ANALYSIS

This ordinance grants a petroleum pipeline franchise to ExxonMobil Oil Corporation, a New York corporation formally known as Mobil Oil Corporation ("Franchisee"), to collect, transport, and distribute petroleum and other products for a period of fifteen (15) years.

The base annual fee payable to the County by Franchisee will be determined according to a formula contained in Section 2 of this franchise ordinance. Franchisee has paid a one-time granting fee of $5,000.

OFFICE OF THE COUNTY COUNSEL

By Kathleen D. Felice
KATHLEEN D. FELICE
Senior Deputy County Counsel
Public Works Division

KDF:ia

01/21/04 requested
05/10/04 revised

ORDINANCE NO. _____

An ordinance granting a petroleum pipeline franchise to ExxonMobil Oil Corporation, a New York corporation formally known as Mobil Oil Corporation, for the collection, transportation, and distribution of petroleum for a period of fifteen (15) years.

The Board of Supervisors of the County of Los Angeles ordains as follows:

Section 1. Franchise Term, Grant.

A. The right, privilege, and franchise is granted to ExxonMobil Oil Corporation, a New York corporation ("Franchisee"), and its successors and assigns, for the period of fifteen (15) years, beginning on September 1, 2004, the effective date of this franchise, to lay, construct, reconstruct, maintain, operate, renew, repair, change the size of, remove, or abandon in place, pipes, and pipelines for the collection, transportation, or distribution of petroleum, oil, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, mud, steam, water, waste water, and other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. section 9601 et seq., and amendments thereto, together with all manholes, valves, cathodic protection systems, appurtenances, and connections necessary or appropriate for the operation of said pipes or pipelines, including poles, conduits, wires, cables, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or appropriate for the Franchisee's operation, in, under, along, or across any and all highways as defined in Section 16.36.080 of the Los Angeles County Code now or hereafter dedicated to public use within the following

described service area or areas within the unincorporated territory of the County of Los Angeles ("County"), State of California, and depicted on the map(s) attached hereto as Exhibit "A" (Maps 1 through 10).

Part A. Santa Clarita/Val Verde Area: (Map 1 of 10 of Exhibit "A"):

Those unincorporated areas of Los Angeles County lying within the following described boundaries:

Beginning at the intersection of the westerly prolongation of the southerly boundary line of Township 3 North, Range 17 West, San Bernardino Base and Meridian ("S.B.M."), and the westerly boundary line of the County of Los Angeles, California; thence northwesterly along the westerly boundary line of the County of Los Angeles to the intersection with the southerly boundary line of Township 9 North, S.B.M., being also the southerly boundary line of Kern County; thence easterly along the southerly boundary line of Township 9 North, S.B.M. to the intersection with the westerly boundary line of Range 14 West, S.B.M.; thence southerly along the westerly boundary line of Range 14 West, S.B.M. to the intersection with the northerly boundary line of Township 5 North, S.B.M.; thence easterly along the northerly boundary line of Township 5 North, S.B.M. to the intersection with the westerly boundary line of Range 14 West, S.B.M.; thence southerly along the westerly boundary line of Range 14 West, S.B.M. to the intersection with the northerly boundary line of Township 2 North, S.B.M.; thence westerly along the northerly boundary line of Township 2 North, and its westerly prolongation to the point of beginning, as same township, county, and range boundary lines existed on January 1, 2004.

Part B. West Los Angeles/Sawtelle Area (Map 2 of 10 of Exhibit "A"):

Those unincorporated areas of Los Angeles County lying within the following described boundaries:

Beginning at the intersection of the centerline of Santa Monica Boulevard and the centerline of Barrington Avenue, said intersection being located in the City of Los Angeles, California; thence northwesterly along the centerline of Barrington Avenue to the centerline of Sunset Boulevard; thence northeasterly along the centerline of Sunset Boulevard to the centerline of Veteran Avenue; thence southerly and southeasterly along the centerline of Veteran Avenue to the centerline of Santa Monica Boulevard; thence southwesterly along the centerline of Santa Monica Boulevard to the point of beginning, as same streets and centerlines existed on January 1, 2004.

Part C. West Alondra Park/Del Aire/Lennox Area (Map 3 of 10 of Exhibit "A"):

Those unincorporated areas of Los Angeles County lying within the following described boundaries:

Beginning at the intersection of the westerly boundary line of Aviation Boulevard with the centerline of Century Boulevard, said intersection being located in the City of Los Angeles, California; thence easterly along the centerline of Century Boulevard to the easterly boundary line of Crenshaw Boulevard; thence southerly along the easterly boundary line of Crenshaw Boulevard to the southerly boundary line of Manhattan Beach Boulevard; thence westerly along the southerly boundary line of Manhattan Beach Boulevard to the westerly boundary line of Aviation Boulevard; thence northerly

along the westerly boundary line of Aviation Boulevard to the point of beginning, as same streets, centerlines, and boundaries existed on January 1, 2004.

Part D. West Carson/Harbor Corridor Area (Map 4 of 10 of Exhibit "A"):

Those unincorporated areas of Los Angeles County lying within the following described boundaries:

Beginning at the intersection of the centerline of Western Avenue with the centerline of 190th Street, said intersection being located in the City of Torrance, California; thence easterly and northeasterly along the centerline of 190th Street to the centerline of the Dominguez Channel; thence southeasterly along the centerline of the Dominguez Channel to the centerline of Figueroa Street; thence southerly along the centerline of Figueroa Street to the southerly boundary line of Lomita Boulevard; thence westerly along the southerly boundary line of Lomita Boulevard to the centerline of Western Avenue; thence northerly along the centerline of Western Avenue to the point of beginning, as same streets, centerlines, channel, and boundaries existed on January 1, 2004.

Part E. East Carson/Rancho Dominguez Area (Map 5 of 10 of Exhibit "A"):

Those unincorporated areas of Los Angeles County lying within the following described boundaries:

Beginning at the intersection of the centerline of Wilmington Avenue with the southerly boundary line of the Gardena 91 Freeway, said intersection being located in the City of Compton, California; thence easterly along the southerly boundary line of the Gardena 91 Freeway to the centerline of Long Beach Boulevard; thence southeasterly

along the centerline of Long Beach Boulevard to the westerly boundary line of the Long Beach 710 Freeway; thence southerly along the westerly boundary line of the Long Beach 710 Freeway to the southerly boundary line of Del Arno Boulevard; thence westerly along the southerly boundary line of Del Amo Boulevard to the centerline of Wilmington Avenue; thence northerly along the centerline of Wilmington Avenue to the point of beginning, as same streets, centerlines, and boundaries existed on January 1, 2004.

Part F. West Compton/Willowbrook Area (Map 6 of 10 of Exhibit "A"):

Those unincorporated areas of Los Angeles County lying within the following described boundaries:

Beginning at the intersection of the centerline of Figueroa Street with the centerline of Century Boulevard, said intersection being located in the City of Los Angeles, California; thence easterly along the centerline of Century Boulevard to the easterly boundary line of Central Avenue; thence southerly along the easterly boundary line of Central Avenue to the centerline of 103rd Street; thence easterly along the centerline of 103rd Street to the easterly boundary line of Alameda Street; thence southerly along the easterly boundary line of Alameda Street and its southerly prolongation to the southerly boundary line of Alondra Boulevard; thence westerly along the southerly boundary line of Alondra Boulevard to the centerline of Figueroa Street; thence northerly along the centerline of Figueroa Street to the point of beginning, as same streets, centerlines, and boundaries existed on January 1, 2004.

Part G. Florence/Walnut Park Area (Map 7 of 10 of Exhibit "A"):

Those unincorporated areas of Los Angeles County lying within the following described boundaries:

Beginning at the intersection of the centerline of Avalon Boulevard with the northerly boundary line of Slauson Avenue, said intersection being located in the City of Los Angeles, California; thence easterly along the northerly boundary line of Slauson Avenue to the centerline of State Street; thence southerly along the centerline of State Street to the centerline of Century Boulevard; thence westerly along the centerline of Century Boulevard to the easterly boundary line of Alameda Street; thence northerly along the easterly boundary line of Alameda Street to the centerline of 103rd Street; thence westerly along the centerline of 103rd Street to the centerline of Avalon Boulevard; thence northerly along the centerline of Avalon Boulevard to the point of beginning, as same streets, centerlines, and boundaries existed on January 1, 2004.

Part H. Vernon/Bandini Island Area (Map 8 of 10 of Exhibit "A"):

Those unincorporated areas of Los Angeles County lying within the following described boundaries:

Those portions of Bandini Boulevard and Downey Road lying within the unincorporated areas of Los Angeles County, California, bounded by the following streets in the City of Vernon, California, described as follows: All of Bandini Boulevard lying between the southerly prolongation of the centerline of Sierra Pine Avenue, and the southerly prolongation of the centerline of Indiana Street, together with all of

Downey Road lying between the westerly prolongation of the northerly boundary line of Holabird Avenue, and the northerly boundary line of the Los Angeles River channel, as same streets, channel, centerlines, and boundaries existed on January 1, 2004.

