MARK PESTRELLA, Director

COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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IN REPLY PLEASE
REFER TO FILE

May 02, 2023

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

TRANSPORTATION CORE SERVICE AREA
RESOLUTION OF INTENTION AND INTRODUCTION OF AN ORDINANCE
TO GRANT A PROPRIETARY INDUSTRIAL GAS PIPELINE FRANCHISE
TO AIR PRODUCTS AND CHEMICALS, INC.
(SUPERVISORIAL DISTRICTS 2 AND 4)
(3 VOTES)

SUBJECT

Public Works is seeking Board approval to grant a proprietary industrial gas pipeline franchise to Air Products and Chemicals, Inc.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed project is exempt from the California Environmental Quality Act for the reasons stated in this Board letter and in the record of the project.

2. Approve the Resolution of Intention to grant a 10-year proprietary industrial gas pipeline franchise to Air Products and Chemicals, Inc.; set the matter for a public hearing on May 23, 2023, or on the next available hearing date within 60 days from the date of adoption of the Resolution of Intention; and instruct the Executive Officer of the Board of Supervisors to publish a Notice of Public Hearing pursuant to Section 6232 of the California Public Utilities Code.

AFTER THE PUBLIC HEARING, IT IS RECOMMENDED THAT THE BOARD:

Introduce, waive reading, and set for adoption the proposed ordinance to grant a 10-year proprietary industrial gas pipeline franchise to Air Products and Chemicals, Inc.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will find that the project is exempt from the California Environmental Quality Act (CEQA) and allow the Board of Supervisors to approve the enclosed Resolution of Intention (Enclosure A), schedule a public hearing, and publish a Notice of Public Hearing, as needed, to adopt the enclosed ordinance (Enclosure B) to grant a 10-year proprietary industrial gas pipeline franchise to Air Products and Chemical, Inc.

On November 28, 2017, the Board adopted Ordinance No. 2017-0053F granting Air Products a 5-year proprietary industrial gas pipeline franchise. Adopting the ordinance will allow Air Products' continued use of the County's right of way and will obligate Air Products to comply with the terms of the franchise.

The pipelines in the franchise area transmit hydrogen, a nonhazardous substance, and are regulated by the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration.

Implementation of Strategic Plan Goals

These recommendations support the County Strategic Plan: Strategy II.1, Drive Economic and Workforce Development in the County, Strategy II.2, Support the Wellness of our Communities, and Strategy III.3, Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability, because revenue received from this transaction will help promote fiscal responsibility while providing continuous proprietary industrial gas services to the residents of the County.

FISCAL IMPACT/FINANCING

Air Products will pay the County a granting fee of $10,000 within 30 days of the adoption of the franchise and an annual franchise fee of $2.10 per cubic foot by applying this rate to the volume of space occupied within the road right of way, which will be subject to annual adjustments using the Consumer Price Index for All Urban Consumers.

For the 2021 calendar year, Air Products reported and paid the County a total annual franchise fee of $6,290.22, which was deposited into the County General Fund-Nondepartmental Revenue.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The existing industrial gas pipeline utility system in the franchise area is owned and operated by Air Products. The new franchise will be for 10-year term.

Division 3, Title 16, of the Los Angeles County Code authorizes the Board to grant a franchise associated with gas pipelines. County Counsel prepared and approved the accompanying Resolution of Intention and the ordinance.

Pursuant to Section 6232 of the California Public Utilities Code, the Executive Officer of the Board shall arrange for the publishing of a Notice of Public Hearing in a newspaper of general circulation in the County at least once within 15 days after the Board's adoption of the Resolution of Intention.

ENVIRONMENTAL DOCUMENTATION

The proposed project, which is to grant a 10-year industrial gas pipeline franchise, is exempt from CEQA. The granting of the franchise will allow the operation and maintenance of an existing industrial gas pipeline utility system and is within a class of projects that have been determined not to have a significant effect on the environment in that it meets the criteria set forth in Section 15301 of the CEQA Guidelines and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed project records, it will comply with all applicable regulations and there are no cumulative impacts, unusual circumstances, damage to scenic highways, or listing on hazardous waste site lists compiled pursuant to Government Code, Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact or adverse effect to any current services or future County projects.

