Notwithstanding the above, upon prior written notice to County, Grantee may elect to self-insure to the maximum of its deductible, provided that County gives its prior written approval of Grantee's request to self-insure to the maximum of its deductible. Proof of said self-insurance will be given to the County in writing from Grantee's insurance department.

Section 24.

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Any notice required to be given under the terms of this franchise may be served

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as follows:

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Upon the County, by serving the Clerk of the Board of Supervisors, or by addressing a written notice to EMA/Building & Development Services, County Property Permit Division, 300 North Flower, P.O. Box 4048, Santa Ana, California 92702-4048, and depositing such notice in the United States mail, postage prepaid.

Upon the Grantee, by addressing a written notice to Grantee addressed to MOBIL OIL CORPORATION, 3700 West 190th Street, Torrance, CA 90509-2929, Attention:

Rights of Way and Claims Department (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, postage prepaid.

Section 25.

This Ordinance shall take effect and be in full force thirty (30) days from and after its passage and, before the expiration of fifteen (15) days after the passage thereof, shall be published once in the Saddleback Valley, a newspaper published in the County of Orange, State of California, together with the names of the members of the Board of Supervisors voting for or against the same.

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Chairman of the Board of Supervisors

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

KATHLEEN E. GOODNO, Acting Clerk of the Board of Supervisors County of Orange, California

STATE OF CALIFORNIA ss: COUNTY OF ORANGE

I, KATHLEEN E. GOODNO, Acting Clerk of the Board of Supervisors, do hereby certify that at the regular meeting of the Board of Supervisors or Orange County, California, held on the 9th day of July, 1996, the foregoing ordinance containing 25 sections was passed and adopted by the following vote:

SUPERVISORS AYES:

MARIAN BERGESON, WILLIAM G. STEINER,

JAMES W. SILVA, DONALD J. SALTARELLI AND

ROGER R. STANTON

NOES:

SUPERVISORS

NONE

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SUPERVISORS ABSENT:

NONE

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Board of Supervisors of the County of Orange, State of California, this 9th day of July, 1996.

> KATHLEEN E. GOODNO, Acting Clerk of the Board of Supervisors of Orange County, California

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