

INVITATION TO INTERESTED PARTIES

CITY OF CARSON PROPOSED PIPELINE FRANCHISE ORDINANCE

NOTICE IS HEREBY GIVEN that a Public Meeting will be conducted by the City of Carson to consider the adoption of updates to the City of Carson Pipeline Franchise Ordinance.

City staff has been directed to review, update, and modernize the City's Pipeline Franchise Ordinance, which was originally adopted in 1978 and most recently amended in 1995. Over the past eight months, staff has actively engaged with franchisees and other stakeholders to solicit feedback on the proposed amendments. This input has informed the development of the proposed ordinance, which includes, but is not limited to, revisions to franchise rate calculations based on linear feet within the City's public right-of-way; updates to franchise fees and rates for private pipelines; modifications to pipeline abandonment fee requirements; updates to insurance requirements; and overall modernization of ordinance provisions. The proposed Pipeline Franchise Ordinance is attached to this Notice.

For additional information, please contact James Nguyen at (310) 952-1700, ext. 1310, or via email at pipelinefranchise@carsonca.gov.

All persons interested in this matter are invited to attend the public meeting, which will be held at:

DATE: February 3, 2026
TIME: 6:00 PM
PLACE: Carson City Hall
Helen Kawagoe Council Chambers, 2nd Floor
801 East Carson Street
Carson, California 90745

Written public comments may also be submitted via email to cityclerk@carsonca.gov.

DATED: This 27th day of January, 2026.



Dr. Khaleah K. Bradshaw, City Clerk
City of Carson, California

ORDINANCE NO. 26-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AMENDING CHAPTER 8 (PIPELINE FRANCHISES) OF ARTICLE VI (TAXES AND LICENSES) OF THE CARSON MUNICIPAL CODE AS A COMPREHENSIVE UPDATE

WHEREAS, in 1978, the City of Carson (“City”) which became a charter city as of November 6, 2018, adopted an ordinance set forth in Chapter 8 of Article VI of the City’s Municipal Code (“Pipeline Franchise Ordinance”) to establish regulations for the issuance of various franchises to lay or construct, maintain, operate, repair, remove or abandon in place pipes and pipelines for the collection, transportation or distribution of oil, gas, gasoline, petroleum, wet gas, hydrocarbon substances, water, waste water, mud, steam and other liquid substances, together with all manholes, valves, appurtenances and service connections necessary or convenient for the operation of said pipes or pipelines and other appurtenances necessary or convenient for the exercise of the franchisee’s business, in, under, along or across any and all streets within the City of Carson; and

WHEREAS, the City retained MRS Environmental, Inc. (“MRS”) to conduct an audit of the Pipeline Franchise Ordinance and the City’s pipeline franchise program and fee structure, which process involved research, analysis and collection of data of franchise practices of the City and other localities across the State of California, and based thereon, provide recommendations to the City for possible amendments to the Pipeline Franchise Ordinance in an effort to modernize the City’s regulations; and

WHEREAS, MRS prepared a report containing its findings and recommended comprehensive amendments to the Pipeline Franchise Ordinance; and

WHEREAS, one of the findings made by MRS is that the franchise fees charged by the City to nonpublic utility companies that are not governed by the Public Utilities Commission have been significantly lower than the amount charged by other localities across the State of California resulting in significantly less revenue being collected by the City; and

WHEREAS, the City’s regulatory scheme needs to be updated to reflect a higher fee charged to such nonpublic utility companies; and

WHEREAS, City currently incurs costs resulting from City staff and City Attorney processing applications submitted by franchisees associated with processing applications for franchises, renewing previously existing franchises, extending franchises, transferring franchises, or installing or operating any facilities under a franchise, without the ability to be reimbursed by franchisees; and

WHEREAS, City currently incurs costs resulting from City staff and City Attorney processing applications submitted by franchisees associated with time spent from City's enforcement of any franchise terms, without the ability to be reimbursed by franchisees; and

WHEREAS, the current Pipeline Franchise Ordinance does not provide for liquidated damages payable to City in the event of breach of franchise terms, except under very limited circumstances, and only provides as a remedy the very draconian remedy of City calling the performance bond; and

WHEREAS, the 25-year franchise term under the current Pipeline Franchise Ordinance is inconsistent with the City's Charter which provides that each franchise term shall be for a period of ten (10) years with a maximum of two (2) opportunities to extend the franchise for an additional five (5) years each, subject to City Council granting a longer term on a case by case basis; and

WHEREAS, based in part on the MRS report in addition to further audit and analysis by City staff and the City Attorney's Office, the City Council now sees fit to amend the Pipeline Franchise Ordinance to include the following changes, without limitation: (1) increase to the franchise fee charged by the City to nonpublic utility companies that are not governed by the Public Utilities Commission to \$4.62 per linear foot; (2) alignment of the franchise term with the requirements under the City's charter by adjusting the term from 25 years to 10 years plus 2 extension options of 5 years each; (3) addition of regulations for collection of application deposits to allow City to charge franchisees for time spent processing applications submitted by franchisees for new franchises, renewing previously existing franchises, extending franchises, transferring franchises, or installing or operating any facilities under a franchise; (4) addition of regulations for collection of compliance deposits to allow City to charge franchisees for time spent from City's enforcement of any franchise terms; (5) addition of regulations to allow City to collect liquidated damages in the event of breach of franchise terms; and (6) updated insurance and bond requirements; (7) update of fees charged for abandonment of pipelines; (8) inclusion of a requirement for demonstrating and annually maintaining common carrier status for any public utility franchise which carry with it a lower fee than for nonpublic utility franchises; and (9) require that franchisees file maps showing accurate as-built locations, lengths, diameters, and depth of their pipelines in specified GIS requirements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA DOES ORDAIN AS FOLLOWS:

SECTION 1. RECITALS. The foregoing recitals are true and correct, and are incorporated herein as findings of fact.

SECTION 2. CEQA. This Ordinance No. 26 - _____ has been reviewed by the City of Carson ("City") with respect to applicability of the California Environmental Quality

Act (“CEQA”), the State CEQA Guidelines (California Code of Regulations, Title 14, §§ 15000 *et seq.*, hereafter the “CEQA Guidelines”), and any applicable local CEQA policies and procedures. The City has determined that this ordinance is not a “project” for purposes of CEQA, as that term is defined by CEQA Guidelines Section 15378, because City has determined, in its discretion and based on substantial evidence that (1) this ordinance serves the purpose of general policy and procedure making, and (2) the ordinance creates and concerns government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, as set forth in CEQA Guidelines Sections 15378(b)(2) and (b)(4), respectively.

SECTION 3. AMENDMENT. Chapter 8 (Pipeline Franchises) of Article VI (Taxes and Licenses) of the Carson Municipal Code is hereby amended to read in its entirety as follows (deletions shown in ~~strikethrough~~, additions shown in ***bold italics***):

“CHAPTER 8 PIPELINE FRANCHISES

Sections:

Part 1. General Provisions and Definitions

§ 6800 Short Title.

§ 6801 General Conditions.

§ 6802 Pole Lines.

§ 6803 Definitions.

§ 6804 Term.

§ 6805 Acceptance of Franchise.

§ 6806 Nonexclusive Franchise.

§ 6807 Change in Status.

§ 6808 Maps.

§ 6809 Insurance.

§ 6810 Faithful Performance Bond *and Letter of Credit.*

§ 6811 Alternate Security.

§ 6813 Forfeiture.

§ 6814 Value of Franchise.

§ 6815 State Highways.

§ 6816 Eminent Domain.

§ 6817 Application Deposits and Compliance Deposits Publication Costs.

§ 6818 Assignment.

§ 6819 Prior Franchises.

§ 6820 City Officers.

§ 6821 Indemnity and Hold Harmless.

§ 6822 Standards.

§ 6823 Conflicting Improvements.

§ 6824 Relocation.

§ 6825 Defective Facilities.

§ 6826 Hazardous Substances.

§ 6827 Council Approval of Location of Facilities.

§ 6828 Damage to Public Property Generally.

§ 6829 Liquidated Damages, Default, Cure and No Waiver of Rights.

§ 6829.5 Judgment Lien.

§ 6829.6 Annual Certification of Compliance.

Part 2. Compensation

§ 6830 Public Utilities Transmitting Oil or Products of Oil.

§ 6831 Public Utilities Transmitting Substances Other than Oil or Products of Oil.

§ 6832 Nonpublic Utility.

§ 6833 Proration of Payments.

§ 6834 Records.

Part 3. Construction

§ 6840 Construction Requirements.

§ 6841 New Installation or Replacement.

§ 6842 Permits.

§ 6843 Work on and Restoration of Streets.

§ 6844 Failure to Timely Comply.

§ 6845 Completion Statement.

§ 6846 Responsibility.

§ 6847 Appurtenances.

§ 6848 Ordinary Repair.

§ 6849 Relocation of Pipelines and Appurtenances.

§ 6850 Breaks or Leaks.

§ 6851 Emergency Equipment.

§ 6852 Removal or Abandonment of Facilities.

§ 6853 Failure to Comply.

§ 6854 Abandonment "In Place" Conditions.

Part 4. Special Provisions for Oil Pipelines

§ 6860 Rights Granted.

§ 6861 Materials Used.

§ 6862 Approvals.

