ORDINANCE NO. \_\_20-007\_\_\_

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE GRANTING TO SUBURBAN WATER SYSTEMS, A CALIFORNIA CORPORATION, A FRANCHISE FOR THE DISTRIBUTION OF WATER WITHIN CERTAIN PUBLIC STREETS AND HIGHWAYS WITHIN UNINCORPORATED AREA

The Board of Supervisors of the County of Orange ordains as follows:

# I. DEFINITIONS

1. “Act” means the Franchise Act of 1937 set forth in Public Utilities Code sections 6201-6302, as it may be amended from time to time.
2. “County” means the County of Orange, a political subdivision of the State of California.
3. “Code” means the California Public Utilities Code.
4. “CPUC” means the California Public Utilities Commission.
5. “Director” means the Director of OC Public Works or his or her designee, or the Director of the County agency charged with the administration of this franchise ordinance.
6. “Franchise” means the rights granted to Franchisee hereunder pursuant to County’s police power and applicable provisions of the Franchise Act of 1937, and any revisions thereto.
7. “Franchisee” means Suburban Water Systems, a California corporation and public utility within the meaning of Public Utilities Code § 216.
8. “Franchise Area” means the certain property which is the subject of this Franchise and described herein.
9. “Lay and Use” means to lay, construct, erect, install, operate, maintain, use, repair, replace or remove.
10. “Pipes and Appurtenances” means pipe, pipelines, main, service, trap, vent, vault, manhole, meter, gauge, regulator, valve, hydrant, air release valve, blow-off, conduit, ditch, flume, appliance, attachment and other appurtenances located or to be located in, upon, along, across or under the streets of the unincorporated area of the County, and used in transmitting and distributing water.
11. “Streets” means the public streets, ways and alleys as the same now or may hereafter exist within the unincorporated area of the County.
12. “Water” means water of any type, including, without limitation, potable water, reclaimed water and wastewater.
13. “Work” means any and all construction, installation, repair, maintenance, removal or relocation of any Pipes and Appurtenances or other improvements performed under this Franchise.

# II. GRANT; TERM; EXPIRATION; NON-EXCLUSIVITY

1. Grant of Franchise. The right, privilege and franchise is hereby granted to Franchisee to use the Streets for transmitting and distributing Water for any and all lawful purposes, including the right to Lay and Use all Pipes and Appurtenances.
2. Franchise Term. The term of this Franchise shall be for a period of ten (10) years beginning on the day of written acceptance in accordance with Section III below (“Franchise Term”). This Franchise shall expire prior to the end of the term if (i) Franchisee voluntarily surrenders or abandons the Franchise with the consent of CPUC or by order of the CPUC; (ii) the State of California or any municipal or public corporation duly authorized by law purchases by voluntary agreement or condemns and takes under the power of eminent domain all property used in the exercise of this Franchise and located within its territorial limits; or (iii) the Franchise is forfeited for noncompliance with its terms by Franchisee.
3. Expiration. This Franchise shall terminate upon the expiration of the Franchise Term. If Franchisee continues to operate its Pipes and Appurtenances upon expiration of this Franchise, then such holding over shall constitute a renewal of this Franchise on a quarterly basis, with the franchise fee during the holdover period to be in accordance with Section IV of this Franchise. Either Party shall be entitled to terminate such holdover status upon one hundred twenty (120) days prior written notice to the other party.
4. Non-Exclusivity. The granting of this Franchise shall not be construed to prevent the County from granting any identical or similar franchise to any entity other than Franchisee so long as such grant does not unreasonably interfere with the rights granted to Franchisee hereunder.

# III. FRANCHISE ACCEPTANCE

1. No later than thirty (30) days after the passage of this ordinance, the Franchisee shall file with the County’s Clerk of the Board a written acceptance of the Franchise hereby granted, and an agreement to comply with the terms and conditions hereof. For purposes of measuring the Franchise Term, the effective date of this Franchise shall be thirty (30) days following adoption of the Ordinance granting the Franchise (“Effective Date”).
2. When so filed, the acceptance constitutes a continuing agreement by the Franchisee that if and when the granting municipality thereafter annexes or consolidates with additional territory, all franchises, rights and privileges held by the Franchisee therein, except a franchise derived under Section 19 of Article XI of the Constitution as that section existed prior to the amendment thereof adopted October 10, 1911, shall be deemed abandoned within the limits of the additional territory.
3. This Franchise shall be null and void if Franchisee’s written acceptance is not filed as prescribed by this Section III.