Part I. West Whittier/Los Nietos Area (Map 9 of 10 of Exhibit "A"):

Those unincorporated areas of Los Angeles County lying within the following described boundaries:

Beginning at the intersection of the centerline of Beverly Boulevard with the centerline of Durfee Avenue, said intersection being located in the City of Pico Rivera, California; thence southeasterly and easterly along the centerline of Beverly Boulevard to the centerline of Pickering Avenue; thence southerly along the centerline of Pickering Avenue and its southerly prolongation to the intersection with the centerline of Whittier Boulevard; thence southeasterly and southerly along the centerline of Whittier Boulevard to the intersection with the northerly prolongation of the westerly boundary line of Santa Fe Springs Road; thence southwesterly and southerly along the westerly boundary line of Santa Fe Springs Road and its southerly prolongation to the centerline of Los Nietos Road; thence northwesterly along the centerline of Los Nietos Road to the centerline of Pioneer Boulevard; thence northerly along the centerline of Pioneer Boulevard to the southerly boundary line of Slauson Avenue; thence westerly along the southerly boundary line of Slauson Avenue to the centerline of Passons Boulevard; thence northeasterly along the centerline of Passons Boulevard to the southerly boundary line of Whittier Boulevard; thence northwesterly along the southerly boundary line of Whittier Boulevard to the intersection with the southerly prolongation of the

centerline of Durfee Avenue; thence northeasterly along the centerline of Durfee Avenue to the point of beginning, as same streets, centerlines, and boundaries existed on January 1, 2004.

Part J. South Whittier/East La Mirada Area (Map 10 of 10 of Exhibit "A"):

Those unincorporated areas of Los Angeles County lying within the following described boundaries:

Beginning at the intersection of the centerline of Bloomfield Avenue and the centerline of Florence Avenue, said intersection being located in the City of Santa Fe Springs, California; thence easterly along the centerline of Florence Avenue to the point on said centerline where Florence Avenue becomes Mills Avenue; thence northeasterly along the centerline of Mills Avenue to the northerly boundary line of Whittier Boulevard; thence southeasterly along the northerly boundary line of Whittier Boulevard to its intersection with the northerly prolongation of the centerline of 1st Avenue; thence southerly along the centerline of 1st Avenue and its northerly prolongation to the centerline of Imperial Highway; thence westerly along the centerline of Imperial Highway to the centerline of Valley View Avenue; thence southerly along the centerline of Valley View Avenue to the centerline of Rosecrans Avenue; thence westerly along the centerline of Rosecrans Avenue to the centerline of Firestone Boulevard; thence northwesterly along the centerline of Firestone Boulevard to the centerline of Bloomfield Avenue; thence northerly along the centerline of Bloomfield Avenue to the point of beginning, as same streets, centerlines, and boundaries existed on January 1, 2004.

Section 2. Consideration; Payment of Fees.

A. As consideration for the franchise granted, the Franchisee shall pay the Chief Administrative Office ("CAO") a one time granting fee of five thousand dollars ($5,000) within thirty (30) days after the adoption of this ordinance.

B. As additional consideration for the franchise granted, the Franchisee shall pay annually in arrears, on or before the following April 15th, for each year during the life of the franchise ("fee payment date"), to the County, in lawful money of the United States, a franchise fee computed annually ("annual franchise fee") as follows:

1. For pipe of eight (8) inches or less in nominal internal diameter, the fee shall be twenty-one (21) cents per linear foot for main lines in highways as of December 31 of the calendar year preceding the applicable fee payment date; and

2. For pipe greater than eight (8) inches in nominal internal diameter, the fee shall be twenty-one (21) cents per linear foot for main lines in highways as of December 31 of the calendar year preceding the applicable fee payment date, for the first eight (8) inches of nominal internal diameter, plus three (3) cents per nominal diameter inch for each inch or fraction thereof over eight (8) inches (the payments under subparagraphs B(1) and (2) being collectively, the "base annual fee").

3. The amount of the base annual fee is to be adjusted every year from the effective date of this ordinance, at the time of payment, in accordance with the following formula:

a. The Producer Price Index (1982 = 100) For "All Commodities," established by the United States Bureau of Labor Statistics, Department of Labor ("Bureau"), shall be defined as the "index," and such index as it stands on the date the franchise becomes effective shall be defined as the "base index."

b. If the index for the month of September immediately preceding the applicable fee payment date differs from the base index, then the base annual fee shall increase or decrease by the percentage increase or decrease (if any) between the index and the base index, provided that, if the index drops below the base index, no adjustment shall be made. For example, if the base index is 200 and the index in September is 210, the annual franchise fee shall be one hundred and five percent (105%) times the base annual fee. If the Bureau shall revise the index, the parties hereto shall accept the method of revision or conversion recommended by the Bureau.

c. If the Bureau discontinues the use of 1982 = 100 as the base in its preparation of the index, and if no transposition table prepared by the Bureau is available applicable to the year of 1982, then the amount of each annual franchise fee shall be computed by reference to such other price index as may be chosen by the County, and the County shall be the sole judge of comparability of successive indices.

C. Franchisee shall also pay:

1. The County Department of Public Works, within sixty (60) days after the end of each calendar year, for each year of the life of the franchise, an initial

construction charge calculated at a rate of one hundred dollars ($100) per mile or fraction thereof, for all new main lines laid during that preceding calendar year.

2. The County Auditor-Controller, within sixty (60) days after the end of each calendar year, for each year during the life of the franchise, an annual fee of twenty-five dollars ($25) per pole-mile or portion thereof, and twenty-five dollars ($25) per mile or portion thereof, for aerial or above-ground lines or underground conduit for wire, cable, telephone, or telegraph lines maintained under the franchise during that preceding calendar year.

D. The County reserves the right to change its method of calculating fees and the amount thereof, not more frequently than once every five (5) years, if the Board of Supervisors ("Board") determines, after a public hearing, that good cause exists for such change, and such action is not in conflict with the laws of the State of California.

E. The Franchisee shall also pay any application, administrative, and processing fees required in connection with this franchise. These fees may be charged at the then-current applicable rates.

Section 3. Reports.

The Franchisee shall during the life of the franchise:

A. File with the County Auditor-Controller and the CAO, Director of Real Estate, on the fee payment date, one copy to each of a report, verified under oath by a duly authorized representative of the Franchisee, showing as of December 31 of the immediately preceding calendar year or fractional calendar year following the effective date of this franchise ("franchise report period"), the length of main lines in highways,

the nominal internal diameter of such main lines, the rate per foot per year, and computation of the total amount of the annual franchise fee due to the County, together with such data as is necessary in the opinion of the County Auditor-Controller and/or the CAO to calculate or verify the calculation of the annual franchise fee as required by Section 2.

B. In the report prepared pursuant to subsection 3.A above, Franchisee shall also show: any change in franchise footage since the latter of the effective date of this franchise or the end of the most recent prior franchise report period, if any, segregating such footage as to new main lines laid, old main lines removed, old main lines abandoned in place, including the internal diameter of such main lines laid, removed, and/or abandoned in place; the footage of new conduit laid for wires, cables, telegraph, or telephone lines, old conduit removed, old conduit abandoned in place; the diameter of such conduits laid, removed, and/or abandoned in place; and the footage and internal diameter of main lines in territory annexed or incorporated since the latter of the effective date of this franchise or the last day of the most recent prior franchise report period.

C. File with the Director of the County Department of Public Works and the CAO, Director of Real Estate, within sixty (60) days after the end of each franchise report period, one copy to each of a report, showing the permit number of each permit obtained for the installation of new main lines and conduits during the just completed franchise report period, together with the length and size of such main lines and conduits.

Section 4. Late Payments.

A. In the event Franchisee fails to make any of the payments provided for herein on or before the dates they are due, the Franchisee shall pay a late charge of ten percent (10%) of the amount due, said ten percent (10%) being due on the sixty-first (61st) day after the due date. The ten percent (10%) has been set by both parties hereto in recognition of the difficulty in affixing actual damages from a breach of said time of performance requirements.

B. In the event full payment of any rate, payment, or fee, including the ten percent (10%) late charge, is not received within ninety (90) days after the due date, an assessment of interest shall accrue on the unpaid balance at one percent (1%) per month beginning on the ninety-first (91st) day after the due date.

Section 5. Indemnification, Insurance, and Bonding.

Franchisee shall meet the following indemnification, insurance, and bonding requirements:

A. Franchisee shall indemnify, defend, and hold harmless the County and its special districts, elected and appointed officers, employees, and agents ("County's agents") from and against any and all liability and expense, including claims and lawsuits for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, bodily injury, death, personal injury or property damage, including property of the Franchisee, and including pollution liability, based upon, arising from, or relating to either: (1) Franchisee's operations or the services provided by Franchisee, its employees, agents, servants, receivers, contractors,

subcontractors, successors, or assignees ("Franchisee's agents") in connection with this franchise; or (2) the acts or omissions of Franchisee, Franchisee's agents, or any person in connection with activities or work conducted or performed pursuant to this franchise and arising out of such activities or work. Franchisee shall also indemnify, defend, and hold harmless the County and the County's agents, from and against any and all pollution liability, contamination, or environmental degradation liability, including any and all expenses, claims and lawsuits for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, arising from or relating to any threatened, actual, or alleged discharge, dispersal, release, or escape of any substance into or upon any person, thing, or place, including the land, soil, atmosphere, man-made structure, and/or any above or below ground watercourse or body of water, in connection with this franchise. The Franchisee shall not be obligated to indemnify for liability and expense arising from the active negligence of the County and the County's agents.