§ 6863 Reports.

§ 6864 Payments Due.

§ 6865 Nonapplicability.

Part 5. Special Provisions for Water and Other Public Utility Pipelines

§ 6870 Rights Granted.

§ 6871 Plan Approval.

§ 6872 Condition of Approval.

§ 6873 Exception.

§ 6874 Fire Hydrants.

§ 6875 Supervisor.

§ 6876 Report to Supervisor.

§ 6877 Payments.

Part 6. Special Provisions for Gas Pipelines

§ 6880 Rights Granted.

§ 6881 Approval.

Part 1. General Provisions and Definitions

6800 Short Title.

This Chapter shall be known and cited as "The Pipeline Franchise Ordinance."

6801 General Conditions.

Every franchise hereafter granted by the City to lay or construct from time to time, and to maintain, operate, renew, repair, change the size of, remove or abandon in place pipes and pipelines for the collection, transportation or distribution of oil, gas, gasoline, petroleum, wet gas, hydrocarbon substances, water, waste water, mud, steam and other liquid substances which are not more hazardous than the aforementioned substances, together with all manholes, valves, appurtenances and service connections necessary or convenient for the operation of said pipes or pipelines including conduits, cathodic protection devices, wires, cables and other appurtenances necessary or convenient for the exercise of the Franchisee's business, in, under, along or across any and all streets within the City of Carson, except as otherwise provided in the ordinance granting the franchise, shall be granted upon and be subject to the rules, regulations, restrictions and terms and conditions of *Article X – Franchises of the City Charter*, this Chapter, in addition to those rules, regulations, restrictions, terms and conditions set forth in the ordinance granting the franchise.

6802 Pole Lines.

Nothing in this Chapter or in any ordinance granting such a franchise shall be construed to permit the ~~grantee~~*Grantee* to construct new poles or other facilities aboveground.

6803 Definitions.

For the purpose of this Chapter, the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number and words in the singular number include the plural number.

- a. "Applicant" means a person or entity who files an Application for a franchise under this Chapter.*
- b. "Application" shall mean a formal request by the Applicant submitted to the City on a form prepared by the City to obtain a franchise pursuant to the provisions of Division 3, Chapter 2 of the California Public Utilities code, known as the Franchise Act of 1937 and this Chapter, to renew a previously existing franchise, to extend a franchise, to*

transfer a franchise, or to install or operate any facilities under a franchise pursuant to Section 6827.

c. *“Application Deposit” shall mean a monetary deposit to be paid at the time of the filing of Application to pay for all City costs associated with processing the application for a franchise, renewing a previously existing franchise, extending a franchise, transferring a franchise, or installing or operating any facilities under a franchise pursuant to Section 6827.*

d. *“Breach” shall mean Franchisee’s failure to comply with any material terms of the franchise or this Chapter, as detailed in Section 6829.*

e. *“City Council” or “Council” shall mean City Council of the City of Carson.*

f. *“Code” shall mean the Municipal Code of the City of Carson.*

g. *“Compliance Deposit” shall mean a monetary deposit to be paid at the time of acceptance of franchise pursuant to Section 6805 which shall be maintained throughout the term of the franchise to allow City to (A) recover costs and fees incurred for time spent from City’s enforcement of any franchise terms, including, but not limited to, legal and consulting fees and City staff time, and (B) charge any Liquidated Damages against the deposit.*

h. *“Chief Engineer” shall mean the Chief Engineer of the Los Angeles County-Consolidated and Dominguez-Fire Protection Districts *District (CFPD) of Los Angeles County.**

i. *“Department” shall mean the Public Works Department of the City of Carson.*

j. *“Director” shall mean Public Works Director of the City of Carson or designee appointed by the City Manager.*

k. *“Franchisee” or “Grantee” shall mean the person to whom the franchise is granted, and any person to whom it is lawfully assigned.*

l. *“Facilities” or “Appurtenances” shall mean all property of the Franchisee, including, but not limited to, pipelines, pump stations, and service connection with the Franchisee’s facilities, whether installed by the Franchisee or not, erected, constructed, laid, operated or maintained in, upon, over, under, along or across any street pursuant to any right or privilege granted by the franchise.*

m. *“Franchise payment period” shall mean the time period between the effective date of the ordinance granting the franchise and June 30th or December 31st of the same calendar year, whichever is sooner; and the period between January 1st and June 30th, and July 1st and December 31st of each calendar year thereafter during the life of the franchise.*

n. *“Franchise report period” shall mean the time period between the effective date of the ordinance granting the franchise through and including June 30th or December 31st of that calendar year, whichever is sooner; and the period between January 1st and June 30th, and July 1st and December 31st of each calendar year thereafter during the life of the franchise.*

o. *“Highway Permit Ordinance” shall mean County of Los Angeles Ordinance No. 3597, as adopted by reference in the City pursuant to CMC 7100.*

p. *“Liquidated Damages” shall mean monetary damages for any Breach of a franchise by Franchisee inclusive of the penalties under Sections 6830, 6832, and 6844, in compliance with Civil Code Section 1671.*

q. *“Main” shall mean any pipeline or conduit laid in, along, or approximately parallel with any street for the collection, transmission or distribution of any substance or commodity.*

- r. "Major street" shall mean any street or portion thereof designated as a major—"Major Highways" or "Secondary HighwayHighways" in the Circulation Element of the General Plan.
- s. "Minor street" shall mean all streets in the City other than those designated as "Major Highways" or "Secondary Highways" in the Circulation Element of the Carson General Plan.
- t. "Person" shall mean any individual, person, firm, partnership or corporation.
- u. "Section" shall mean a section of the Carson Municipal Code, unless some other Code or statute is mentioned.
- v. "Service connection" shall mean the wire, pipes, or conduits connecting the building or place where the service or commodity supplied by the Franchisee is used or delivered, or is made available for use or delivery, with the supply line or supply main in the highway or with such supply line or supply main on private property.
- w. "Shall" is mandatory; "May" is permissive.
- x. "Street" shall mean any street, road, highway, alley, land or court or other public easement or public place, and above and below the same, which now or may hereafter exist in the City of Carson and in which the City has the authority to grant a franchise.
- y. "Supervisor" shall mean the Business License Supervisor of the City of Carson *or designee appointed by the Director.*

6804 Term.

Unless the ordinance granting the franchise provides otherwise, the term of the franchise shall be twenty-five (25) years.

A. Unless the ordinance granting the franchise provides otherwise, the term of the franchise shall be ten (10) years commencing on the effective date of the ordinance granting the franchise, with a maximum of two (2) opportunities to extend the franchise for an additional five (5) years for each extension. Each extension will be granted by Council's adoption of an ordinance and the Council will have sole discretion over whether any franchise extension will be granted. No extension will be granted if Franchisee is not in full compliance with all of the terms of the franchise and all applicable laws, including but not limited to, those regarding payment of franchise fees, unless Council elects to waive any non-compliance. In such event, all inadequate compliance will be fully rectified as soon as practicable following Council approval of the extension.

B. An Application for extension shall be filed with the City at least six (6) months before the expiration date of the franchise, as may be extended. In approving any extension, the Council may modify the terms of the franchise based upon any number of factors, including but not limited to, updating the franchise to be in compliance and/or in accordance with, any:

1. *Modifications to this Chapter;*
2. *Changes in the Consumer Price Index;*
3. *Changes in relevant technology;*

4. Changes in applicable law, including but not limited to, amendments or modifications of the Public Utilities Code;

5. Changes in relevant environmental practices and requirements, utility industry regulatory developments and business practices; or

6. Other factors the City considers in its reasonable discretion to be relevant at the time the City considers the Application for extension.

In order for any extension of franchise to be effective, the Franchisee must accept the terms of the extension in accordance with the process applicable to new franchises as described in Section 6805.

6805 Acceptance of Franchise.

The Franchisee shall, within thirty (30) days after the passage of the ordinance granting the franchise, file with the City Clerk of the City of Carson and with the Supervisor a written acceptance of the terms and conditions of said ordinance. *This acceptance must be accompanied by submittal of required insurance, bonds, any outstanding application fees, and the Compliance Deposit.*

6806 Nonexclusive Franchise.

The granting of the franchise shall not be construed to prevent the City from granting any identical or similar franchise to any person other than the Franchisee. Nothing herein contained shall ever be construed so as to exempt the Franchisee from compliance with all ordinances, rules or regulations of the City now in effect or which may be hereafter adopted which are not inconsistent with the terms of the franchise.