# IV. FRANCHISE FEE AND COSTS

1. Franchise Fee. Franchisee shall, during the term of the Franchise, pay to County, a sum equivalent to the maximum allowed to be paid for said Franchise under Public Utilities Code section 6231, currently equivalent to two percent (2%) of the gross annual receipts of Franchisee arising from the use, operation, or possession of this Franchise; provided however, that such payment shall in no event be less than a sum which shall be equivalent to one percent (1%) of the gross annual receipts derived by Franchisee from the sale of Water within the unincorporated area of County under this Franchise (“Franchise Fee”).
2. Publication Costs. Franchisee shall also pay to County a sum of money sufficient to reimburse it for all publication expenses incurred by it in connection with the granting of this Franchise, such payment is to be made within thirty (30) days after the County furnishes Franchisee with a written statement of such expenses.
3. Administrative Costs. Franchisee shall reimburse County in the amount of four thousand dollars ($4,000.00) for County’s reasonable administrative expenses, including legal fees and costs, in preparing and approving the Franchise documents. Franchisee shall pay said amount to County within thirty (30) days of the Effective Date of this Franchise, provided, however, that any amounts deposited by Franchisee with County prior to approval of this Franchise for reimbursement of County’s reasonable administrative expenses shall be deducted from said amount.
4. Permit Fees. Franchisee agrees to apply for all necessary permits associated with any proposed work under this Franchise. In addition to the fees described herein, Franchisee shall pay all applicable permit fees, as they may be amended from time to time.
5. Other Fees. Payments of compensation made by Franchisee to County pursuant to the provisions of this Section are in addition to, and exclusive of, any and all authorized taxes and other fees, levies, or assessments now in effect or subsequently adopted in accordance with applicable laws.

# V. VERIFIED STATEMENT OF GROSS RECEIPTS; PAYMENT OF FRANCHISE FEE; AUDIT

1. Verified Statement of Gross Receipts. Franchisee shall file with the County Auditor Controller, within three (3) months after expiration of the calendar year, or fractional calendar year, following the Effective Date of this Franchise, and within three (3) months after the expiration of each and every calendar year thereafter, a statement verified by an officer of Franchisee showing in detail the following:
   1. The total gross receipts under Section IV received by the Franchisee from the use, operation or possession of this Franchise during the preceding calendar year, or fractional calendar year;
   2. The total gross receipts under Section IV received by the Franchisee from the sale

of Water within the unincorporated area of the County;

* 1. The method and supporting calculations used to calculate the franchise fees which are payable to the County in accordance with this Franchise;
  2. Any change in the footage or internal diameter of pipelines, segregating such footage as to new pipelines laid or acquired during the preceding calendar year, pipelines in territory that was annexed or incorporated during the preceding calendar year and pipelines removed or abandoned in place during the preceding calendar year and;
  3. The permit number of each permit obtained during the year with respect to operations under this Franchise.
  4. If cathodic protection is used for pipes or appurtenances installed or maintained pursuant to this Franchise, the location and types of anodes, including a description of the methods used as a protection against corrosion and electrolyte leakage.