CONCLUSION

Please return adopted copies of this letter, the adopted ordinance, and the adopted Resolution of Intention to the attention of Mr. Thomas S. Houser, Lead Real Estate Specialist, Air Products and Chemicals, Inc., 16945 Northchase Drive, Suite 800, Houston, TX 77060; the office of County Counsel; and Public Works, Survey/Mapping & Property Management Division.

Respectfully submitted,

MARK PESTRELLA, PE
Director

MP:GE:cr

Enclosures

c: Auditor-Controller (Accounting Division–Asset Management)
Chief Executive Office (Chia-Ann Yen)
County Counsel
Executive Office

Enclosure A

RESOLUTION OF INTENTION
TO GRANT A 10-YEAR INDUSTRIAL GAS PIPELINE FRANCHISE
TO AIR PRODUCTS AND CHEMICALS, INC.

BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles, State of California.

A. Air Products and Chemicals, Inc., a Delaware corporation, hereinafter referred to as Franchisee, has applied to the Board of Supervisors of the County of Los Angeles, State of California, for a franchise for a period of ten (10) years beginning on June 22, 2023, the operative day of the franchise, and terminating on June 21, 2033, to lay, construct, reconstruct, maintain, operate, renew, repair, change the size of, remove or abandon in place pipes and pipelines for the transportation and distribution of industrial gas, including those substances that are generally accepted as appropriate for the treatment of water, 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., as it may hereafter be amended, and the "Federal Water Pollution Control Act," 33 U.S.C. § 1251, et seq., as it may hereafter be amended, together with all manholes, valves, cathodic protection systems, appurtenances, and connections necessary or appropriate for the operation of said pipes or pipelines, adjunct communications lines, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or appropriate for the Franchisee's operations 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 unincorporated territory of the County of Los Angeles, State of California, and depicted on the Exhibit Map attached to the proposed ordinance attached hereto, and any additional unincorporated territory of the County for Los Angeles, State of California, that may be added to the Franchisee's industrial gas service area(s) during the term of the franchise.

B. It is the intention of the Board of Supervisors to grant the franchise applied for upon the terms and conditions herein mentioned. The Franchisee and its successors and assigns will, during the life of the franchise, pay annually to the County of Los Angeles, State of California, the amount specified in the proposed ordinance from the operative date of the franchise and in the event such payment is not made, the franchise will be forfeited.

C. The franchise described in the ordinance attached hereto is a franchise for proprietary industrial gas purposes.

D. That on May 23, 2023, or at the next available hearing date, on a day not less than twenty (20) days or more than sixty (60) days after the date of the passage of this Resolution of Intention, in the hearing room of the Board of Supervisors, Hearing Room 381B, Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012, all persons having any objection to the granting of the franchise hereinabove described may appear before the Board of Supervisors and be heard thereon.

E. The Executive Officer of the Board of Supervisors shall cause notice of said hearing to be published in accordance with Section 6232 of the California Public Utility Code at least once within fifteen (15) days after adoption of this Resolution of Intention in a newspaper of general circulation published in the County of Los Angeles, State of California.

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The foregoing resolution was adopted on the ____ day of _____, 2023, by the Board of Supervisors of the County of Los Angeles, State of California, and ex officio of the governing body of all other special assessment and taxing districts, agencies, and authorities for which said Board so acts.

CELIA ZAVALA
Executive Officer of the
Board of Supervisors of
The County of Los Angeles

By_____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By_____
Deputy

ANALYSIS

This ordinance grants a proprietary industrial gas pipeline franchise to Air Products and Chemicals, Inc., a Delaware corporation ("Franchisee"), to collect, transport, and distribute industrial gas for a period of ten (10) years, beginning on May 11, 2023, and expiring on May 10, 2033. The base annual fee payable to the County of Los Angeles by Franchisee will be determined according to a formula contained in Section 2 of this franchise ordinance. Franchisee will also pay a granting fee of ten thousand dollars ($10,000).