6807 Change in Status.

If, after the granting of a franchise to other than a public utility, the Franchisee qualifies before the Public Utilities Commission of the State of California as a common carrier *as evidenced by a certificate of public convenience and necessity issued by the Public Utilities Commission*, the Franchisee shall then have no right to continue to operate hereunder after the date of such qualification, except with the consent of the Council, granted upon such additional terms and conditions as the Council may deem proper. Such additional terms and conditions shall be expressed by ordinance. *Franchisees that operate as a public utility are required to demonstrate current status as a public utility by providing the Supervisor a certification on a form furnished by the City whereby Franchisee represents and warrants that its public utility status with the Public Utilities Commission is current. This certificate must be filed with the City's Supervisor on or before December 31 of each year. Failure of Franchisees to demonstrate current status as a public utility will result in Franchisees being charged fees applicable to nonpublic utilities commencing as of the date Franchisees lose their status as a public utility.*

6808 Maps.

Within ninety (90) days following the date in which any facilities or appurtenances have been laid, removed or abandoned under the franchise, the Franchisee shall file a map or maps with the Department showing the accurate "as built" location, depth, and size of the facilities or appurtenances so laid, removed or abandoned. *Franchisees shall file accurate as built and proposed locations, lengths, diameters and depths of pipelines in a City defined Geographic Information System ("GIS") (e.g. shapefiles) or Computer-Aided Design ("CAD") format upon submission of an Application for a renewed franchise, extension of franchise, transfer of franchise, or to install or operate any facilities under a franchise pursuant to Section 6827. Maps shall show in detail the exact location, size, description and date of installation, if known, of all existing or proposed pipelines, mains, transmission lines, laterals, and service pipes that are equal to or greater than three inches in diameter, and all valves, pressure regulators, drips, and transformer chambers installed beneath the surface of all county highways that belong to, are used by, or are under the control of the Franchisee or the Franchisee's successors or assigns. In addition, maps shall disclose all substances that are transmitted through the pipelines, and show all pipelines owned or controlled by the Applicant within City boundaries (and not just franchise portions in the public right-of-way). The City shall reserve the right to request maps at any time during the term of the franchise, and the Franchisee shall be required to produce such map within 45 (forty-five) days of City's request for the same.*

6809 Insurance.

On or before commencement of any franchise operations, Franchisee shall obtain ~~and or~~ provide satisfactory evidence of having ~~policies of liability and worker's compensation obtained, the following insurance policies~~ from companies ~~that are~~ authorized to transact business in the State of California by the Insurance Commissioner of California ~~and have a minimum rating of or equivalent to A-:VIII in Best's Key Rating Guide.~~

A. Commercial General Liability Insurance (Coverage Form ISO CGL CG 00 01 or equivalent covering CGL on occurrence basis). Each The policy of liability insurance policy obtained by Franchisee must shall:

1. Be issued to ~~the~~ Franchisee and name the City of Carson, its elected and its appointed officials, employees, and its officers, ~~and~~ agents, as additional insureds.
2. ~~Indemnify Provide coverage for Franchisee's liabilities, including without limitation, Franchisee's obligation to indemnify the City of Carson, its elected and appointed officials, employees, officers and agents, for all liability for personal and bodily injury, death and damage to property arising from activities conducted pursuant to this franchise by providing coverage therefor, including but not limited to coverage for:~~
 - a. ~~Negligent the Franchise, and the acts or omissions of the Franchisee, its contractors and subcontractors and the each of their agents, servants and employees thereof, committed in the conduct of franchise operations; The coverage must provide~~ b. Provide a combined single limit liability insurance in the amount of \$15,000,000 \$10,000,000 per occurrence, subject to self-insured retention in an amount and form that is appropriate and prudent for operations substantially

similar to those of Franchisee, and subject to approval by City of Carson in its sole discretion, and may not be cancelled unless at least:

3. Be noncancelable without thirty (30) days' days prior written notice thereof directed to the Supervisor is provided to the City by Franchisee or its insurance provider.

B. The policy of worker's compensation insurance shall: Automobile Liability (Coverage Form ISO CA 00 01 or equivalent covering "any auto"). A policy of comprehensive automobile liability insurance written on a per occurrence basis in an amount not less than \$1,000,000 per accident for bodily injury and property damage, issued to Franchisee and name the City of Carson, its elected and appointed officials, employees, officers and agents as additional insureds.

C. Workers' Compensation. Each workers' compensation insurance policy obtained 1. Have been previously approved as to substance and form by the Franchisee must:

Provide coverage as required by the State of California and: Insurance Commissioner.

12. Cover all of the Franchisee's employees of Franchisee who in the course and scope of their employment are to conduct or perform the work pursuant to the franchise operations.

3. Provide for every benefit and payment presently or hereinafter conferred by Division 4 of the Labor Code of the State of California upon an injured employee, including the vocational rehabilitation and death benefits.

24. Be noncancelable without thirty (30) days' days prior written notice thereof directed to the Supervisor City by Franchisee or its insurance provider.

3. In lieu of the policy of workers' compensation insurance required by this section, Franchisee may substitute and provide a certificate of consent to self-insure, issued by the Board of Industrial Relations of the State of California.

D. Employer's Liability Coverage. Must include a coverage limit of no less than \$1,000,000 per accident for bodily injury or disease.

E. Professional Coverage (Errors and Omissions). If applicable, the Franchisee must ensure that appropriate professional liability insurance coverage is obtained by Franchisee and all third party architects, engineers, surveyors, or other professionals hired to conduct or perform work pursuant to the franchise operations, and that such coverage include a coverage limit of no less than \$25,000,000 per occurrence or claim.

F. Pollution Coverage. Each pollution liability insurance policy obtained by the Franchisee shall be for sudden and accidental as well as for gradual release coverage, and must:

1. Provide limits of coverage of \$10,000,000 for those franchises where the total pipeline

mileage measured in lineal feet is one (1) mile or less, and \$25,000,000 for those franchises where the total pipeline mileage measured in lineal feet exceeds one (1) mile. The measurement will be assessed at the time the ordinance granting the franchise is adopted. All Franchisees providing \$10,000,000 in coverage will be required to increase their coverage to \$25,000,000 upon increase of their lines to more than one (1) mile. All coverages will be provided on a per claim or occurrence basis or other equivalent insurance as determined acceptable by the City of Carson; and

2. Be issued to the Franchisee and name the City of Carson, its elected and appointed officials, employees, officers and agents, as additional insureds by endorsement form acceptable to the City of Carson.

Waiver of Subrogation. For general liability, automobile liability, worker's compensation and pollution coverage, each of Franchisee's insurers are deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers.

Evidence of Coverage. Upon acceptance of the franchise, and for as long as Franchisee has pipelines existing in the City, Franchisee shall file with the Supervisor prior to commencement of any franchise operations either certified copies of said policies or Carson City Manager, or designee, a certificate of insurance for each of the required policies executed by the company issuing the policy, certifying that the policy is in force and providing, with any necessary endorsements, including without limitation, Additional Insured, Primary and Non-Contributory, Waiver of Subrogation, and Cancellation Notification endorsements. Franchisee shall provide the Carson City Manager, or designee, with renewal certificates throughout the term of the franchise. the following information with respect to said policy:

- a. The policy number.
- b. The date upon which the policy will become effective and the date upon which it will expire.
- c. The names of the named insured and any additional insured.
- d. Subject of the insurance.
- e. The type of coverage provided by the insurance.
- f. Amount of limit of coverage provided by the insurance.
- g. A description of all endorsements that form a part of the policy.

Claims Made Policies. If any of the required policies provide claims-made coverage:

- (1) The retroactive date must be shown, and must be before the effective date of the franchise agreement.

- (2) *Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after expiration or sooner termination of the franchise agreement.*
- (3) *If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the franchise agreement effective date, Franchisee must purchase "extended reporting" coverage for a minimum of five (5) years after expiration or sooner termination of the franchise agreement.*

Broader Coverages and Higher Limits. Notwithstanding anything else herein to the contrary, if Franchisee maintains broader coverages and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverages and/or higher limits maintained by Franchisee.

Compliance. All franchise operations must be suspended during any period that the Franchisee fails to maintain these policies in full force and effect.

Self-Insurance Program. In lieu of any insurance required by this Section the City of Carson may in its sole discretion, upon application by Franchisee, permit Franchisee to substitute a self-administered claims program (self-insurance) covering the risks assumed under any franchise. In the event that Franchisee is permitted to substitute a program of self-insurance, Franchisee shall provide City with a letter evidencing and describing the self-administered claims program, duly executed by an authorized officer of Franchisee, and shall notify the Carson City Manager, or designee, in writing thirty (30) days prior to the termination of the self-administered claims program

Any franchise operations shall not commence until Franchisee has complied with the aforementioned provisions of this Section, and any such operations shall be suspended during any period that Franchisee fails to maintain said policies in full force and effect.

6810 Faithful Performance Bond and Letter of Credit.

On or before the effective date of the ordinance granting the franchise, Franchisee shall file and thereafter at all times during the life of the franchise keep on file with the Supervisor *and City Clerk* a corporate surety bond approved by the City Attorney running to the City in the penal sum of \$100,000, *for those franchises where the annual franchise fee is \$100,000 or less, and in the penal sum equal to the annual franchise fee for those franchises where the annual fee exceeds \$100,000 (assessed at the time the ordinance granting the franchise is adopted)*, with a surety to be approved by the Supervisor, conditioned that Franchisee shall well and truly observe, fulfill and perform each condition of the franchise and that in case of any breach of condition of the bond the whole amount of the penal sum shall be deemed to be liquidated damages and shall be recoverable from the principal and sureties of the bond. *Alternatively, Franchisee may provide a letter of credit for the same applicable amounts required for bonds upon terms acceptable to the City Attorney. The term of the bond or letter of credit shall not expire until all facilities that are permitted to be installed by City are either removed or abandoned in accordance with Section 6852 of this Chapter after expiration, revocation or termination of the franchise, as may be*

extended, and Franchisee pays any and all associated expenses or fees required under Section 6852. If said bond *or letter of credit* is not filed prior to the effective date of the ordinance granting the franchise, the award of the franchise may be set aside and the ordinance granting the franchise repealed at any time prior to the filing of said bond *or letter of credit* and any money paid in consideration for said award of franchise shall be deemed forfeited. In the event that said bond *or letter of credit*, after it has been so filed, shall at any time during the life of the franchise become insufficient *in City's sole discretion*, Franchisee agrees to ~~renew rectify~~ said bond *insufficiencies*, subject to the approval of the City Attorney, within ten (10) days after written notice to do so from the Supervisor.