1. Payment of Franchise Fee. By delivery to the County Auditor-Controller, Franchisee shall pay to the County within fifteen (15) days after the time for filing such statement, in lawful money of the United States, the aforesaid Franchise Fee for such calendar year, or such fractional calendar year, covered by such statement. Any neglect, omission or refusal by Franchisee to file such verified statement or to pay said Franchise Fee at the time and in the manner specified in this agreement shall be grounds for the declaration of forfeiture of this Franchise and of all rights of Franchisee hereunder. County shall have the authority to reasonably dispute any verified statement and to require additional proof to any matters set forth therein.
2. Delinquency. Franchise Fee due from Franchisee is delinquent if not received by the County Auditor-Controller on or before the due date during normal business hours. Should the due date occur on a weekend or holiday, the Franchise Fee must be received by the Auditor-Controller during the business hours of the first regular working day following the weekend or holiday. If Franchisee fails to remit the Franchise Fee on or before the due date, Franchisee shall pay interest at the rate of one quarter percent (0.25%) per month of any fraction thereof on the amount of the Fee from the date on which the Fee first became delinquent, until paid.
3. Audit. The County shall have the right to audit the books and records of Franchisee relating to the calculation of the Franchise Fee at the office of Franchisee in which such records are kept upon reasonable notice during normal business hours solely for the purpose of verifying the calculation of the Franchise Fee. County shall, to the extent permitted by applicable law, maintain the confidentiality of all information provided by Franchisee to County in connection with such audit that Franchisee has informed County is confidential. Nothing herein shall be construed to require Franchisee to make available information which constitutes private or confidential information pertaining to specific customers of Franchisee, without the prior written consent of such customers. All books and records of Franchisee relating to the calculation of the Franchise Fee for any calendar year shall be maintained by Franchisee for a period of at least four (4) years following delivery of the verified statement for such year pursuant to Section Five (a).

# VI. INSURANCE

1. Franchisee agrees to purchase all required insurance at Franchisee’s expense and to deposit with the County certificates of insurance, including all endorsements required herein, necessary to satisfy the County that the insurance provisions of this Ordinance have been complied with and to keep such insurance coverage and the certificates and endorsements therefore on deposit with the County during the entire term of this Ordinance.
2. Franchisee agrees that Franchisee shall not operate on the Franchise Area at any time if the required insurance is not in full force and effect as evidenced by a certificate of insurance and necessary endorsements or, in the interim, an official binder being in the possession of the CEO/Risk Manager. In no cases shall assurances by Franchisee, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. The CEO/Risk Manager will only accept valid certificates of insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. Franchisee also agrees that upon cancellation, termination, or expiration of Franchisee's insurance, County may take whatever steps are necessary to interrupt any operation from or on the Franchise Area until such time as the CEO/Risk Manager reinstates the Ordinance.
3. If Franchisee fails to provide the CEO/Risk Manager with a valid certificate of insurance and endorsements, or binder at any time during the term of the Ordinance, County and Franchisee agree that this shall constitute a material breach of the Ordinance. Whether or not a notice of default has or has not been sent to Franchisee, said material breach shall permit County to take whatever steps necessary to interrupt any operation from or on the Franchise Area, and to prevent any persons, including, but not limited to, members of the general public, and Franchisee’s employees and agents, from entering the Franchise Area until such time as the CEO/Risk Manager is provided with adequate evidence of insurance required herein. Franchisee further agrees to hold County harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from the County’s action.
4. Franchisee may occupy the Franchise Area only upon providing to County evidence of the required insurance stated herein and maintain such insurance for the entire term of this Ordinance. County reserves the right to terminate this Ordinance at any time Franchisee’s insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. Franchisee shall pay County a fee for processing the reinstatement of the Ordinance. Franchisee shall provide to County immediate notice of said insurance cancellation or termination.
5. All contractors performing Work on behalf of Franchisee pursuant to this Ordinance shall obtain insurance subject to the same terms and conditions as set forth herein for Franchisee. Franchisee shall not allow contractors or subcontractors to work if contractors have less

than the level of coverage required by the County from the Franchisee under this License. It is the obligation of the Franchisee to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin Work within the Franchise Area. Such proof of insurance must be maintained by Franchisee through the entirety of this Ordinance and be available for inspection by a County representative at any reasonable time.