DAWYN R. HARRISON
County Counsel

By GraceChang

GRACE V. CHANG
Principal Deputy County Counsel
Public Works Division

GVC:jy

Requested: 03/01/23
Revised: 04/25/23

ORDINANCE NO. _____

An ordinance granting a proprietary industrial gas pipeline franchise to Air Products and Chemicals, Inc., a Delaware corporation for a period of ten (10) years, beginning on May 11, 2023, and expiring on May 10, 2033.

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

Section 1. Franchise Term; Grant.

The right, privilege, and franchise is granted to Air Products and Chemicals, Inc., a Delaware corporation ("Franchisee"), and its successors and assigns, for the period of ten (10) years, beginning on May 11, 2023, to lay, construct, reconstruct, operate, maintain, renew, repair, change the size of, remove, or abandon in place, pipes and pipelines for transportation and distribution of industrial gas, 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., as it may hereafter be amended, and the "Federal Water Pollution Control Act," 33 U.S.C. section 1251 et seq., as it may hereafter be amended, together with all manholes, valves, cathodic protection systems, appurtenances, and connections necessary or appropriate for the operation of said pipes or pipelines, including adjunct communications lines, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or appropriate solely for Franchisee's operations 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 unincorporated territory of the County of Los Angeles ("County"), State of California,

currently as described below and as depicted on the Exhibit Map attached hereto, as well as any additional unincorporated territories of the County that may be added to Franchisee's industrial gas service area(s) during the term of the Franchise.

Part A. South Bay Unincorporated Area:

Beginning at the centerline intersection of the Century Freeway (105 Freeway) and Sepulveda Boulevard; thence easterly along the centerline of the Century Freeway (105 Freeway) to the centerline intersection with Alameda Street; thence southerly along the centerline of Alameda Street to the centerline intersection with Rosecrans Avenue; thence easterly along the centerline of Rosecrans Avenue to the centerline intersection with Lakewood Boulevard; thence southerly along the centerline of Lakewood Boulevard to the centerline intersection of Pacific Coast Highway; thence westerly and northwesterly along the centerline of Pacific Coast Highway to the point at Gould Avenue and Artesia Boulevard where Pacific Coast Highway changes its name to Sepulveda Boulevard; thence northerly along the centerline of Sepulveda Boulevard to the point of beginning, as same streets and highways existed on January 12, 1999.

Section 2. Consideration; Payment of Fees.

A. Granting Fee. As consideration for the granting of this franchise Franchisee shall pay to the County a fee of ten thousand dollars ($10,000) within thirty (30) days after the adoption of this ordinance.

B. Annual Franchise Fee. As additional consideration for the granting this franchise, Franchisee shall pay annually in arrears, on or before April 15 following the end of each calendar year ("Fee Payment Date"), for each year during the life of the

franchise, to the County, in lawful money of the United States, a franchise fee computed annually, as set forth below ("Annual Franchise Fee").

C. The Annual Franchise Fee payment by Franchisee shall accrue to the County on January 1 of each year for the highway space occupied by Franchisee's facilities as of December 31 of the calendar year immediately preceding the applicable Fee Payment Date. The Annual Franchise Fee shall be comprised of a base annual fee, which shall be calculated as set forth in subsection 2.E., below ("Base Annual Fee"), adjusted by the ratio of the price index as set forth in subsection 2.F., below, and computed to the nearest tenth (1/10) of a cent. The Base Annual Fee shall be calculated according to the highway space occupied by the pipelines and/or conduits, including the protective coverings, pipe casings, pipe connections, and any other appurtenance(s), such as manholes, valves, cathodic protection systems, connections, and any other structure(s). The Base Annual Fee shall be calculated at the rate of two dollars and ten cents ($2.10) per cubic foot of highway space occupied, as set forth in subsection 2.E., below.