B. The County shall be immediately notified by Franchisee of all discharge, release, or escape of any petroleum, oil, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, steam, water, waste water, mud, or other substances from Franchisee's pipelines. All actions to investigate, remove, or remediate any substance reasonably demonstrated to be discharged, dispersed, released, or escaped from Franchisee's pipelines, and to repair or restore Franchisee's pipelines and appurtenances, shall be the sole responsibility of Franchisee, and shall be conducted by Franchisee or Franchisee's Agents, in conformance with any and all laws,

ordinances, rules, regulations, requirements, and orders whatsoever, present or future, of the federal, state, County, or other applicable governmental entity at Franchisee's sole cost and expense, and shall be immediately undertaken. If Franchisee fails to take any action required pursuant to this section, County may, but shall not be obligated to, take all actions it deems appropriate at Franchisee's expense. Upon written demand by County, Franchisee shall reimburse County for all County expenses reasonably incurred in connection with County's actions including, but not limited to, all direct and indirect costs relating to investigation, remediation, and removal.

C. Without limiting Franchisee's indemnification of County, Franchisee shall provide and maintain at its own expense, during the term of this franchise, the following programs of insurance. Such programs and evidence of insurance shall be satisfactory to the County, and shall be primary to, and not contributing with, any other insurance or self-insurance programs maintained by the County.

1. Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered on or before the effective date of this franchise, and on or before the expiration date of each term of insurance, to the Chief Administrative Office, Real Estate Division, Attn: Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, or such other address(es) as Franchisee may be directed in writing by the CAO. Such certificates or other evidence shall:

a. Specifically identify this franchise ordinance.

b. Clearly evidence all insurance required in this franchise ordinance.

c. Contain the express condition that the County is to be given written notice by registered mail at least thirty (30) days in advance of any modification, non-renewal, cancellation, or termination of any program of liability insurance, and at least thirty (30) days in advance of any modification, non-renewal, cancellation, or termination of any program of workers' compensation, or other insurance required by this Section 5.

d. Include a copy of the additional insured endorsement to the commercial general liability policy, adding the County and County's agents as insureds for all activities arising from this franchise.

e. Show the Franchisee's insurance as primary to the County's insurance and self-insurance programs. This may be evidenced by adding a statement to the additional insured endorsement required in subsection (d), stating "It is further agreed that the insurance afforded by this policy is primary to any insurance or self-insurance programs maintained by the additional insureds and the additional insureds' insurance and self-insurance programs are excess and non-contributing to Named Insured's insurance."

2. The County reserves the right to require copies of Franchisee's insurance policies at County's request.

3. Insurance is to be provided by an insurance company with an A. M. Best rating of not less than A: VII, unless otherwise approved by the County.

4. The Franchisee shall agree to release the County and County's agents and waive its rights of recovery against them under the insurance policies specified in this franchise ordinance.

5. Liability: Such insurance shall be endorsed naming the County of Los Angeles and the County's agents as additional insureds, and shall include, but not be limited to:

a. Commercial General Liability insurance written on a commercial general liability form (ISO policy form CG00 01, or its equivalent, unless otherwise approved by the County), with limits of not less than five million dollars ($5,000,000) per occurrence, fifteen million dollars ($15,000,000) policy aggregate, and fifteen million dollars ($15,000,000) products/completed operations aggregate.

i. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

b. Comprehensive Auto Liability insurance (written on ISO policy form CA 00 01, or its equivalent, unless otherwise approved by the County), endorsed for all owned, non-owned, and hired vehicles with a limit of not less than one million dollars ($1,000,000) per occurrence.

c. Environmental Impairment Liability insurance, which insures liability for environmental impairment including cleanup cost endorsed for "Sudden and Accidental" contamination or pollution. Such coverage shall be in an amount and form

to meet all applicable state and federal requirements but in no event less than five million dollars ($5,000,000) per occurrence.

i. If written with an annual aggregate limit, the policy limit should be three (3) times the above-required occurrence limit.

ii. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

6. Workers' Compensation: A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California. Such policy shall be endorsed to waive subrogation against the County for injury to the Franchisee's employees. If the Franchisee's employees will be engaged in maritime employment, the coverage shall provide the benefits required by the Federal U.S. Longshoreman and Harbor Worker Compensation Act, Jones Act, or any other federal law to which the Franchisee is subject. In all cases, the above insurance shall include Employers Liability insurance with not less than:

a. Each accident: one million dollars ($1,000,000).

b. Disease–policy limit: one million dollars ($1,000,000).

c. Disease–each employee: one million dollars ($1,000,000).

D. Franchisee shall furnish the CAO, Real Estate Division, at the location specified in subsection 5.C, within thirty (30) days of the adoption of this ordinance, and the expiration date of each term of insurance, either certified copies of the policies

required by subsection 5.C, or a certificate of insurance for each of said policies executed by the Franchisee's insurance agent, or by the company issuing the policy, certifying that the policy is in force.

E. As an alternative to commercial insurance from Franchisee, the County may consider and approve, at the County's sole option, Franchisee's use of a program of self–insurance or self–insured retention, upon review and approval of the following:

1. An agreement to provide the County and the County's agents with indemnification in accordance with subsections 5.A and 5.B. The County shall be provided at least the same defense of suits and payments of claims as would be provided by the first dollar of commercial insurance.

2. A formal declaration by Franchisee to be self-insured for the type and amount of coverage indicated in this ordinance. This can be in the form of a corporate resolution or a certified statement from an authorized principal of the Franchisee. Franchisee must notify CAO Real Estate Division, at the location specified in subsection 5.C, immediately of discontinuation or substantial change in the self-insurance or self-insured retention program.

3. An agreement to notify the CAO immediately of any claim, judgment, settlement, award, verdict, or change in Franchisee's financial condition which would have a significant negative effect on the protection that the self-insurance or self-insured retention program provides to the County.

4. The name, address, and telephone number of Franchisee's legal counsel and claim representative, respectively, for the self-insurance or self-insured retention program.

5. Upon request by CAO, an audited financial statement that gives evidence of Franchisee's capacity to respond to claims falling within the self-insurance or self-retention program. Resubmission of such a statement may be required annually for the duration of the franchise, or more frequently at the request of the CAO.

6. A Certificate of Consent to Self-Insure issued by the State of California, Department of Industrial Relations certifying Franchisee's compliance with the requirements of the Director of Industrial Relations under the provisions of the Labor Code of the State of California (sections 3700 to 3705, inclusive), and certifying Franchisee has furnished satisfactory proof to said Director of Franchisee's ability to self-insure and to pay any compensation that may become due to Franchisee's employees.

7. Failure on the part of the Franchisee to comply with the County's requirements for approval of a program of self-insurance or self-insured retention will result in withdrawal of the County's approval to self-insure.

F. Within thirty (30) days after the adoption of this ordinance, Franchisee shall provide to the CAO, at the location specified in subsection 5.C, a faithful performance bond in the sum of not less than fifty thousand dollars ($50,000) payable to the County of Los Angeles and executed by a corporate surety, acceptable to the County and licensed to transact business as a surety in the State of California. Such

bond shall be conditioned upon the faithful performance by the Franchisee of the terms and conditions of this franchise and shall provide that, in case of any breach of condition of this franchise, the whole amount of the penal sum, or any portion thereof, shall be deemed to be liquidated damages, and shall be payable to the County by the principal and surety(ies) of the bond.

1. Throughout the term of this franchise, Franchisee shall maintain the faithful performance bond in the amount specified herein. Within ten (10) business days after receipt of notice from the County that any amount has been withdrawn from the bond as provided in this section, Franchisee shall restore the bond to the full amount specified herein.

2. The faithful performance bond shall continue to exist for one (1) year following the CAO's approval of any sale, transfer, assignment, or other change of ownership of the franchise, or of the expiration or termination of the franchise. The CAO may release said bond prior to the end of the one (1) year period upon satisfaction by Franchisee of all the obligations under the franchise.

3. At its sole option, the County may accept certificates of deposit, cash deposits, irrevocable letters of credit, or U.S. government securities in lieu of or in addition to commercial bonds to meet the above bonding requirements. Such alternative security shall be made payable to the County, and shall be deposited with the County's Auditor-Controller and/or Treasurer Tax Collector, as applicable.

G. The types and amounts of said insurance coverage and bonding shall be subject to review and adjustment by the County, at County's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to obtain said adjusted insurance coverage and bonding, in type(s) and amount(s) as determined by the County, within thirty (30) days after written notice from the County.

H. Failure on the part of Franchisee to procure or maintain the required insurance and bonding, or to provide evidence of current insurance and bonding, shall constitute a material breach of the terms of this franchise upon which the County may immediately terminate or suspend this franchise.

I. It is the obligation of Franchisee to provide evidence of current insurance policies and bonding. Any franchise operations shall not commerce until Franchisee has complied with the provisions of this Section 5, and any operations shall be suspended during any period that Franchisee fails to maintain the insurance and bonding required hereunder.

Section 6. Transfers and Assignments.

A. Franchisee shall not sell, transfer, assign, lease, hypothecate, place in trust, or change the control of the franchise or any part thereof (each of which is hereinafter referred to as an "assignment") to any other person or entity ("transferee"), except with the written consent of the CAO, and after payment of a transfer fee as detailed in subsection 6.G. As used in this section, "transfer" includes stock transfer and "control" includes actual working control in whatever manner exercised.