6811 Alternate Security.

In lieu of the bond *or letter of credit* required pursuant to CMC 6810, the Franchise may file alternate security provided in CMC 1400.

6813 Forfeiture.

The franchise is granted and shall be held and enjoyed upon each and every condition contained in the ordinance granting the franchise, including such conditions contained herein as are incorporated by reference in said franchise ordinance, and shall ever be strictly construed against the ~~grantee~~*Grantee*. Nothing shall pass thereby unless it be granted in plain and unambiguous terms. Any neglect, failure or refusal to comply with any of the conditions of the franchise shall constitute grounds for the suspension or forfeiture thereof. The Council, prior to any suspension or forfeiture of the franchise, shall give to the ~~grantee~~*Grantee* not less than thirty (30) days' notice in writing of any default thereunder. If the ~~grantee~~*Grantee* does not, within the noticed period, begin the work of compliance or after such beginning does not prosecute the work with due diligence to completion, the Council may hold a hearing, at which the ~~grantee~~*Grantee* shall have the right to appear and be heard, and thereupon the Council may determine whether such conditions are material and essential to the franchise and whether the ~~grantee~~*Grantee* is in default with respect thereto and may declare the franchise suspended or forfeited. Notice of said hearing shall be given to the ~~grantee~~*Grantee* by certified mail not less than five (5) days before said hearing.

6814 Value of Franchise.

The ~~grantee~~*Grantee* of any franchise awarded to a public utility, by accepting the terms and conditions thereof, stipulates and agrees that in any proceeding for the purpose of adjusting the rates of the ~~grantee~~*Grantee*, no greater value shall be placed upon the franchise than the actual cash paid therefor by the ~~grantee~~*Grantee*.

6815 State Highways.

If any street or portion thereof becomes a state highway, except for the right to continue to collect franchise payments in such other rights as by law remain with the City, the state shall succeed to all rights reserved to the City by the franchise; but this provision shall not preclude the ~~grantee~~*Grantee* from receiving reimbursement for the relocation of its facilities if and to the extent otherwise lawfully entitled to.

This Section applies to any street or portion thereof which becomes a state highway in which the grantee~~Grantee~~ maintains its facilities under the authorization of the franchise at the time such street or such portion thereof becomes a state highway, whether at such time it is under the jurisdiction of the City, or any other public entity.

This Section does not require any change of location in a state highway for a temporary purpose.

6816 Eminent Domain.

No franchise granted by the City shall in any way impair or affect the right of the City or any successor in authority to acquire the property of the grantee~~Grantee~~ by purchase or condemnation, and nothing contained in such a franchise shall be construed to contract away, modify or abridge either for a term or in perpetuity the City's right of eminent domain in respect to any public utility.

6817 Publication Costs. Application Deposits and Compliance Deposits.

The Franchisee shall pay the Application Deposit to the City at the time of submittal of the Application. Such deposit will cover City costs including, but not limited to, legal and consulting fees, staff time, publication and advertising fees and costs, preparation of ordinances and resolutions, and other costs associated with the processing of the Application as deemed necessary by the City.

The required initial Application Deposit is as follows:

- a. \$5,000 for pipelines up to 1,000 feet;*
- b. \$20,000 for pipelines that are greater than 1,000 feet.*

The foregoing amounts may be amended by the City Council via resolution.

Additional deposits with each additional amount not to exceed 50% of the initial Application Deposit will be required when the deposit is down to 20% of the initial deposit. Franchises are not valid until the Applicant has paid all costs associated with the Application. Additional deposits must be made when requested by the Supervisor within 30 days. All deductions made by the City will be itemized and any remaining deposits upon City's completion of the processing of the Application along with a report of itemized deductions shall be remitted to the Franchisee.

The Franchisee shall also pay the Compliance Deposit to the City at the time of acceptance of franchise pursuant to Section 6805 where City shall hold such monies in an interest-bearing account with interest to accrue to Franchisee's benefit. The purpose of the Compliance Deposit will be to allow City to, without providing further notice to Franchisee, recover costs and fees incurred by the City including, but not limited to, legal and consulting fees and City staff time, arising from City's enforcement of any franchise terms, and to charge any Liquidated Damages against the deposit in accordance with Section 6829. The amount of such assessment shall be deemed, without proof to represent liquidation of damages actually sustained by City by reason of Franchisee's failure to perform.

The required initial Compliance Deposit is as follows:

- a. \$2,500 + \$2.00 per foot for pipelines up to 1,000 feet;*
- b. \$10,000 + \$2.00 per foot for pipelines that are greater than 1,000 feet up to 5,000 feet;*
- c. \$20,000 + \$1.00 per foot for pipelines greater than 5,000 feet up to 25,000 feet; and*
- d. \$45,000 + \$0.50 per foot for pipelines greater than 25,000 feet, capped at \$100,000.*

The foregoing amounts may be amended by the City Council via resolution. Additional deposits with each additional amount not to exceed 50% of the initial Compliance Deposit will be required when the deposit is down to 20% of the initial deposit. Franchisee must make additional deposits when requested by the Supervisor within 30 days. Failure to maintain deposits at required minimum with 30 days' notice by the Supervisor may result in the initiation of Forfeiture proceedings under Section 6813.

All deductions made by the City will be itemized and any deposits that remain at the end of the franchise term shall either be returned to the Franchisee or credited towards the Application Deposit should a renewal be pursued by Franchisee. City will provide Franchisee a report of itemized deductions made, if any, on an annual basis.

Notwithstanding anything else in this Section 6817, on a case-by-case basis and upon written request of Franchisee, the Director may authorize a partial release to Franchisee of the initial Compliance Deposit in an amount that results in at least 50% of the initial amount remaining on deposit with the City, provided that the Franchisee demonstrates a good track record of compliance with the terms and conditions of this Chapter and the franchise for a period of five (5) consecutive years from the date of submission of the initial Compliance Deposit. An existing balance of 80% of the initial Compliance Deposit shall represent a rebuttable presumption of Franchisee's demonstration of a good track record of compliance.

~~The grantee shall pay to the City within thirty (30) days after receiving a statement therefor, all advertising and publishing costs, including the cost of publishing the ordinance, if necessary, incurred in connection with the granting of the franchise.~~

6818 Assignment.

The grantee~~Grantee~~ shall not sell, transfer, assign or lease the franchise or any part thereof, except with the consent of the Council. Such sale, transfer, assignment or lease shall be made only by filing with the Council a copy of the duly executed instrument of such sale, transfer, assignment or lease and a written request for the consent of the Council to such sale, transfer, assignment or lease. If such duly executed instrument and such written request, is not filed with the Council before the expiration of sixty (60) days after the effective date of such sale, transfer, assignment or lease, then, upon the expiration of said sixty (60) days, the franchise shall be subject to forfeiture and the Council may, without notice, by ordinance, repeal the franchise. As a condition to the granting of consent to such sale, transfer, assignment or lease, the Council may impose such additional terms and conditions upon the franchise and upon the grantee~~Grantee~~ or assignee, which the Council may deem to be in the public interest. Such additional terms and conditions

shall be expressed by ordinance. Nothing herein contained shall be construed to grant to the ~~grantee~~*Grantee* the right to sell, transfer, assign or lease the franchise, or any part thereof, except in the manner aforesaid. This section applies to any assignment, whether by operation of law, by a voluntary act of the ~~grantee~~*Grantee* or otherwise.

6819 Prior Franchises.

All facilities erected, constructed, laid, operated or maintained by the ~~grantee~~*Grantee* in the streets, including services connected with the ~~grantee's~~*Grantee's* facilities, whether installed by the ~~grantee~~*Grantee* or not, in the area described in and by virtue of the authority provided by the ordinance granting the franchise, prior to the effective date of said ordinance, except those maintained under prior right other than franchise, shall become subject to all the terms and conditions of such ordinance upon such effective date.

6820 City Officers.

Any right or power conferred, or duty imposed upon any officer, employee or department of the City shall be subject to transfer to any other officer, employee, or department of the City.

6821 *Indemnity and Hold Harmless.*

The ~~grantee~~*Grantee* shall be responsible to the City *and shall indemnify, defend* and save the City and its officers and employees free and harmless from all damages or liability arising from the use, operation or possession of the franchise, and from the use, operation or maintenance of the facilities erected, constructed, laid, operated or maintained thereunder.

6822 Standards.

All facilities erected, constructed, laid, operated or maintained under the provisions of the franchise shall be erected, constructed, laid, operated or maintained in accordance with and conforming to all the ordinances, codes, rules and regulations now and hereafter adopted or prescribed by the Council.