D. To calculate the volume of highway space occupied by Franchisee's pipes and conduits (metal or plastic), the nominal internal diameter of the pipes and conduits shall be adjusted upward as follows:

1. The adjusted diameter of metal pipes and conduits shall be one (1) inch greater than the nominal internal diameter of such pipes and conduits;

2. The adjusted diameter of plastic pipes and conduits shall be two (2) inches greater than the nominal internal diameter of such pipes and conduits; and

3. In no event shall the adjusted diameter of any pipe or conduit (metal or plastic) be less than six (6) inches.

E. The Base Annual Fee shall be calculated in accordance with the following:

1. The rate set forth in subsection 2.C., above, of two dollars and ten cents ($2.10) per cubic foot of highway space occupied, shall be used to calculate a Base Annual Fee as provided herein.

The adjusted diameter of pipe and conduit shall be used to determine the applicable linear footage base rate per one (1) foot of highway space occupied as set forth in the schedule of base rates, below:

A	B	C
Adjusted Diameter of Pipe and Conduit (In Inches)	**Volume Per Foot in Cubic Feet**	**Base Rate Per Linear Foot (Based on $2.10 Per Cubic Feet)**
6.00	0.1964	$0.41
7.00	0.2673	$0.56
8.00	0.3491	$0.73
9.00	0.4418	$0.93
10.00	0.5454	$1.15
11.00	0.6600	$1.39
12.00	0.7854	$1.65
13.00	0.9218	$1.94
14.00	1.0690	$2.24
15.00	1.2272	$2.58
16.00	1.3963	$2.93
17.00	1.5763	$3.31
18.00	1.7672	$3.71
19.00	1.9690	$4.13
20.00	2.1817	$4.58
21.00	2.4053	$5.05
22.00	2.6398	$5.54
23.00	2.8853	$6.06
24.00	3.1416	$6.60
25.00	3.4089	$7.16
26.00	3.6870	$7.74

27.00	3.9761	$8.35
28.00	4.2761	$8.98
29.00	4.5870	$9.63
30.00	4.9088	$10.31
31.00	5.2415	$11.01
32.00	5.5851	$11.73
33.00	5.9396	$12.47
34.00	6.3050	$13.24
35.00	6.6814	$14.03
36.00	7.0686	$14.84

2. The linear footage base rate (depicted in column C, above) is derived based on the following:

Pi = 3.1416

r = radius of pipe or conduit (in inches) = adjusted diameter (in inches) /2

L = length of pipe or conduit (in inches)

L / 12 = length of pipe or conduit (in feet)

Volume of pipe or conduit (in cubic inches) = Pi x r^2 x L

Volume of pipe or conduit (in cubic feet) = Pi x r^2 x L / 1,728 inches

Base Annual Fee = Volume of pipe or conduit (in cubic feet) x $2.10 per cubic foot = (Pi x r^2 x L / 1,728 inches) x $2.10

Linear footage base rate = Base Annual Fee per linear foot of pipe

= (Pi x r^2 x 12 inches / 1,728 inches) x $2.10

Base Annual Fee = Linear footage base rate x Length of pipe or conduit (in feet) = (Pi x r^2 x 12 inches / 1,728 inches) x $2.10 x (L / 12 inches) = (Pi x r^2 x L / 1,728 inches) x $2.10;

3. For pipelines with an adjusted diameter greater than six (6) inches and 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;

4. The volume of highway space occupied by any other appurtenance(s), such as manholes, valves, cathodic protection systems, connections, and any other structures, shall be computed using the outside dimensions of the structures; and

5. The highway space occupied by overhead communications lines shall be taken as one-fifth (1/5) cubic foot per linear foot of highway route occupied, being equivalent to a rate of forty-two cents ($0.42) per linear foot ($2.10 x 1/5 = $0.42).

F. The Base Annual Fee shall be calculated as set forth in subsection 2.E., above, and adjusted each calendar year, including the year of the granting of this franchise, on the applicable Fee Payment Date in accordance with the following formula to derive the Annual Franchise Fee, provided however, in no event shall the Annual Franchise Fee be less than seven thousand five hundred dollars ($7,500).