B. Franchisee shall give notice to the CAO of any pending assignment, except as excluded in subsection 6.E, and shall provide all documents requested by the CAO, as set forth in subsection 6.F, on which the assignment is predicated. Consent to any such assignment shall only be refused if the CAO finds that Franchisee is in noncompliance with the terms and conditions of the franchise and/or that the proposed transferee, as applicable, is lacking in experience and/or financial ability to meet the franchise obligations. Consent from the CAO shall be conditioned upon the consummation of the assignment on the terms and conditions set forth in the assignment documents delivered to County, the assumption by transferee, as applicable, of all Franchisee's covenants and obligations under the franchise, and all information provided CAO under Section 6F, below, being true and correct as of the time of the consummation of the assignment. Upon receipt of such consent from the CAO, Franchisee may proceed to consummate the assignment.

C. Franchisee shall file with the CAO within thirty (30) days after the effective date of any assignment, a certified copy of the duly executed instruments(s) which officially evidences such assignment. If such duly executed instrument is not filed with the CAO within thirty (30) days after the effective date of such assignment, or if the conditions to consent by the CAO have not been met, then the CAO may notify the Franchisee and the proposed transferee that the assignment is not deemed approved by the County. The CAO may then administratively determine that the assignment has no force or effect or that the franchise is forfeited and the Board may repeal this franchise.

D. As a condition to the granting of consent to such assignment, the Board may impose such additional terms and conditions upon this franchise, and upon the proposed transferee which the CAO recommends or the Board deems to be in the public interest. Such additional terms and conditions shall be expressed by ordinance. Nothing contained herein shall be construed to grant Franchisee the right to complete an assignment except in the manner aforesaid. This section applies to any assignment, whether by operation of law, by voluntary act of Franchisee, or otherwise.

E. Notwithstanding the foregoing, shareholders, partners, and/or any other person or entity owning an interest in Franchisee may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, divestment, or other change is effected in such a way as to give control of, or a twenty-five percent (25%) or more interest in, Franchisee, to any person or persons, corporation, partnership, or legal entity other than the person or entity with the controlling interest in the Franchisee on the effective date of the franchise or on the effective date of the last approved assignment, consent thereof shall be required as otherwise provided in this Section 6.

F. Upon notice by Franchisee of any pending assignment, the proposed transferee shall submit an assignment application to the CAO, which shall contain, but is not limited to:

1. Identification of the proposed transferee which indicates the corporate or business entity organization, including the submission of copies of the corporate or business formation papers (e.g., articles of incorporation and by-laws,

limited partnership agreements, operating agreements), and the names and addresses of any parent or subsidiary of the proposed transferee(s), or any other business entity owning or controlling the proposed transferee in part or in whole.

2. A current financial statement, which has been audited by a certified public accountant demonstrating conclusively to the satisfaction of the CAO that the proposed transferee has all the financial resources necessary to carry out all of the terms and conditions of the franchise. The financial statement shall include a balance sheet, profit and loss statement for at least the three (3) most recent years, and a statement of changes in financial position; however, if the proposed transferee has been in existence for less than three (3) years, then for such period of existence.

3. A copy of the proposed agreement of sale, letter of understanding, or other documentation which details the pending assignment ("assignment documents").

4. Other information which may be required by the CAO to assess the capability of the proposed transferee to operate and maintain the franchise.

G. A transfer fee shall be submitted with the Franchisee's request for the County's consent to any assignment described in subsection 6.A and shall be determined as follows:

1. Consent to assignment, or any other action, in which the County does not elect to modify the franchise by adoption of an amending ordinance: one thousand dollars ($1,000).

2. Consent to assignment or other action, in which the County elects to modify the franchise by adoption of an amending ordinance: two thousand five hundred dollars ($2,500).

3. In the event County's actual costs to process the proposed assignment application, including any consultant's fees incurred by the County to assist in evaluating the application, exceed the fees detailed above, the Franchisee and proposed transferee may be required to pay any additional costs incurred by the County in processing the Franchisee's and/or proposed transferee's request for assignment. Such costs shall be paid by the Franchisee and the proposed transferee prior to final consideration of the request by the CAO or the Board, as applicable.

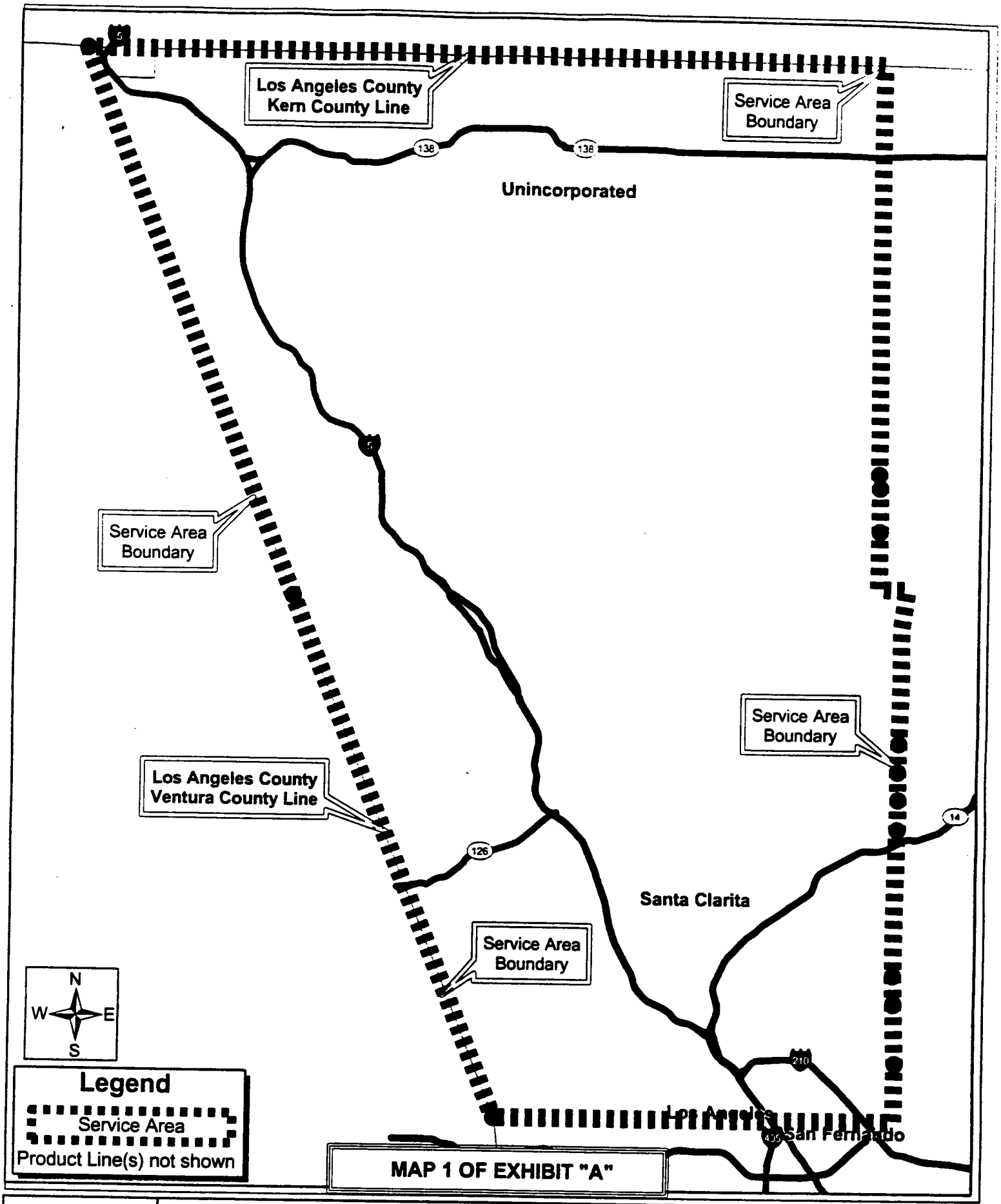
Section 7. Relocation of Pipelines.

In the event the Franchisee receives notice to relocate its pipelines and appurtenances pursuant to Section 16.52.290 of the County Code, in addition to all obligations of Franchisee and rights of the County under Sections 16.38.450 and 16.52.290 of the County Code, if Franchisee neglects or fails to relocate its facilities in a timely manner after receipt of any such notice, Franchisee shall be responsible for, and shall reimburse the County, city, or other public entity, any and all additional costs or expenses incurred by the County, city, or other public entity due to, or resulting from, such delay in relocation of the facilities.

Section 8. Pipeline Franchise Ordinance.