1. All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in an amount in excess of Fifty Thousand Dollars ($50,000) shall specifically be approved by the CEO/Risk Manager, or designee, upon review of Franchisee current audited financial report. If Franchisee’s SIR is approved, Franchisee, in addition to, and without limitation of, any other indemnity provision(s) in this Ordinance, agrees to all of the following:
   * 1. In addition to the duty to indemnify and hold the County harmless against any and all liability, claim, demand or suit resulting from Franchisee’s, its agent’s, employee’s or subcontractor’s performance of this Agreement, Franchisee shall defend the County at its sole cost and expense with counsel approved by Board of Supervisors against same; and
     2. Franchisee’s duty to defend, as stated above, shall be absolute and irrespective of any duty to indemnify or hold harmless; and
     3. The provisions of California Civil Code Section 2860 shall apply to any and all actions to which the duty to defend stated above applies, and the Franchisee’s SIR provision shall be interpreted as though the Franchisee was an insurer and the County was the insured.
2. If the Franchisee fails to maintain insurance acceptable to the County for the full term of this Ordinance, the County may terminate this Ordinance.

Qualified Insurer

1. The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the Best's Key Rating Guide/Property-Casualty/United States or ambest.com). It is preferred, but not mandatory, that the insurer be licensed to do business in the state of California (California Admitted Carrier).
2. If the insurance carrier does not have an A.M. Best Rating of A-/VIII, the CEO/Risk Manager retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.
3. The policy or policies of insurance maintained by the Franchisee shall provide the minimum limits and coverage as set forth below:

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| --- | --- |
| Coverages | Minimum Limits |
| Commercial General Liability | $2,000,000 per occurrence $4,000,000 aggregate |
| Automobile Liability including coverage for owned, non-owned and hired vehicles | $1,000,000 limit per occurrence |
| Workers' Compensation | Statutory |
| Employers' Liability Insurance | $1,000,000 per occurrence |

Required Coverage Forms

1. *The Commercial General Liability coverage shall be written on Insurance Services Office (ISO)* form CG 00 01, or a substitute form providing liability coverage at least as broad.
2. The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 00 12, CA 00 20, or a substitute form providing liability coverage at least as broad.

Required Endorsements

1. The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of insurance:
   1. An Additional Insured endorsement using ISO form CG 20 26 04 13 or a form at least as broad naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds. Blanket coverage may also be provided which will state- As Required By Written Agreement.
   2. A primary non-contributory endorsement using ISO form CG 20 01 04 13, or a form at least as broad, evidencing that the Franchisee’s insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.
   3. The Workers’ Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state- As Required By Written Agreement.
2. All insurance policies required by this license shall waive all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.
3. Franchisee shall notify County in writing within thirty (30) days of any policy cancellation and ten (10) days for non-payment of premium and provide a copy of the cancellation notice to County. Failure to provide written notice of cancellation may constitute a material breach of the Ordinance, upon which the County may suspend or terminate this Ordinance.
4. The Commercial General Liability policy shall contain a severability of interests clause, also known as a “separation of insureds” clause (standard in the ISO CG 001 policy).
5. Insurance certificates should be forwarded to the County address provided in the Clause (NOTICES) below or to an address provided by the CEO/Risk Manager.
6. County expressly retains the right to require Franchisee to increase or decrease insurance of any of the above insurance types throughout the term of this Ordinance. Any increase or decrease in insurance will be as deemed by the CEO/Risk Manager as appropriate to adequately protect County.
7. County shall notify Franchisee in writing of changes in the insurance requirements. County shall provide such notice sixty (60) days prior to substantial increases in the minimum limits or additional coverage. If Franchisee does not deposit copies of acceptable certificates of insurance and endorsements with County incorporating such changes within thirty (30) days of receipt of such notice, this Ordinance may be in breach without further notice to Franchisee, and County shall be entitled to all legal remedies.
8. The procuring of such required policy or policies of insurance shall not be construed to limit Franchisee’s liability hereunder nor to fulfill the indemnification provisions and requirements of this Ordinance, nor in any way to reduce the policy coverage and limits available from the insurer.