1. The Base Annual Fee shall adjust annually on January 1st of each calendar year by an amount equal to one hundred percent (100%) of the increase in the "Consumer Price Index for all Urban Consumers (CPI-U) for the Los Angeles-Long Beach-Anaheim California Metropolitan Area (1982-84=100), All Items," as published by the United States Department of Labor, Bureau of Labor Statistics/Office of Information ("Bureau"), which shall be defined as the "index," and such index as it stands on December 1, 2021 (i.e., 297.925), shall be defined as the "base index," and

the index for the month of September immediately preceding the Fee Payment Date shall be defined as the "current index").

2. If the current index differs from the base index, then the Base Annual Fee shall increase or decrease by the percentage increase or decrease between the current index and the base index; provided, however, that, if the current index drops below the base index, no adjustment shall be made. The Base Annual Fee shall be multiplied by an adjustment factor determined by dividing the current index by the base index. For example, if the base index is 100 and the current index is 210, the Annual Franchise Fee shall be two hundred and ten (210) percent (i.e., 210 / 100 = 2.1 = 210%) times the Base Annual Fee; provided, however, that under no circumstances shall the multiplying factor be less than one; nor shall the Annual Franchise Fee calculated using said factor, be less than the Base Annual Fee. If the Bureau revises the index, the parties hereto shall accept the method of revision for conversion recommended by the Bureau.

3. If the Bureau discontinues the preparation or publication of the CPI-U for the area, 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 and its determination on this point shall be final and conclusive. In no event shall the Annual Franchise Fee adjusted by reference to such other price index be less than the Base Annual Fee as set forth in subsection 2.E., above.

G. In addition to the foregoing Annual Franchise Fee, Franchisee shall also pay to:

1. The Los Angeles County Department of Public Works ("Public Works"), or before the Fee Payment Date, for each year of the life of the franchise, an initial construction charge calculated at a rate of one hundred dollars ($100) per mile, and a prorated fraction thereof for any remainder equaling less than one mile, for all new main lines laid during that preceding calendar year.

2. The County Auditor-Controller, on or before the Fee Payment Date, for each year during the life of the franchise, an annual fee of twenty-five dollars ($25) per pole-mile, and a prorated fraction thereof for any remainder equaling less than one pole-mile, for aerial or above-ground lines, and twenty-five dollars ($25) per mile, and a prorated fraction thereof for any remainder equaling less than one mile, for underground conduits for wires, cables, or telephone or telegraph lines maintained under the franchise during the preceding calendar year.

H. Franchisee shall also pay any application fees, administrative fees, processing fees, late charges, accrued interest, and penalties required in connection with this franchise, all of which may be charged at the then-current applicable rates.

I. 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 change is not in conflict with laws of the State of California.

Section 3. Reports.

Franchisee shall, during the life of the franchise:

A. File with the County Auditor-Controller and Public Works, on or before the Fee Payment Date, with one copy to each, a report, verified under oath by a duly authorized representative of Franchisee, showing as of December 31 of the immediately preceding calendar year ("Franchise Report Period"), the length of the Franchisee's main lines in highways, the nominal internal diameter of such main lines, the "rate per foot per year," defined as the amount payable per linear foot per year under Section 2, and the 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 Public Works to calculate or verify the calculation of the Annual Franchise Fee as required by subsection 2.B.

B. Show in the report prepared pursuant to subsection 3.A., above, any change in franchise footage since the end of the most recent Franchise Report Period, 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 conduits laid for wires, cables, telegraph lines or telephone lines, old conduits removed, old conduits abandoned in place; the diameter of such conduits laid, removed, and/or abandoned in place; and the footage and internal diameter of main lines and conduits in territory annexed or incorporated since the last day of the most recent Franchise Report Period.

C. File with Public Works, on or before the Fee Payment Date, a report showing the permit number of each permit obtained for the installation of new main lines and conduits during the most recently 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, 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 original due date.

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 ten percent (10%) per month, beginning on the ninety-first (91st) day after the due date until full payment is received. Following the ninety-first (91st) day after the due date, should the franchise payment not be provided to the County, the County reserves the right to terminate the franchise. Upon termination of this franchise, operation of the facilities covered by the franchise shall no longer be authorized, and Franchisee will be liable for costs associated with such termination, including, but not limited to, the costs of abandonment and/or removal of Franchisee's facilities. This term shall survive the expiration or termination of this franchise.