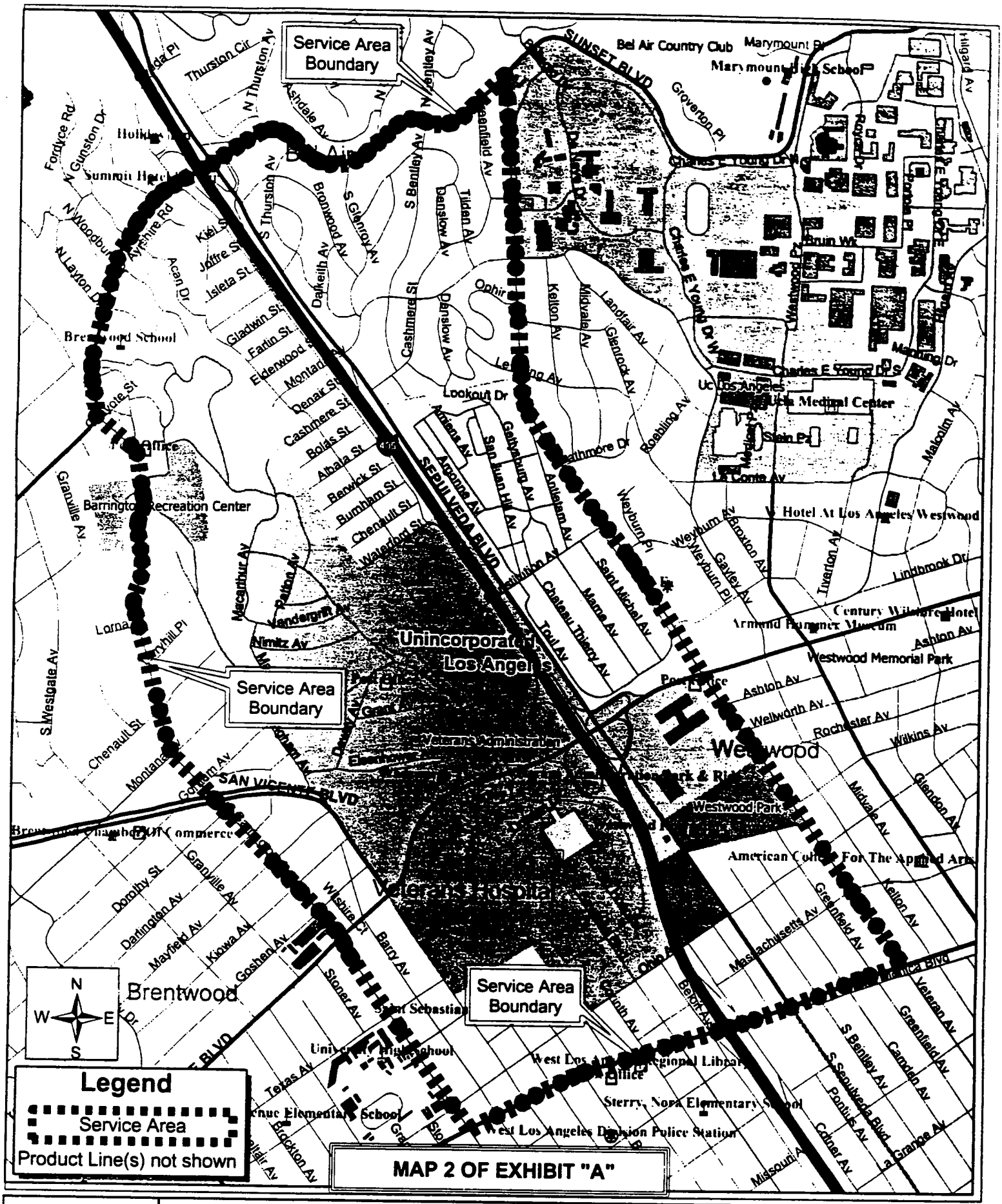
In addition to the terms and conditions stated herein, this franchise is granted under all of the terms and conditions contained in the County Pipeline Franchise Ordinance, Title 16, Division 3A, Part 2 of the Los Angeles County Code, as codified in 1978 and amended to date, which is incorporated herein by reference, as it may hereafter be amended. In the event the terms and conditions of this franchise conflict with the terms of the County Pipeline Franchise Ordinance, the terms and conditions hereof shall control. Without limiting the generality of the foregoing, Sections 16.52.020H, 16.52.100, 16.52.110, 16.52.120, 16.52.140, 16.52.220, 16.54.060, 16.54.070, 16.54.080, and 16.54.090 are superseded by this franchise granting ordinance.

[ExxonKDFCOC)



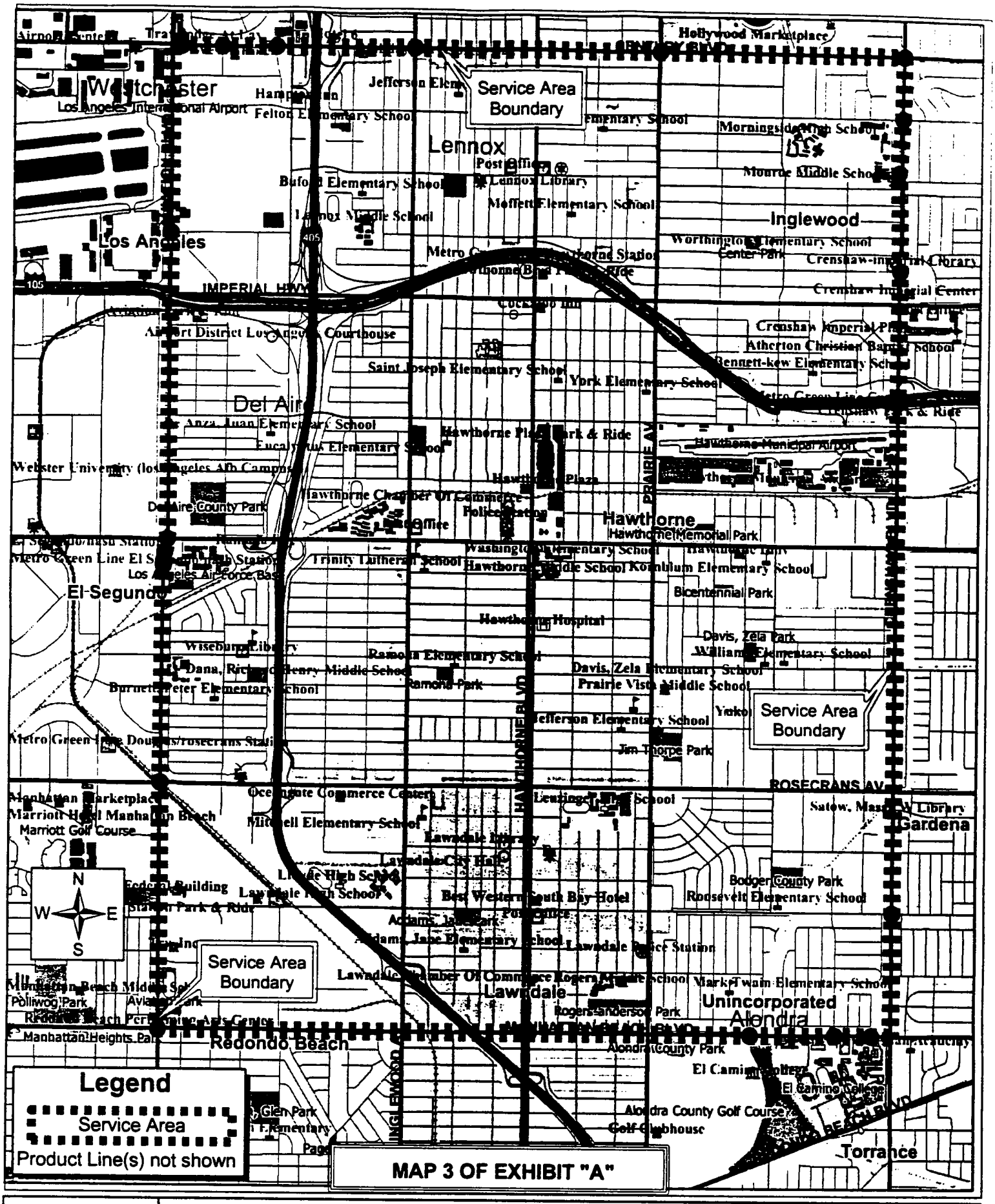
MAP 1 OF EXHIBIT "A"

Date April 27, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE ExxonMobil Oil Corporation Proprietary Petroleum Pipeline Franchise Part A: Santa Clarita / Val Verde Area	ExxonMobil Renew 11,901
Sup Dist. Dist 3, 5		Agent R. Ball