# VII. CONSTRUCTION AND INSTALLATION

1. Construction Standards. Franchisee shall construct, install, maintain and repair all Pipes and Appurtenances in accordance with all applicable federal, state and local laws, rules or regulations theretofore, or hereafter adopted by the County in the exercise of its police powers, and in accordance with the terms and conditions of any permit issued by a County department or agency, and not in conflict with the paramount authority of the State of California, including the Code and the rules, regulations, orders and decisions of the CPUC, and, as to State highways, subject to the provisions of general laws relating to the location and maintenance of such facilities.
2. Use of Streets. Any Work performed under the authority of this Franchise shall be done with the least possible hindrance to the use of the Streets for the purposes of travel. As soon as such Work is completed, all portions of the Streets that have been excavated or damaged thereby, shall be placed in as good condition as the same were before the commencement of such Work to the satisfaction of the Director. In the event that Franchisee fails or neglects to make such Street repair, replacement or restoration work, then thirty (30) days after written notice therefore has been given by the Director to the Franchisee, County may perform such Work at Franchisee’s cost. Franchisee shall reimburse the County for all such costs within thirty (30) days of written invoice, plus the current rate of overhead charged by the County for all reimbursable Work.

Franchisee shall pay to the County, on demand, the cost of all repairs to public property made necessary by any operations of the Franchisee under this Franchise.

1. Street Re-pavement. Where it is necessary to lay any new underground pipes through, under or across any portion of a paved or macadamized street under this Franchise, the Franchisee shall repave the excavation or trench according to Orange County Public Work paving standards.
2. Street Coverings. All street coverings or openings of traps, vaults, and manholes shall be constructed 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 if such vents are located in parkways, between the curb and the property line, and are not, in the reasonable opinion of the Director, hazardous to the public.
3. Permits. Franchisee shall not perform any Work under this Franchise without first obtaining all permits and entitlements from the Director (including, but not limited to, an encroachment permit); provided that in cases of emergencies affecting the public health and safety or the preservation of life and property, Franchisee shall apply for such permits no later than the next business day.
4. Plans and Specifications. The Director shall have the right to give the Franchisee such directions for the location of any Pipes and Appurtenances as may be reasonably necessary to avoid sewers, water pipes, conduits or other structures lawfully in or under the streets; and, except in cases of emergency repairs affecting the public health and safety or the preservation of life and property that will not result in the addition of, or relocation of pipes or appurtenances, prior to any Work commenced by Franchisee, the Franchisee shall file with the Director plans and specifications showing the location and Work thereof. In addition, Pipes and Appurtenances shall be designed and constructed in accordance with all flow standards for fire protection purposes prescribed by the Orange County Fire Authority and fire hydrants shall be attached to the distribution system at the locations designated by the Orange County Fire Authority. Franchisee shall notify Director within forty eight (48) hours of commencement of any emergency repairs and in cases in which a permit would have otherwise been required for the Work performed pursuant to an emergency repairs, apply for a retroactive permit to document the completed Work and provide a means for the County to verify the Work was completed to County standards.

The Director shall have the right to review Franchisee’s plans and specifications for the construction of any Pipes and Appurtenances for proper purposes, and, if, and to the extent permitted by the California Constitution and the rules, regulations, orders and decisions of the CPUC, approve such plans and specifications.

1. Bonds. Franchisee shall make such deposits of money or file such bonds at request of the County, with the County as may be required to ensure satisfaction and completion of any Work under this Franchise.
2. Hazardous Waste. In the event of a release of hazardous waste, as that term is defined in Section 1004(3) of the Resource Conservation and Recovery Act (RCRA) (42 USC § 6903(5)), by Franchisee or from any Pipes and Appurtenances, Franchisee shall immediately notify County, begin remedial Work and pay for all related remedial costs incurred by Franchisee and County.