6823 Conflicting Improvements.

If the City or any other public entity constructs or maintains any storm drain, sewer structure, or other facility or improvement under or across any facility of the ~~grantee~~*Grantee* maintained pursuant to the ordinance, the ~~grantee~~*Grantee* shall provide at no expense to the City or other public entity such support as shall be reasonably required to support, maintain and protect ~~grantee's~~*Grantee's* facility.

6824 Relocation.

If the ~~grantee~~*Grantee* after reasonable notice, fails or refuses to relocate permanently or temporarily its facilities located in, on, upon, along, under, over, across or above any highway or to pave, surface, grade, repave, resurface or regrade as required, pursuant to any provision of the

franchise, the City or other public entity may cause the work to be done and shall keep an itemized account of the entire cost thereof, and the ~~grantee~~*Grantee* shall *indemnify, defend and* hold harmless the City, its officers and employees from any liability which may arise or be claimed to arise from the moving, cutting, or alteration of any of the ~~grantee's~~*Grantee's* facilities, or the turning on or off of water, oil, or other liquid, gas, or electricity.

The ~~grantee~~*Grantee* agrees to, and shall, reimburse the City or other public entity for such cost within thirty (30) days after presentation to said ~~grantee~~*Grantee* of an itemized account of such costs.

6825 Defective Facilities.

If any portion of any street shall be damaged by reason of defective facilities laid or constructed under the franchise, the ~~grantee~~*Grantee* shall, at its own expense, repair any such defect and put such street in as good condition as it was before such damage was incurred, to the satisfaction of the City. If the ~~grantee~~*Grantee*, within ten (10) days after receipt of written notice from the City, instructing it to repair such damage, shall fail to commence to comply with such instructions, or, thereafter, shall fail diligently to prosecute such work to completion, then the City immediately may do whatever work is necessary to carry out said instructions at the cost and expense of the ~~grantee~~*Grantee*, which cost and expense, by the acceptance of the franchise, the ~~grantee~~*Grantee* agrees to pay upon demand. If such damage constitutes an immediate danger to the public health or safety requiring the immediate repair thereof, the City without notice may repair such damage and the ~~grantee~~*Grantee* agrees to pay the reasonable cost thereof upon demand.

6826 Hazardous Substances.

Prior to the issuance of any excavation permit for the construction or installation of any pipelines for the transmission of flammable liquids or gases, which are heavier than air, approval shall be obtained from the chief engineer. Such approval should be based on the determination that no undue fire hazard will be created to life or property in the areas through which the proposed pipeline will be located. To make such determination, consideration shall be given to:

- (A) Type of commodity to be transmitted.
- (B) Density of population or structural development in the area through which the pipeline will be located.
- (C) Adequacy of water supplies for fire control purposes.
- (D) Extent of available public fire protection facilities.
- (E) Number and location of shut-off valves in line.

6827 Council Approval of Location of Facilities.

A Franchisee may not install or operate any facilities in any public street, highway, road, alley or other public place without first obtaining the prior approval of the City Council by Resolution.

6828 Damage to Public Property Generally.

Any damage done directly or indirectly to any public property by ~~grantee~~*Grantee or any third party acting at the direction of Grantee or on Grantee's behalf*, in exercising directly or indirectly any right, power, or privilege under this franchise, or in performing any duty under or pursuant to the provisions of this Section, shall be promptly repaired by ~~grantee~~*Grantee* at its sole cost and expense.

6829 Liquidated Damages, Default, Cure and No Waiver of Rights.

In the event of any material failure of Franchisee to comply with the terms and conditions of this Chapter or the franchise, the City shall provide Franchisee with written notice specifying the nature of such failure. The Franchisee will be deemed to have cured any default if the Franchisee commences to cure such default within fifteen (15) days from the receipt of the City's written notice and completes such cure within thirty (30) days following commencement or, if such default cannot reasonably be cured within such thirty (30) day period, the Franchisee commences to cure such default within fifteen (15) days from receipt of the City's written notice and diligently prosecutes such cure to completion within sixty (60) days thereafter. Franchisee's failure to cure the default, failure to replenish the Application Deposit or Compliance Deposit as required under Section 6817, or failure to make timely payments of fees as required in Sections 6830 and 6832 shall be deemed a material breach of the terms of the franchise ("Breach"). For the avoidance of doubt, Franchisee's failure to comply with the terms and conditions of this Chapter or the franchise due to any delays caused by the City or any other factors beyond the reasonable control of Franchisee, including but not limited to, any force majeure events, shall not constitute a Breach. A force majeure event includes, but is not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics and pandemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts, omissions or delays of any governmental agency, including the City, if the Franchisee shall within ten (10) days of the commencement of any failure to comply notify the Director in writing of the causes of such failure.

Examples of such failures include, but are not limited to, failure to make required payments, submit certifications, maps, GIS information, or other documents specified in this Chapter. The City may at its option, and in its sole discretion, impose Liquidated Damages of \$1,000 per day on Franchisee and charge such damages against the Compliance Deposit or independent of the Compliance Deposit in the event of a Breach, except that the amount of Liquidated Damages for failure to make timely payments required by Sections 6830, 6832 and 6844 will be as stated in those sections.

Such assessment of Liquidated Damages shall not constitute a waiver by City of any other right or remedy it may have under the franchise or under applicable law including, without limitation, its right to call the performance bond or recover from Franchisee such additional damages,

losses, costs and expenses, including actual attorney's fees, as may have been suffered or incurred by City by reason of or arising out of such Breach.

6829.5 Judgment Lien.

All monies owed to City by Franchisee under the franchises that are unpaid when due, including unpaid fees under Section 6852, are deemed to be monetary debts that are subject to a judgment lien.

6829.6 Annual Certification of Compliance.

Commencing on the first anniversary of the franchise term, Franchisee will furnish to City an annual certification on a form provided by City, certifying that Franchisee is in good faith compliance with the terms of the franchise. Each certification must be submitted to the City by no later than the anniversary date(s) of the commencement of the franchise term. The certification may include, but may not be limited to, the following:

- A. Evidence of insurance renewals;*
- B. Current point of contact (email and phone number);*
- C. Any new mapping data (or certification that there have been no changes);*
- D. Any permits in general that have been applied for or obtained as required by Section 6876 within the twelve (12) month period leading up to the certification; and*
- E. Certification evidencing current status as a public utility as required by Section 6807 (for public lines).*

Part 2. Compensation

6830 Public Utilities Transmitting Oil or Products of Oil.

As consideration for the franchise granted, the Franchisee of any franchise awarded to a public utility for a pipeline system transmitting oil or products of oil, including the extension, renewal, or continuation of a previously granted franchise, shall pay to the City the following fees:

- A. Base Annual Fee.** A base annual fee shall be paid within sixty (60) days after the end of each calendar year and during the life of the franchise for each and every year, including the year of granting the franchise, according to the "franchise payment period" as defined in this Chapter, by multiplying the pipe length expressed in feet by the applicable base rate as follows:

| 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 |

For pipelines with an internal diameter not listed above, the fees shall be in the same proportion to the fees of a twelve (12) inch diameter pipe as the diameter of the unlisted pipe is to twelve (12) inches. The formula used in arriving at the annual fee shall apply to any existing, replacement, modification or extension of the pipeline. *A penalty at the rate of ten (10) percent per month or fraction thereof beyond thirty (30) days after the payment due date shall be charged, but in no event shall said penalty exceed fifty (50) percent. Notwithstanding anything else in this Chapter, such penalty shall be charged as Liquidated Damages even without City providing Franchisee with notice and an opportunity to cure under Section 6829.*

B. Adjustments.

1. The amount of the fee provided for in subsection A of this Section shall be adjusted at the time payment is due by multiplying the base fee by the Consumer Price Index, All Urban Consumers for the Los Angeles-Anaheim-Riverside Area 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 (June 30, 1989 = 100.0).
2. In no event shall an annual fee be charged which is less than the base annual fee amount established by subsection A of this Section.
3. The indices specified in subsection (B)(1) of this Section are calculated and published by the United States Department of Labor, Bureau of Labor Statistics. If the Bureau discontinues the calculation or publication of the Consumer Price Index, All Urban Consumers for the Los Angeles-Anaheim-Riverside area (June 30, 1989 = 100), and no

transposition table is available to convert to another index, then the amount of each annual adjustment in base fees shall be computed by using a comparable governmental index.

C. Conversion on Nonpublic Utility to Public Utility. Upon expiration of a nonpublic utility pipeline transmitting oil or products of oil which franchise was effective on December 30, 1989, if the operator of such franchise has converted or seeks to convert to public utility status, all of the following must be established to the satisfaction of the City Council in accordance with Public Utilities Code Section 6231.5(f):

1. Its property is dedicated to the service of the public;
2. Its rates for transportation are established pursuant to tariffs filed with the Public Utilities Commission;
3. Its accounts and records are established pursuant to rules and regulations adopted by the Public Utilities Commission;
4. It has filed an appropriate annual report with the Public Utilities Commission; and
5. Its rates for transportation are just, reasonable, and nondiscriminatory, as evidenced either by an order of the Commission approving those rates, or an application for approval of its rates that is pending with the Commission.

D. Unauthorized Installation. Any newly discovered pipelines or facilities within any public street, highway, road, alley or other public place, that were installed and operating without the proper approvals granted pursuant to Section 6827, will be immediately added to the franchise in accordance with Section 6827 and all fees for such added pipelines or facilities will be charged to Franchisee retroactive to the time the pipelines and facilities were installed.