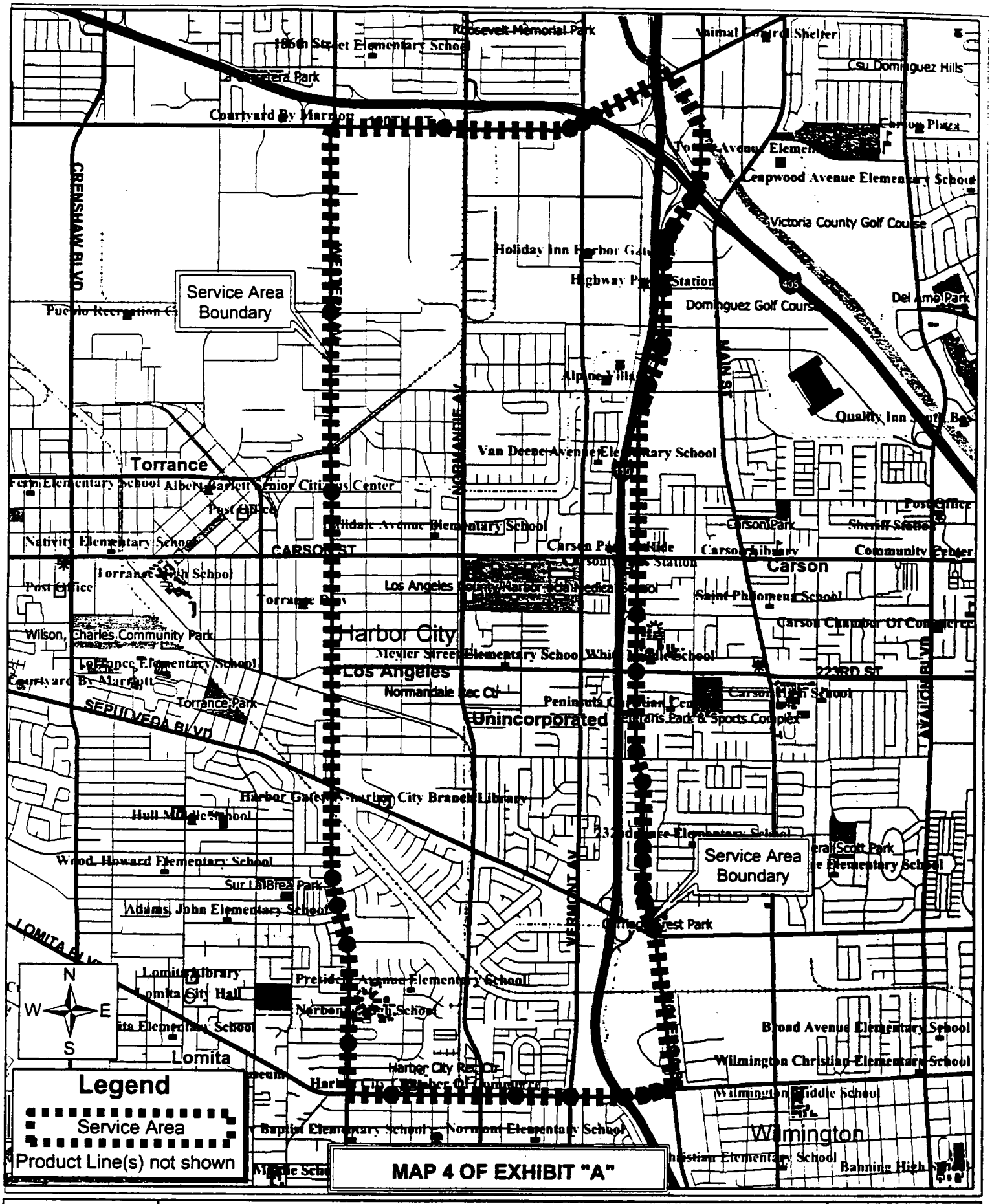
MAP 2 OF EXHIBIT "A"

Date April 27, 2004	**COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE** **ExxonMobil Oil Corporation** **Proprietary Petroleum Pipeline Franchise** **Part B: West Los Angeles / Sawtelle Area**	ExxonMobil Renew 11,901
Sup Dist. Dist 3, 5		Agent R. Ball



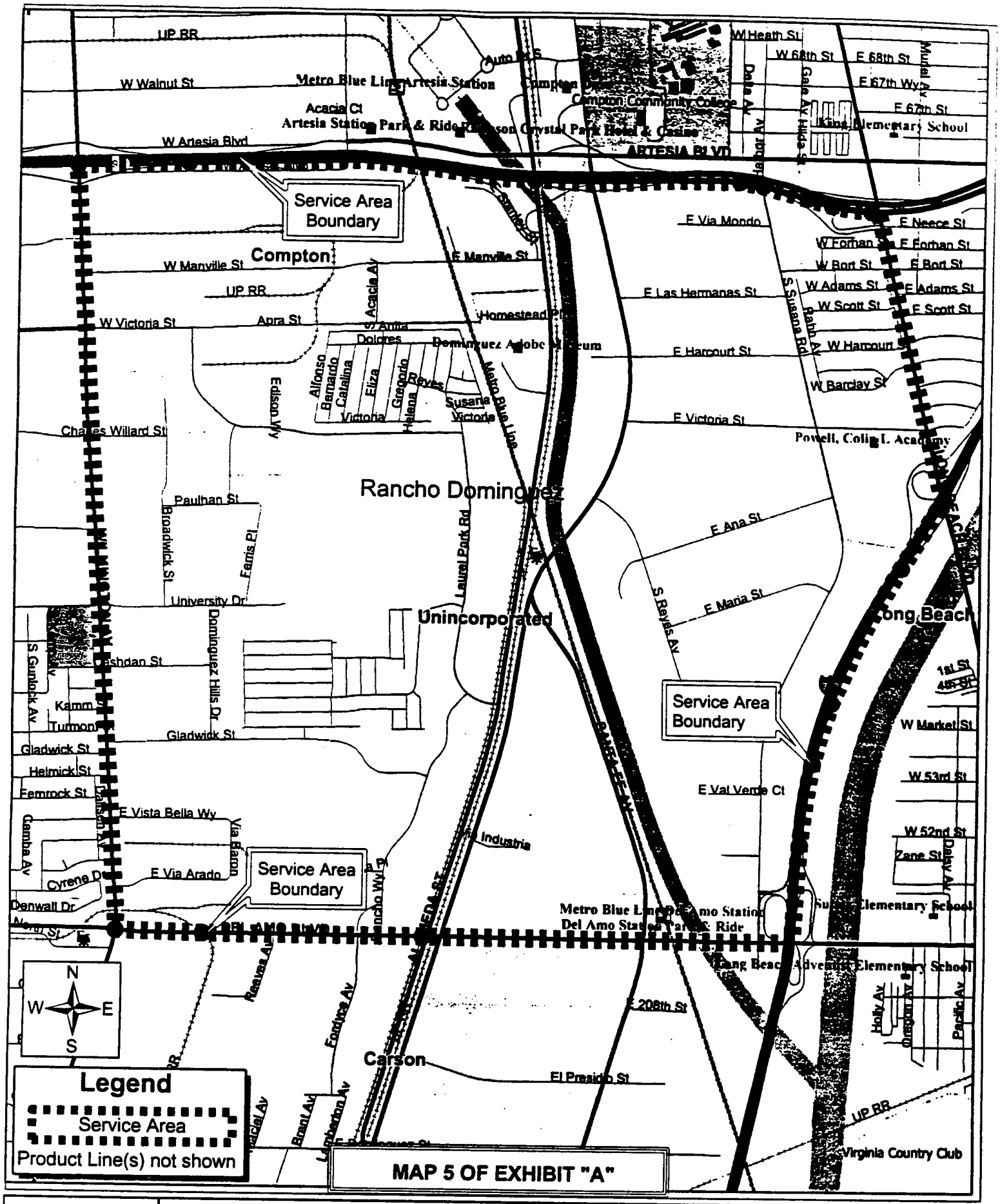
MAP 3 OF EXHIBIT "A"

Date April 27, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE ExxonMobil Oil Corporation Proprietary Petroleum Pipeline Franchise Part C: West Alondra Park / Del Aire / Lennox Area	ExxonMobil Renew 11,901
Sup Dist. Dist 3, 5		Agent R. Ball



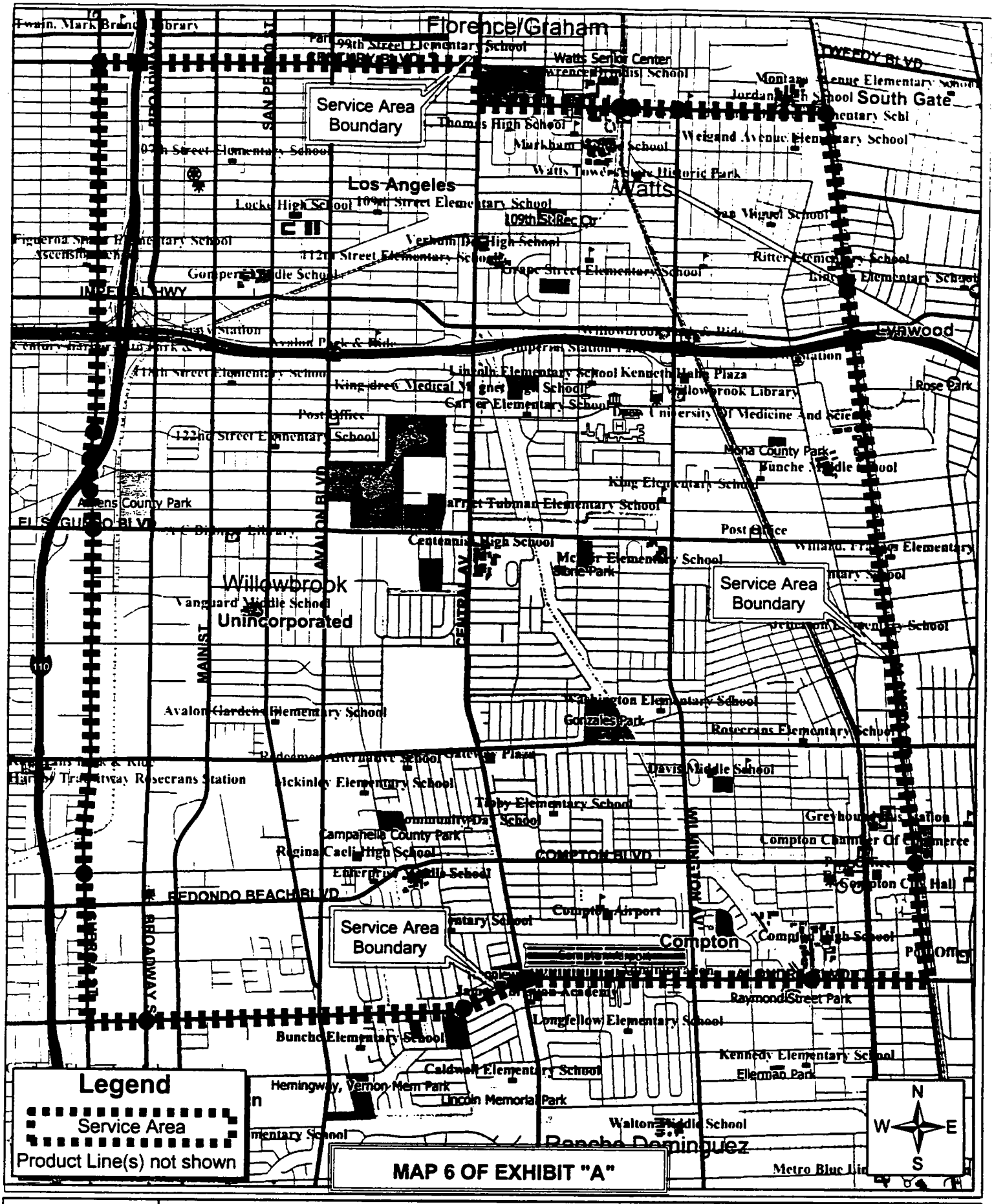
MAP 4 OF EXHIBIT "A"