# VIII. RELOCATION, ABANDONMENT & REMOVAL

1. Relocation. Franchisee shall, at the request of the County and Franchisee’s sole cost and expense, remove or relocate any Pipes and Appurtenances installed, used or maintained under this Franchise if and when made necessary by the lawful change in grade, alignment or width of any street, including the construction of any subway or viaduct by the County, or any other street improvement of any kind required by the County, the Orange County Flood Control District or other legal entity of the County. Franchisee shall remove or relocate its Pipes and Appurtenances to the nearest alternative location as established by the Director and within such time as the Director establishes. If Franchisee fails to relocate its Pipes and Appurtenances within the required time, the County may cause the Work to be done and shall keep an itemized account of the entire cost thereof, and Franchisee shall reimburse the County for its costs within ninety (90) days of Franchisee’s receipt of the itemized account of costs. The County may consider Franchisee in default of this Franchise should Franchisee fail to comply with the notice, timing or direction to relocate its Pipes and Appurtenances.
2. Abandonment & Removal. Franchisee shall notify the County within thirty (30) days prior to the abandonment of use of any Pipes and Appurtenances in place, or removal of all or a portion of the Pipes and Appurtenances. The Franchisee may thereafter abandon or remove the Pipes and Appurtenances in accordance with such terms and conditions as may be imposed by the Director and shall provide updated maps or as-builts to County, as may be appropriate, upon a reasonable request by Director.

# IX. MAPS AND PLANS

1. Provision of Maps and Plans. County and the Orange County Flood Control District regularly perform improvement projects whereby facility maps and plans of Franchisee’s Pipes and Appurtenances are needed to properly design and construct the project. Upon written request by the County or the Orange County Flood Control District, Franchisee shall, within thirty (30) days of the receipt of said request, send a copy of the facility maps and plans for its Pipes and Appurtenances within the project area. Franchisee shall provide said information in an electronic format (or by mail if the electronic format is not available) at no charge.
2. Content of Maps and Plans. The Franchisee’s maps and plans shall include, but not be limited to, information indicating the length of the Franchisee's main lines, the nominal external diameter of such mainlines and the points where they enter and exit the Streets; old main lines abandoned in place, including the internal diameter of such main lines laid, removed, and/or abandoned in place; the footage of new conduits laid for wires, cables, telegraph, or telephone lines, old conduits removed, old conduits abandoned in place; and the diameter of such conduits laid, removed, and/or abandoned in place.
3. Potholing. Upon County written notice, and in accordance with the County’s schedule for a County improvement project, Franchisee shall determine horizontal and vertical location of its Pipes and Appurtenances and provide such information to County for County design purposes.
4. Map Supplements. Within ninety (90) days following the installation, change, removal or abandonment of any Pipes and Appurtenances in accordance with Sections VII and VIII, above, Franchisee shall file a map or maps showing the accurate location and size of the Pipes and Appurtenances installed, changed, removed or abandoned.
5. Emergency Response Plans. Franchisee shall at all times during the term of this Franchise maintain emergency response plans as required by regulatory agencies having jurisdiction.

# X. PERFORMANCE BOND

Within five (5) days after the adoption of this Franchise, Franchisee shall provide to the County Clerk a faithful performance bond in the sum of not less than $50,000 payable to the County executed by a corporate surety licensed to transact business as a surety in the State of California. Such bond shall be conditioned upon the faithful performance by the Franchisee of the terms and conditions of this Franchise and shall provide that, in the case of any material breach of any condition of this Franchise, the penal sum therein shall be recoverable.

# XI. TRANSFER

This Franchise shall not be revised, sold, leased, assigned or otherwise alienated, without the mutual express written consent of the County and the Franchisee, which shall not be unreasonably withheld by either party.

# XII. INDEMNIFICATION

Franchisee agrees to indemnify, defend with counsel approved in writing by County, and hold County, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the County of Orange Board of Supervisors acts as the governing Board (“County Indemnitees”) harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to this Franchise. If judgment is entered against Franchisee and County by a court of competent jurisdiction because of the concurrent active negligence of County or County Indemnitees, Franchisee and County agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

# XIII. EMINENT DOMAIN

1. 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 Franchisee hereof either by purchase or through the exercise of the right of eminent domain, and nothing herein contained shall be construed to Franchise away or to modify or to abridge the County’s right of eminent domain in respect to the Franchisee.
2. This Franchise shall not be given any value before any court or other public authority in any proceeding of any character in excess of the cost to the Franchisee of the necessary publication and any other sum paid by it to the County therefore at the time of the acquisition thereof.