6831 Public Utilities Transmitting Substances Other than Oil or Products of Oil.

As consideration for the award of any franchise to a public utility for a pipeline system transmitting substances other than oil or products of oil, including the extension, renewal, or continuation of a previously granted franchise, the Franchisee must pay to the City the following fees:

A. Base Annual Fee. As provided in California Public Utilities Code Section 6231(c), the Franchisee shall pay to the City during the term of the franchise two (2) percent of the gross annual receipts of the Franchisee arising from the use, operation or possession of the franchise; but this annual payment may not be less than one (1) percent of the gross annual receipts of the franchise derived from the sale within the boundaries of the City of the utility service for which the franchise is awarded.

B. Adjustments. The City reserves the right to change the fees imposed by this Section at five (5) year intervals from the effective date of the ordinance granting the franchise, if, following a public hearing, that action is not in conflict with the laws of the State of California.

6832 Nonpublic Utility.

The Franchisee of any franchise awarded to any entity other than a public utility, as further consideration for such franchise including the extension, renewal, or continuation of a previously granted franchise, shall pay to the City the following fees:

A. Base Granting Fee. In the case of an initial grant of franchise, or franchises which extend, renew, or continue previously granted franchises, a base granting fee of ~~\$7,500~~ \$17,500 for pipelines with a total length of one-quarter (1/4) mile or more or ~~\$1,600~~ \$3,800 for pipelines with a total length of less than one-quarter (1/4) mile shall be paid within thirty (30) days after the Council adopts the ordinance granting the franchise and prior to signing the written acceptance of the franchise pursuant to CMC 6805. If at any time during the first five (5) years following the grant of a franchise additional pipeline is added which will result in a total length of pipeline of one-quarter (1/4) mile or more, the ~~\$7,500~~ \$17,500 granting fee shall be required at the same time said footage is added.

B. Base Franchise Fee.

1. A base franchise fee shall be paid by the holder of the franchise to the City for the pipeline area occupied by the pipelines at an annual rate of ~~\$1.68~~ \$4.62 per ~~cubic~~*lineal* foot. The franchise fee shall be due and payable semi-annually, at the end of each franchise payment period, as defined in CMC 6803(h), during the life of the franchise, including the year of granting the franchise. Said franchise fee shall accrue at the end of each semi-annual period for the pipeline area occupied by the greatest number of feet of pipeline covered by the franchise during the franchise payment period. ~~For purposes of this subsection the pipeline area occupied by a pipeline or conduit including protective covering, pipe connections, cathodic protection facilities, pipe casings and other minor appurtenances shall be taken as equivalent to the volume occupied by a cylinder of equal length having a diameter of one (1) inch (for metal pipe) or two (2) inches (for plastic pipe) greater than the nominal internal diameter of the pipe or conduit but in no case with an equivalent cylinder diameter less than four (4) inches, and the payment rate therefor shall be computed to the nearest tenth of a cent per lineal foot of pipe.~~ Pipeline area occupied by any appurtenances such as manholes or vaults shall be computed from the outside dimensions of the structure. The semi-annual fee shall be paid no later than January 1st and July 1st of each calendar year. A penalty at the rate of ten (10) percent per month or fraction thereof beyond thirty (30) days after the payment due date shall be charged, but in no event shall said penalty exceed fifty (50) percent. *Notwithstanding anything else in this Chapter, such penalty shall be charged as Liquidated Damages even without City providing Franchisee with notice and an opportunity to cure under Section 6829.*

2. The City reserves the right to adjust the base fees established hereunder at any time after the effective date of the ordinance granting a franchise, but the base fees applicable to any one (1) franchise may only be changed ~~three~~ five-(35) times during the life of that particular franchise, ~~and may only be changed in accordance with the provisions of California Public Utilities Code Section 6231.5(e), up to an increase of no more than 5% for each adjustment, provided that City notifies Franchisee of each such increase in writing.~~

C. Base Construction Charges. The holder of the franchise shall pay at the time of commencement of installation, relocation, or replacement of any pipeline or other facility covered by the franchise, a base construction charge of ~~\$3,384~~ **\$7,760** for each one-half (1/2) mile of trench or fractional part thereof installed, replaced or relocated on major streets and ~~\$2,232~~ **\$5,118** per one-half (1/2) mile of trench or fractional part thereof, on minor streets or actual cost of inspection, whichever is greater. The City reserves the right to change the base fees established hereunder at any time after the effective date of the ordinance granting a franchise, but the base fees applicable to any one (1) franchise may only be changed *three* ~~five~~ (35) times during the life of that particular franchise *up to an increase of no more than 5% for each adjustment, provided that City notifies Franchisee of each such increase in writing.*

D. Adjustments.

1. The amount of each base fee specified in subsections A, B and C of this Section shall be adjusted at the time payment is due by the percentage change in the Consumer Price Index, all Urban Consumers for the Los Angeles-Anaheim-Riverside area (1982-84 = 100), for the period July 1, ~~1991~~ **2023** to the date which is sixty (60) days prior to the due date of the fee.
2. In no event shall any base fee be charged which is less than the base fee amount established by subsections B and C of this Section.
3. The indices specified in paragraph 1 of this subsection D are calculated and published by the United States Department of Labor, Bureau of Labor Statistics. If the Bureau discontinues the calculation or publication of the Consumer Price Index, all Urban Consumers for the Los Angeles-Anaheim-Riverside area (1982-84 = 100), and no transposition table is available to convert to another index, then the amount of each annual adjustment in base fees shall be computed by using a comparable governmental index.

E. Unauthorized Installation. Any newly discovered pipelines or facilities within any public street, highway, road, alley or other public place, that were installed and operating without the proper approvals granted pursuant to Section 6827, will be immediately added to the Franchise in accordance with Section 6827 and all fees for such added pipelines or facilities will be charged to Franchisee retroactive to the time the pipelines and facilities were installed.

6833 Proration of Payments.

In the event of abandonment of facilities with the approval of the City as elsewhere in this Chapter provided, or in the event of removal of such facilities by the Franchisee, or in the event of the grant of a franchise with an initial franchise payment period of less than one (1) year, the annual franchise fee required under CMC 6830(a) and (b) shall be prorated for the calendar year in which such removal or abandonment or grant occurs as of the end of the calendar month in which removed, abandoned or granted.

6834 Records.

Franchisee shall keep and preserve for a period of five (5) years subsequent to the date of the most recent franchise fee determination all the records necessary to determine the amount of such franchise fee.

At all reasonable times, the Franchisee shall permit the City or its duly authorized representative to examine all property of the Franchisee erected, constructed, laid, operated or maintained pursuant to the franchise, together with any appurtenant property of the Franchisee, and to examine and transcribe any and all books, accounts, papers, maps, and other records kept or maintained by the Franchisee or under its control which concern the operations, affairs, transactions, property or financial condition of the Franchisee with respect thereto. Said records shall be made available to the City at a location in the County of Los Angeles.

Part 3. Construction

6840 Construction Requirements.

Pipelines and appurtenances shall be constructed and maintained in good workmanlike manner in conformity with the terms and conditions of the Highway Permit Ordinance, or any other ordinance, rule or regulation, now, or as hereafter amended, adopted or prescribed by the City. All pipes laid under the franchise shall be of first class material. All pipelines and appurtenances will be installed in accordance with the latest revision of the "American Standard Code of Pressure Piping ASA B31.4" and the Highway Permit Ordinance.

6841 New Installation or Replacement.

New installation or replacements of pipelines and appurtenances and all other facilities necessary for the installation, operation, maintenance, and safety of pipelines and conduits shall be laid and maintained only pursuant to permit issued by the Department, *and pursuant to Section 6827*. All such installations or replacements shall be reviewed by the Director as to the most desirable location in the streets of the City and his decision shall be final and binding on the Franchisee.

6842 Permits.

Where the provisions of the Highway Permit Ordinance, or the provisions of any other ordinance, rule or regulation, which shall be in force at the time, require the issuance of an excavation, encroachment or other type of permit, the Franchisee shall not commence any excavation or encroachment work under the franchise until it shall have obtained such permit from the Department except in cases of emergency affecting public health, safety or welfare or the preservation of life or property, in which case the Franchisee shall apply for such permit not later than the next business day.

The application of the Franchisee for such permit shall show the following facts: the length and proposed location of the pipeline and/or appurtenance intended to be used, and such other facts as

the Department may require. The Franchisee shall pay any and all permit inspection fees to the Department.

Pipeline Inspections and Test Results. A Franchisee shall test all pipelines as required by the state fire marshal or other state or federal agency with jurisdiction over the pipeline or by any applicable law, and must make available for inspection by the City the results of all pipeline inspections and pipeline tests that are required by the state fire marshal and by all applicable laws within sixty (60) days of the Franchisee's receipt of those results.

Pipeline Emergency Plan. At the time an Application is submitted to the City for a new franchise, an Applicant shall file, and thereafter annually during the term of the franchise keep on file with the Supervisor, a pipeline emergency plan as may be required by 49 C.F.R. section 195.402, 49 C.F.R. section 192.615, the Elder California Pipeline Safety Act of 1981 (Government Code sections 51010 et seq.), and all other applicable laws. Each Franchisee shall update its pipeline emergency plan whenever it acquires, constructs, lays, removes or abandons any facilities under a franchise, and shall file the plan with the public works department within thirty (30) days after any update. In lieu of filing a pipeline emergency plan with the Supervisor, a Franchisee that uses its facilities to transport only potable water may file a certification annually declaring that it has prepared and filed the required pipeline emergency plan with the public utilities commission.