Date April 27, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE ExxonMobil Oil Corporation Proprietary Petroleum Pipeline Franchise Part D: West Carson / Harbor Corridor Area	ExxonMobil Renew 11,901
Sup Dist. Dist 3, 5		Agent R. Ball



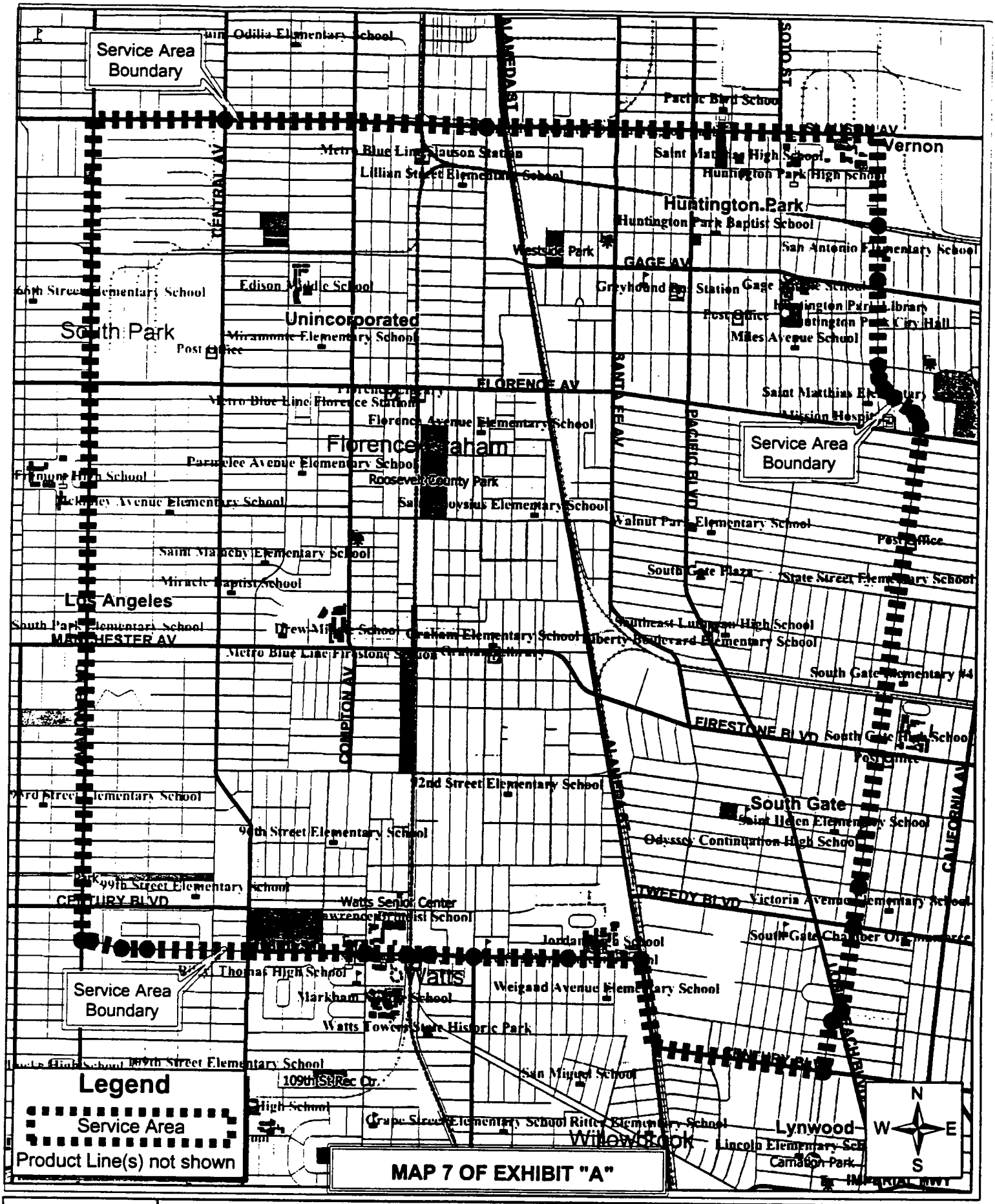
MAP 5 OF EXHIBIT "A"

Date April 27, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE ExxonMobil Oil Corporation Proprietary Petroleum Pipeline Franchise Part E: East Carson / Rancho Dominguez Area	ExxonMobil Renew 11,901
Sup Dist. Dist 3, 5		Agent R. Ball



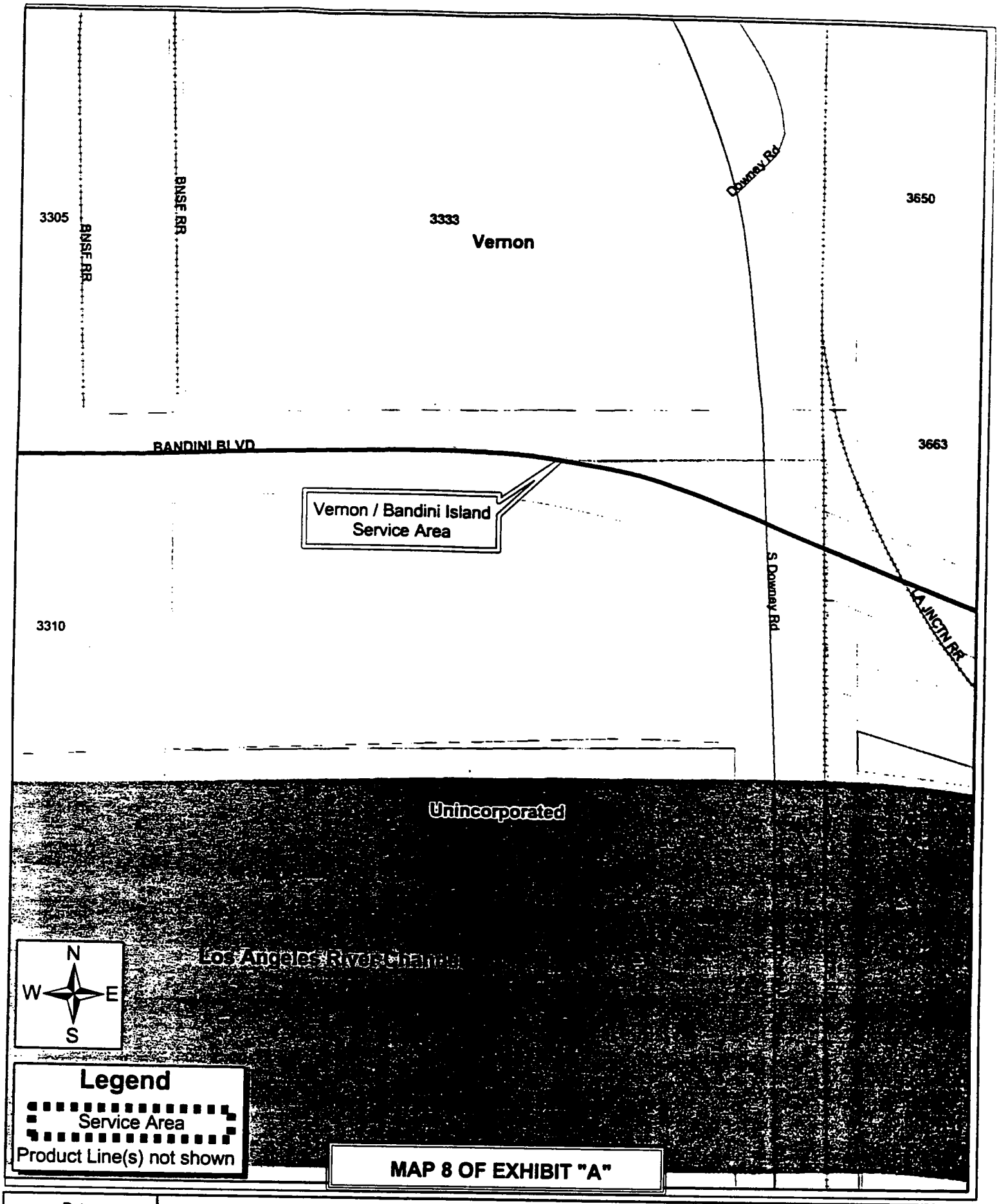
MAP 6 OF EXHIBIT "A"