# XIV. REMEDIES

If the Franchisee shall fail, neglect or refuse to comply with any of the provisions or conditions of this Franchise, and shall not, within ten (10) days after written demand for compliance, begin the work of compliance, or after such beginning shall not prosecute the same with due diligence to completion, then the County, may declare this Franchise forfeited as provided herein, and the County may thereafter sue in its own name for the forfeiture of this Franchise.

# XV. NOTICE

All notices, requests and demands hereunder must be in writing to be effective. All notices required to be given hereunder or by operation of law in connection with the performance or enforcement hereof shall be deemed given upon delivery if delivered personally (which includes notices delivered by messenger or overnight courier) or, if delivered by mail, shall be deemed given three days after being deposited by first class mail in any duly authorized United States mail depository, postage prepaid. All such notices shall be addressed as follows, or to such other address or addresses as the Parties may from time to time specify in writing:

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| --- | --- |
| County: | OC Public Works  601 N. Ross Street  Santa Ana, CA 92701  Attn: Larry Stansifer, Manager, Business Services |
| Franchisee: | SUBURBAN WATER SYSTEMS  1325 N. Grand Avenue, Suite 100  Covina, CA 91724-4044  Attn: General Manager |

With a copy to:

SUBURBAN WATER SYSTEMS

1325 N. Grand Avenue, Suite 100

Covina, CA 91724-4044

Attn: General Counsel

# XVI. CONDITIONS OF EFFECTIVENESS

This ordinance shall take effect thirty (30) days after its adoption, provided that Franchisee has filed written acceptance thereof as provided in Section III(a). The County Clerk of the Board shall certify to the adoption of this ordinance and shall cause the same to be published as required by law.

# XVII. INDEPENDENT FRANCHISEE/CONTRACTOR

Nothing herein contained shall be deemed to create an agency, joint venture, or partnership between the County and Franchisee.

# XVIII.ENTIRE AGREEMENT

This Franchise constitutes the entire agreement between the Parties hereto and supersedes any and all prior agreements, whether oral or written, relating to the subject matter of the Franchise. Any modification of this Franchise will be effective only if it is in writing executed by County and Franchisee.

# XIX. GOVERNING LAW AND VENUE

The Franchisee and County understand and agree that the laws of the State of California shall govern the rights, obligations, duties and liabilities of the Parties to this Franchise and also govern the interpretation of this Franchise.

In the event of any legal action to enforce or interpret this Franchise, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the County and Franchisee agree to and to hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, County and Franchisee specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

# XX. CONSENT TO BREACH NOT WAIVER

No term or provision of this Franchise shall be deemed waived and no breach excused, unless such a waiver or consent shall be in writing and signed by the County and Franchisee claimed to have waived or consented. Any consent by the County and Franchisee to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.

# XXI. CALENDAR DAYS

Any reference to the word “day” or “days” shall mean calendar day or calendar days respectively, unless otherwise expressly provided.

# XXII. ATTORNEY’S FEES

In any action or proceeding to enforce or interpret any provision of this Franchise or where any provisions hereof is validly asserted as a defense, County and Franchisee shall bear their own attorney’s fees, costs and expenses.

# XXIII.INTERPRETATION

This Franchise has been negotiated at arm’s length and between persons sophisticated and knowledgeable in the matters dealt with in this Franchise. In addition, County and Franchisee have been represented by experienced and knowledgeable independent legal counsel of their own choosing or has knowingly declined to seek such counsel despite being encouraged and given the opportunity to do so. Each Party further acknowledges that they have not been influenced to any extent whatsoever in executing this Franchise by any other Party hereto or by any person representing them, or both. Accordingly, any rule of law, (including California Civil Code section 1654) or legal decision that would require interpretation of any ambiguities in this Franchise against the Party that drafted it is not applicable and it deemed waived.