The City may not disclose confidential information of Franchisee such as integrity test results or GIS data unless required to do so under the Public Records Act or other law. If City is required to disclose any such confidential information, City will give adequate prior notice of such disclosure to Franchisee to permit Franchisee to intervene and to request protective orders or other confidential treatment therefor.

6843 Work on and Restoration of Streets.

The work of constructing, laying, replacing, maintaining, repairing or removing all pipelines and appurtenances authorized under the provisions of this Chapter in, over, under, along or across any street shall be conducted with the least possible hindrance to the use of the street for purposes of travel, and as soon as such work is completed, all portions of the street which have been excavated or otherwise damaged thereby shall promptly and in a workmanlike manner be repaired, replaced or restored and placed in as good condition as the same was before the commencement of such work. Such restoration, repair or replacement work may, as determined by the Director, require the resurfacing, slurry scaling or other treatment of the street or streets to a minimum of one (1) driving lane, and all such work shall be done to the satisfaction of the Director at the expense of the Franchisee, in accordance with the terms and conditions of the Highway Permit Ordinance.

In the event that the Franchisee shall fail or neglect to make such highway repair, replacement, or restoration work, then ten (10) days after notice therefor has been given Franchisee by the Director, the City may repair, replace or restore said highway at the expense of Franchisee. Franchisee agrees to pay to the City the cost of performing such work. The amount so chargeable shall be the direct cost of such work plus the current rate of overhead being charged by the City for reimbursement work.

6844 Failure to Timely Comply.

In the event that the Franchisee fails to complete the work within the time specified in the permit, the City may require the Franchisee to pay to the City ~~not more than \$200.00~~ \$1,000.00 per day, *or a higher amount if required under the ordinance granting the franchise to adjust for inflation at the same rate permitted under Sections 6830B and 6832D using 2024 as liquidated damages the base year, as Liquidated Damages* for each day construction extends beyond the time specified in the permit. *Notwithstanding anything else in this Chapter, such damages shall be charged as Liquidated Damages even without City providing Franchisee with notice and an opportunity to cure under Section 6829.*

Whenever the Franchisee fails to complete any work required by the terms and conditions of the Franchise, and the permits issued thereunder, within the time limits required thereby, the City may complete or cause to be completed any and all such work at the expense of the Franchisee. The Franchisee agrees to pay to the City the cost of performing such work. The amount so chargeable to Franchisee shall be the direct cost of such work plus the current rate of overhead being charged by the City for reimbursable work.

6845 Completion Statement.

Upon the completion of the construction of any pipelines or appurtenances constructed pursuant to said franchise, the Franchisee shall submit a statement of the Supervisor, identifying the permit or permits issued by the Department, the total length of pipeline, the construction of which was authorized under such permit or permits, and the total length of pipeline or appurtenance actually laid.

6846 Responsibility.

The Franchisee shall be responsible to the City and shall save the City, its officers, agents, and employees, free and harmless from all damages or liability arising from any damage or injury suffered by any person by reason of any excavation or obstruction being improperly guarded during any work authorized pursuant to the franchise or the failure or neglect of the Franchisee to properly perform, maintain, or protect any phase of such work.

6847 Appurtenances.

The Franchisee shall have the right to construct, maintain and repair such traps, manholes, conduits, valves, appliances, attachments and appurtenances (hereinafter collectively referred to as "appurtenances") as may be necessary or convenient for the proper maintenance and operation of the pipelines under said franchise, and said appurtenances shall be kept flush with the surface of the street and so located as to conform to any ordinance, rule or regulation of the City, or of any permit issued by the Department in regard thereto and shall not interfere with the use of the street for travel. The Franchisee shall have the right subject to such ordinances, rules or regulations as are now or may hereafter be in force, to make all necessary excavations in said streets for the construction, maintenance and repair of said appurtenances; provided, however, that the Franchisee shall first obtain an excavation permit from the Department for doing of any such work.

6848 Ordinary Repair.

The Franchisee shall be privileged to excavate in the road or street for line repair for the number of days agreed upon by the Franchisee and the Department; provided, however, that the Franchisee shall first obtain an excavation permit from the Department for the doing of any such work.

6849 Relocation of Pipelines and Appurtenances.

A. The City reserves the right to change the grade, to change the width or to alter or change the location of any street over which the franchise is granted. If any of the pipelines, facilities or appurtenances heretofore or hereafter constructed, installed or maintained by the Franchisee pursuant to the franchise on, along, under, over, in, upon or across any street are located in a manner which prevents or interferes with the change of grade, traffic needs, operation, maintenance, improvements, repair, construction, reconstruction, widening, alteration or relocation of the street, the Franchisee shall relocate permanently or temporarily any such facility at no expense to the City upon receipt of a written request from the Director to do so, and shall commence such work on or before the day specified in such written request which date shall be not less than *sixty thirty (6030)* days from receipt of such written request. Franchisee shall thereafter diligently prosecute such work to completion. *Such sixty (60) day deadline shall be extended to the extent Franchisee is unable to commence work due to any delays caused by the City or any other factors beyond the reasonable control of Franchisee, including but not limited to, any force majeure events. Determination of the existence of any such conflict and interference with City's projects will be made solely by the Director after City utilizes any one or more of the following industrywide accepted processes: GPR (ground penetrating radar), Digalert, or survey and exposure (e.g., by potholing).*

B. The City reserves the right for itself, and all other public entities which are now or may later be established, to lay, construct, repair, alter, relocate and maintain subsurface or other facilities or improvements of any type or description in a governmental but not proprietary capacity within the streets over which the franchise is granted. If the City or any other public entity finds that the location or relocation of such facilities or improvements conflicts with the facilities laid, constructed or maintained under the franchise, whether such facilities were laid before or after the facilities of the City or such other public entity were laid, the Franchisee of such franchise shall at no expense to the City or public entity, on or before the date specified in a written request from the Director, which date shall be not less than *sixty thirty (6030)* days after the receipt of such notice and request to do so, commence work to change the location either permanently or temporarily of all facilities so conflicting with such improvements to a permanent or temporary location in said streets to be approved by the Director and thereafter diligently prosecute such work to completion. *Such sixty (60) day deadline shall be extended to the extent Franchisee is unable to commence work due to any delays caused by the City or any other factors beyond the reasonable control of Franchisee, including but not limited to, any force majeure events.* If such street be subsequently constituted a state highway, while it remains a state highway the rights of the State of California shall be as provided in Section 680 of the Streets and Highways Code of the State of California. *Determination of the existence of any such conflict and interference with City's projects will be made solely by the Director after City utilizes any one or more of the*

following industrywide accepted processes: GPR (ground penetrating radar), Digalert, or survey and exposure (e.g., by potholing).

6850 Breaks or Leaks.

If any portion of the street shall be damaged by reason of breaks or leaks in any pipe, conduit, or appurtenance constructed or maintained under the franchise, the Franchisee thereof shall, at its own expense, immediately following written or oral notification thereof, promptly repair any such damage and put such street in as good condition as it was in before such damage or leak, all to the satisfaction of the Department. The Franchisee shall obtain an excavation permit from the Department for the doing of any such work.

6851 Emergency Equipment.

At all times during the term of this its franchise, the a Franchisee shall locate and maintain or arrange for, on a twenty-four (24) hour a day basis, the location and maintenance of, adequate emergency equipment and a properly trained emergency crew within a radius of twenty-five (25) miles from any facilities installed or maintained pursuant hereto as required by 49 C.F.R. section 195.402, 49 C.F.R. section 192.615, the Elder California Pipeline Safety Act of 1981 (Government Code sections 51010 et seq.), and all other applicable laws for the purpose of shutting off the pressure and the flow of the contents of such facilities the pipelines in the event of an emergency resulting from an earthquake, act of war, civil disturbance, The emergency equipment and crew must be available to respond on a twenty-four-hour-a-day basis. At all times during the term of its franchise, a Franchisee shall provide up-to-date twenty-four-hour-a-day emergency contact information to the public works department and all applicable fire protection districts, flood, or any other cause or nature whatsoever.

6852 Removal or Abandonment of Facilities.

A. At the expiration, revocation or termination of this franchise or upon the permanent discontinuance of the use of all or a portion of its facilities, the Franchisee shall, within thirty (30) days thereafter, make written application to the Director for authority, as determined by the Franchisee, either: (1) to abandon all or a portion of such facilities in place; or (2) to remove all or a portion of such facilities. Such application shall describe the facilities desired to be abandoned or removed by reference to the map or maps required by CMC 6808 and shall also describe with reasonable accuracy the physical condition of such facilities.

B. The Director shall determine whether the abandonment or removal which is thereby proposed may be effected without detriment to the public interest and under what conditions such proposed abandonment or removal may be safely effected. The Director shall then notify the Franchisee of his determination. The Franchisee shall pay to the City the cost of all tests required to determine the disposition of the application for abandonment or removal.