Date April 27, 2004	**COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE** **ExxonMobil Oil Corporation** **Proprietary Petroleum Pipeline Franchise** **Part F: West Compton / Willowbrook Area**	ExxonMobil Renew 11,901
Sup Dist. Dist 3, 5		Agent R. Ball



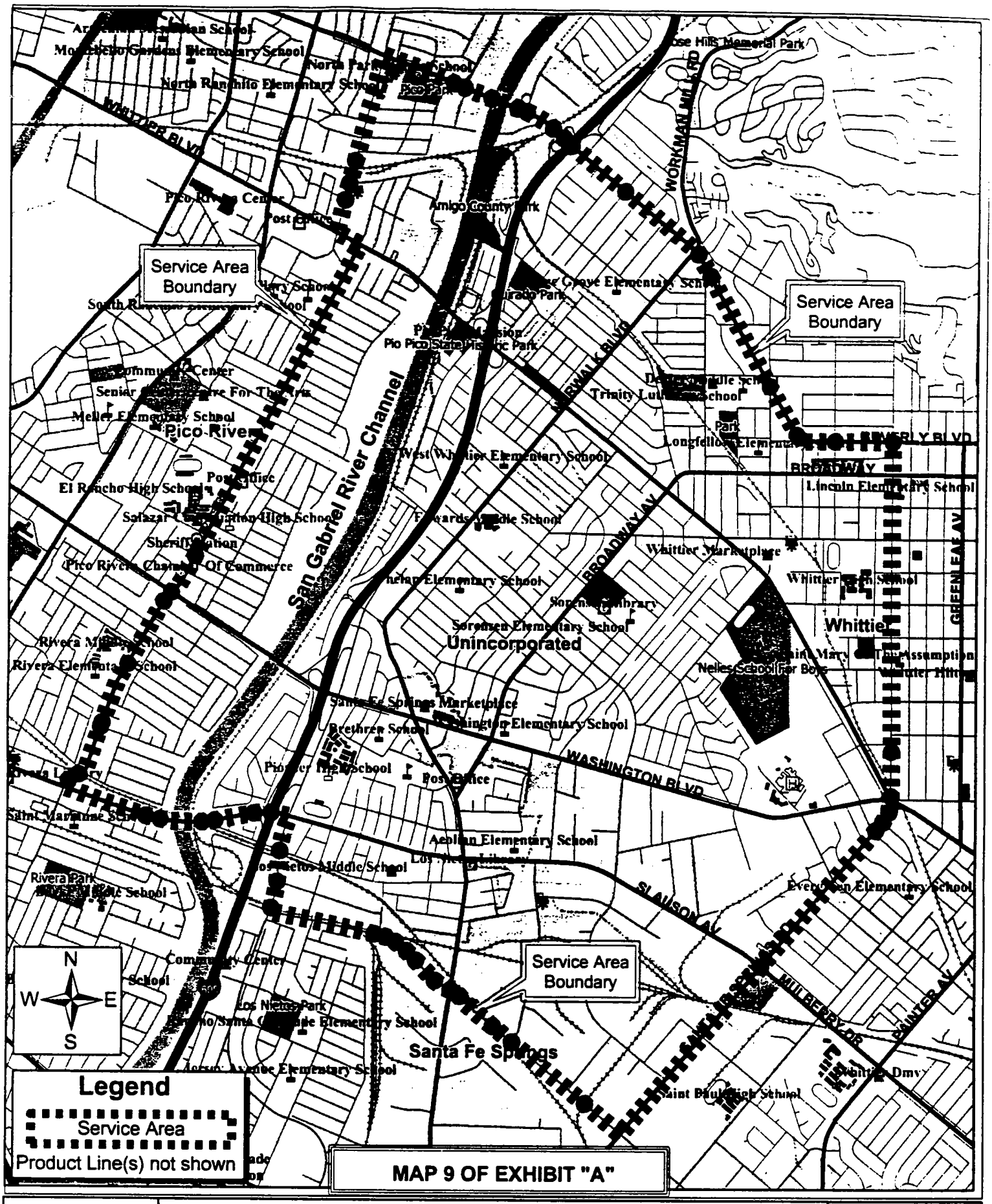
MAP 7 OF EXHIBIT "A"

Date April 27, 2004	**COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE** **ExxonMobil Oil Corporation** **Proprietary Petroleum Pipeline Franchise** **Part G: Florence / Walnut Park Area**	ExxonMobil Renew 11,901
Sup Dist. Dist 3, 5		Agent R. Ball



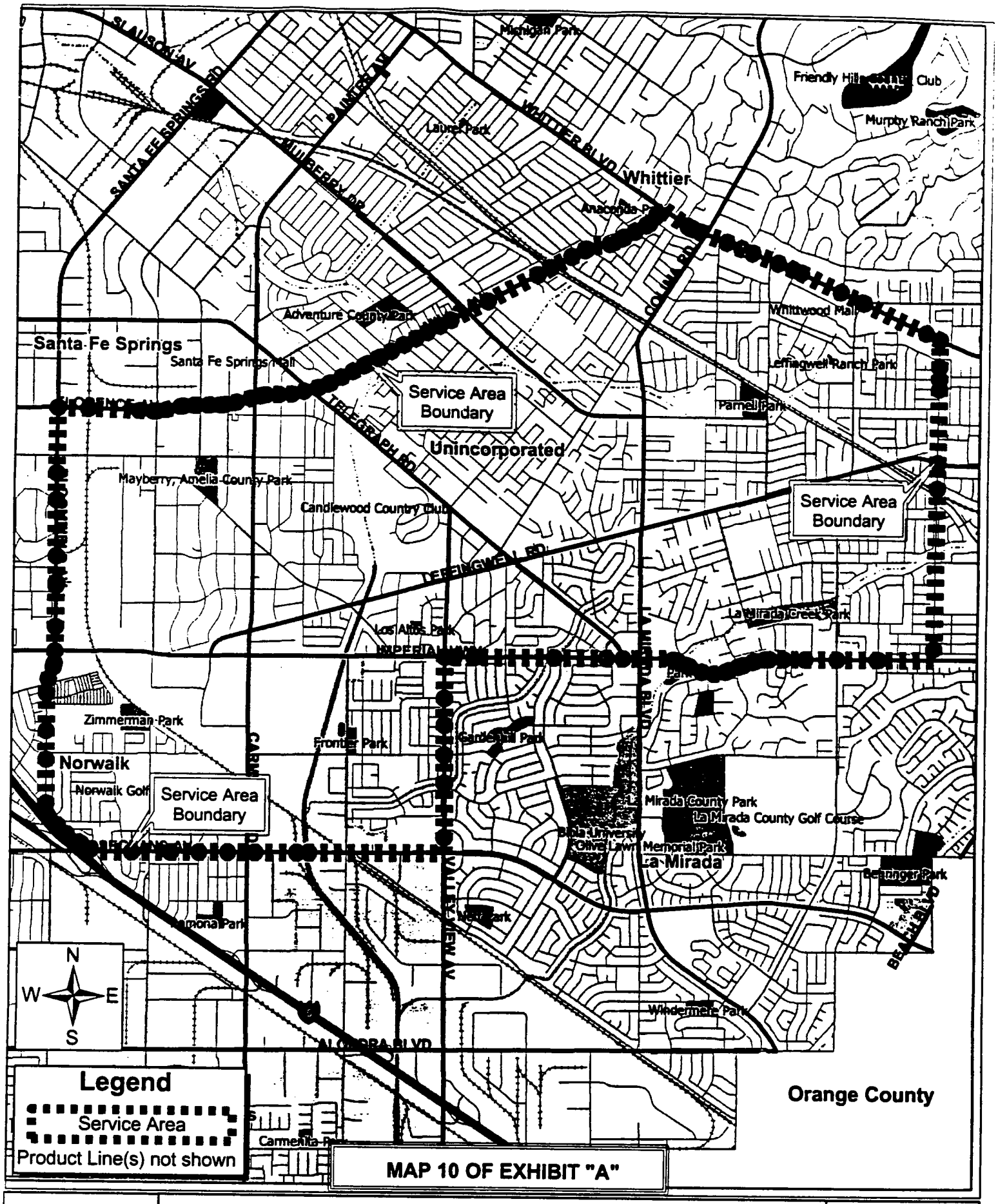
MAP 8 OF EXHIBIT "A"

Date April 27, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE ExxonMobil Oil Corporation Proprietary Petroleum Pipeline Franchise Part H: Vernon / Bandini Island Area	ExxonMobil Renew 11,901
Sup Dist. Dist 3, 5		Agent R. Ball



MAP 9 OF EXHIBIT "A"

Date April 27, 2004	**COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE** **ExxonMobil Oil Corporation** **Proprietary Petroleum Pipeline Franchise** **Part I: West Whittier / Los Nietos Area**	ExxonMobil Renew 11,901
Sup Dist. Dist 3, 5		Agent R. Ball



MAP 10 OF EXHIBIT "A"

Date April 27, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE ExxonMobil Oil Corporation Proprietary Petroleum Pipeline Franchise Part J: South Whittier / East La Mirada Area	ExxonMobil Renew 11,901
Sup Dist. Dist 3, 5		Agent R. Ball