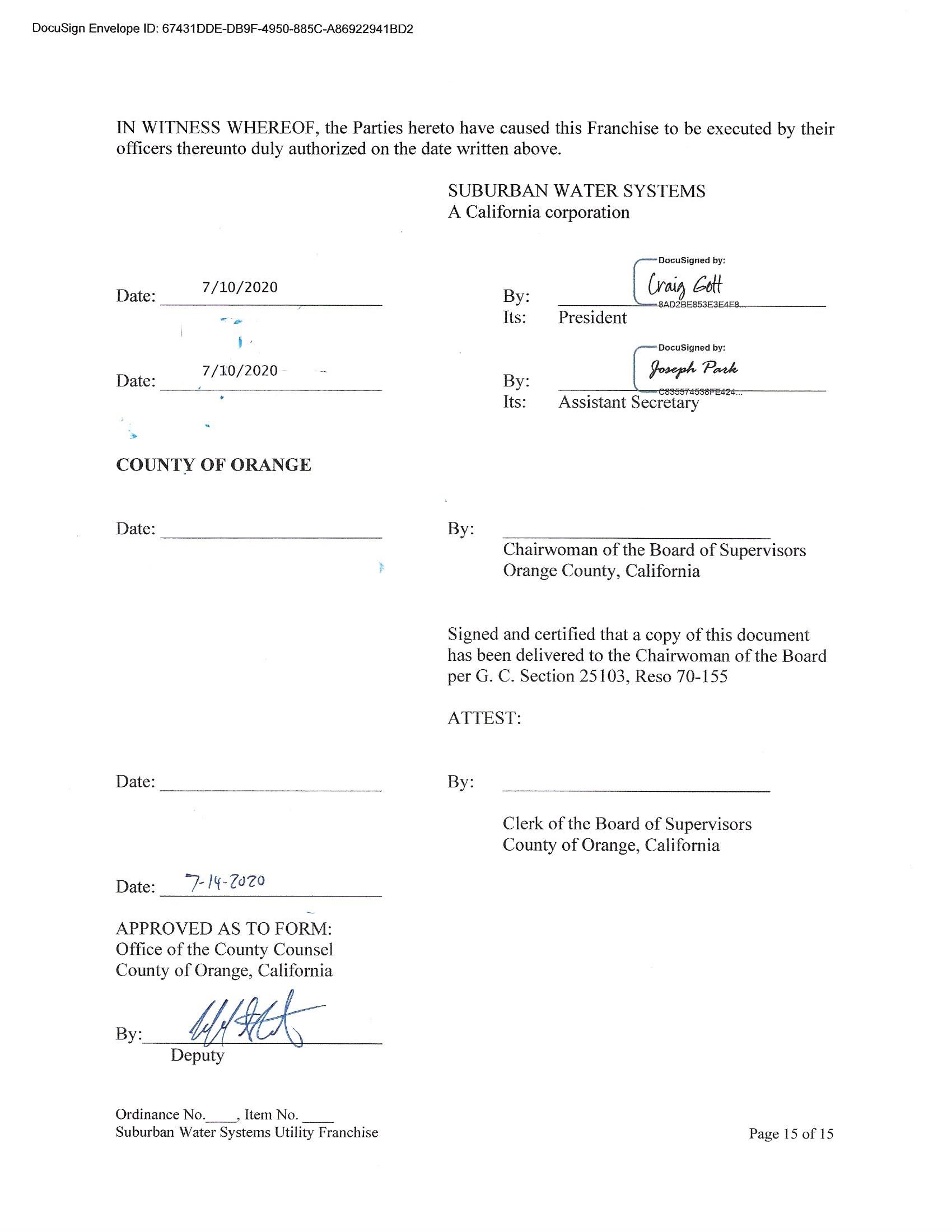
The provisions of this Franchise shall be interpreted in a reasonable manner to affect the purpose of the Parties to this Agreement.

# XXIV. SEVERABILITY

If any term, condition, provision or article of this Franchise is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

# XXV. AUTHORITY TO EXECUTE THIS AGREEMENT

County and Franchisee represent and warrant that this Franchise has been duly authorized and executed and constitutes the legally binding obligation of their respective organization or entity, enforceable in accordance with its terms.



**Attachment A**