C. Within thirty (30) days after receipt of such notice, the Franchisee shall apply for a permit from the Department to abandon or remove all or a portion of the facilities and shall pay all fees and costs related thereto. Said permit shall contain such conditions of abandonment or removal as may

be prescribed by the Director. Any abandonment shall be conditioned, in part, upon Franchisee's compliance with the provisions of CMC 6849(A) and (B).

D. The Franchisee shall, within ninety (90) days after obtaining such permit, commence and diligently prosecute to completion the work authorized by the permit.

E. If the Franchisee applies for authority to abandon all or a portion of its facilities in place, and the Director determines that abandonment in place of all or part of the facilities may be effected without detriment to the public interest, the Franchisee shall pay to the City a *one-time* fee which shall be computed as follows:

| Pipelines with an Internal Diameter of | Amount Per Lineal Foot |
|--|------------------------|
| 0 – 12 inches | \$15.00\$32.00 |
| 14 – 18 inches | 22.00\$47.00 |
| 20 – 30 inches | 28.00\$60.00 |

6853 Failure to Comply.

A. If any facilities to be abandoned "in place" subject to prescribed conditions shall not be abandoned in accordance with all such conditions the Director may make additional appropriate orders, including an order that the Franchisee shall remove any or all such facilities. The Franchisee shall comply with such additional orders.

B. In the event that the Franchisee shall fail to comply with the terms and conditions of abandonment or removal as may be required by this Chapter and within such time as may be prescribed by the Director, then the City may remove or cause to be removed such facilities at the Franchisee's expense. The Franchisee shall pay to the City the cost of such work plus the current rate of overhead being charged by the City for reimbursable work.

C. If, at the expiration, revocation or termination of this franchise, or of the permanent discontinuance of the use of all or a portion of its facilities, the Franchisee shall, within thirty (30) days thereafter, fail or refuse to make written application for the abovementioned authority, the Director shall make the determination as to whether the facilities shall be abandoned in place or removed. The Director shall then notify the Franchisee of his determination. The Franchisee shall thereafter comply with the provisions of CMC 6852(C) and (D).

6854 Abandonment "In Place" Conditions.

Facilities abandoned "in place" shall be subject to the condition that if, at any time after the effective date of the abandonment, the Director determines that the facility may interfere with any

public project, Franchisee or its successor in interest must remove the facility at its expense when requested to do so by the City or to pay City for the cost of such removal.

Part 4. Special Provisions for Oil Pipelines

6860 Rights Granted.

The Franchisee granted an oil pipeline franchise shall have the right during the life thereof to transport oil, gas, gasoline, petroleum, wet gas, hydrocarbon substances, water, waste water, mud and other liquid substances through the pipelines maintained under the franchise. If the Franchisee or assignee later qualifies before the Public Utilities Commission of the State of California as a common carrier, the Franchisee or assignee shall then have no right to continue to operate hereunder after the date of such qualification except with the consent of the Council, granted upon such additional terms and conditions as the Council may deem proper. Such additional terms and conditions shall be expressed by ordinance.

6861 Materials Used.

All pipelines used or to be used for the transportation of oil, gas, gasoline, petroleum, wet gas, hydrocarbon substances or other flammable liquid shall be first class and standard material as set forth by current American Petroleum Institute pipeline specifications.

6862 Approvals.

On all pipelines laid pursuant to the franchise, the Chief Engineer shall approve where flush-valve connections shall be placed in the line. The availability of adequate water supplies, the commodity transmitted in the line, and the location of control valves shall be considered when making such determination. Such flush-valve connections shall be installed in the manner prescribed by the Chief Engineer.

6863 Reports.

The Franchisee during the life of the franchise, within ninety (90) days after the expiration of each franchise payment period, shall:

A. File with the Supervisor two (2) copies of a report verified by the oath of the Franchisee or by the oath of a duly authorized representative of the Franchisee showing for the immediately preceding franchise period, the length of lines in streets, the internal diameter of such lines, the rate per foot per year and the total amount due the City.

B. File with the Supervisor a report in triplicate, showing the permit number of each permit obtained for the installation of new mains during the immediately preceding franchise payment period, together with the length and size of said mains. On this report the Franchisee shall show any change in franchise footage since the last franchise payment period segregating such footage

as to new mains laid, old mains removed, old mains abandoned in place, and the footage of mains in territory annexed or incorporated since the last franchise payment period.

6864 Payments Due.

Except for pipelines lawfully maintained other than by the authority granted by the franchise, the semi-annual payments shall accrue from the respective dates of installation, whether before or after the effective date of the ordinance granting the franchise, and such payments shall be due and payable semi-annually.

6865 Nonapplicability.

CMC 6860, 6863, and 6864 do not apply to public utilities.

Part 5. Special Provisions for Water and Other Public Utility Pipelines

6870 Rights Granted.

The Franchisee granted a franchise for domestic water service shall have the right, during the term of period covered by the franchise and subject to the terms thereof, to make service connections with all property adjoining streets and to furnish and distribute water through said pipes and pipelines to all the City territory in the City adjacent to said pipes and pipelines for any purpose.

6871 Plan Approval.

All new pipelines, replacements, and extensions for domestic water service shall be constructed, laid, and designed according to plans approved by the Chief Engineer.

6872 Condition of Approval.

The Chief Engineer shall approve such plans if the pipelines to be laid, extended or replaced are so designed in conjunction with related facilities, and the location of fire hydrants comply with required domestic demand and fire flows indicated by the Board of Fire Underwriters.

6873 Exception.

The Chief Engineer may grant an exception to the requirements of CMC 6872 where there are practical difficulties or unnecessary hardships in the way of carrying out the strict letter of said section, and in the granting of such exception the spirit of said section will be observed, public safety secured, and substantial justice done.

6874 Fire Hydrants.

As further consideration for the granting of the franchise, the Franchisee shall, at the request of the Chief Engineer, install at no cost to the City (except a reasonable monthly rental), or to any County

fire protection district, fire hydrants at such places along the Franchisee's water mains covered by the Franchise as may be designated by the Chief Engineer.

6875 Supervisor.

The Franchisee of any franchise awarded to a public utility or a mutual water company shall file with the Supervisor for each franchise payment period, within ninety (90) days after such period, two (2) copies of a report verified by the oath of the manager, or any responsible officer of the Franchisee (except where the Franchisee is an individual, in which case the report shall be verified by the oath of the Franchisee) showing the total gross receipts of the Franchisee for the franchise payment period, received or accrued in connection with the furnishing of the commodity or service arising from the use or operation of the franchise, together with such additional data as is necessary in the opinion of the Supervisor to calculate or verify the calculation of the annual payment required by CMC 6830(A) (or the pro rata portion thereof for the first period if less than one (1) year) and which payment shall be paid concurrently with the filing of the statement. In the event the amount paid is incorrect in the judgment of the City, it may order the payment of such additional sum as it may find thereunder; and if not paid, or if paid under protest the same may be determined by suit.

6876 Report to Supervisor.

Within ninety (90) days after the expiration of each franchise report period, the Franchisee shall file with the Director a report in triplicate, showing the permit number of each permit obtained for the installation of new mains during the immediately preceding franchise report period, together with the length and size of said mains. On this report the Franchisee shall show any change in franchise footage since the last franchise report period, segregating such footage as to new mains laid, old mains removed, old mains abandoned in place, and the footage of mains in territory annexed or incorporated since the last franchise.

6877 Payments.

~~The Franchisee, during the life of the franchise, shall make annual payments to the City as provided in CMC 6830(A), (C), and (D).~~

Part 6. Special Provisions for Gas Pipelines

6880 Rights Granted.

The Franchisee shall have the right, during the period covered by the franchise and subject to the terms and conditions thereof, to make service connections with all property in the City adjoining streets and to furnish and distribute gas through said pipes and pipelines to all territory in the City adjacent to said pipelines for any purpose.

6881 Approval.

On all pipelines carrying gas heavier than air laid pursuant to the franchise, the Chief Engineer shall approve where flush-valve connections shall be placed in the line. The availability of adequate water supplies, the commodities transmitted in the line, and the location of control valves shall be considered when making such determination. Such flush-valve connections shall be installed in the manner prescribed by the Chief Engineer."

SECTION 4. SEVERABILITY. If any section, subsection, sentence, clause, phrase, or portion of this Ordinance, or the application thereof to any person or circumstances, is, for any reason, held invalid or unconstitutional by any court of competent jurisdiction, such invalidity or unconstitutionality shall not affect any other provision or application, and to this end the provisions of this ordinance are declared to be severable. The City Council hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clause, phrase, part or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, parts or portions thereof be declared invalid or unconstitutional.

SECTION 5. EFFECTIVE DATE. This Ordinance shall be in full force and effect thirty (30) days after its second reading and adoption.

SECTION 6. CERTIFICATION. The City Clerk shall certify to the adoption of this Ordinance, and shall cause the same to be posted in the manner required by law.

[SIGNATURES ON FOLLOWING PAGE]

PASSED, APPROVED and ADOPTED at a regular meeting of the City Council on
this ____ day of _____, 2026.

Lula Davis-Holmes, Mayor

ATTEST:

Dr. Khaleah R. Bradshaw, City Clerk

APPROVED AS TO FORM:

Sunny K. Soltani, City Attorney

DRAFT