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 County's special districts, elected and appointed officers, employees, and agents (collectively "County's Agents") from and against any and all expenses, costs, fees, damages, claims, liabilities, and lawsuits of any nature, including, without limitation, those involving, relating to, or asserting bodily injury, personal injury, death, property damage, encroachment or encumbrance upon property rights or interests, infringement of property rights or interests, loss of property value, defense costs, attorneys' fees, workers' compensation benefits, expenses, and damages of any other type (collectively "Claims"), that relate to or arise from: (1) County's grant and/or extension of the franchise; (2) Franchisee's use or exercise of the franchise and/or the operations or services provided by Franchisee, Franchisee's employees, agents, servants, receivers, contractors, subcontractors, successors, or assignees (collectively "Franchisee's Agents") in connection with the franchise; and/or (3) any acts or omissions of Franchisee, Franchisee's Agents, or any person in connection with activities or work conducted or performed pursuant to the franchise and/or arising out of such activities or work. In furtherance of, and in no way limiting the foregoing, Franchisee shall indemnify, defend, and hold harmless the County and the County's Agents from and against any and all Claims that relate to, arise from, or involve pollution, contamination, degradation, and/or environmental compliance, relating to, arising from, or involving the

franchise, or Franchisee's use or exercise thereof, including, but not limited to, any Claims arising from or relating to any threatened, actual, or alleged discharge, dispersal, release, or escape of any substance, including, but not limited to, any pollutant or contaminant of any kind, 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.

B. Public Works shall be immediately notified by Franchisee of any discharge, release, or escape of any liquid hydrocarbon products, wet gas, industrial gas, chemicals, steam, water, wastewater, mud, or other substances from Franchisee's pipelines and appurtenances within the franchise area. All actions to investigate, remove, or remediate any substance reasonably demonstrated to have 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 local government at Franchisee's sole cost and expense, and shall be immediately undertaken by Franchisee or Franchisee's Agents. If Franchisee fails to take any action required pursuant to this Section, the County may, but shall not be obligated to, take all actions it deems appropriate at Franchisee's sole expense. Upon written demand by the County, Franchisee shall reimburse the County for all County expenses reasonably incurred in

connection with the 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 the County or the County's Agents, 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 are required to 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. Franchisee may have the option to self-insure the insurance coverage required upon obtaining prior approval from the County.

1. Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered to Public Works on or before the operative date of this franchise ordinance, and on or before the expiration date of each term of insurance. Such certificates or other evidence of coverage shall:

a. Specifically identify this franchise ordinance; and

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

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

d. Show 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 5.C.1.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. Franchisee shall provide County with written notice as soon as they are aware of any material modification, non-renewal, cancellation, or termination that negatively impacts the County in any program of liability, Workers Compensation or other insurance required by this Section.

3. The County reserves the right to require copies of Franchisee's insurance policies at the County's request. Franchisee may omit portions of the policy that do not pertain to the Ordinance.

4. 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.

5. Franchisee agrees to release the County and the County's Agents and waive its rights of recovery against them under the insurance policies specified in this franchise ordinance unless injuries, death, loss, damage, or destruction is caused by either the willful misconduct of County or County's sole negligence.

6. Such insurance shall be endorsed naming the County 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 CG 00 01, or its equivalent, unless otherwise approved by the County), with a combined single limit of not less than five

million dollars ($5,000,000) per occurrence, five million dollars ($5,000,000) policy aggregate, and five million ($5,000,000) products/completed operation aggregate.

i. If written on a claims-made form, Franchisee shall be obligated to ensure coverage is in place for a 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.

i. If written with an annual aggregate limit, the policy limit should be two (2) 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. A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the California Labor Code and the "Longshoreman and Harbor Worker Compensation Act," 33 U.S.C. section 901 et seq., as it may hereafter be amended, including Employer's Liability with not less than a one-million-dollar ($1,000,000) limit. Franchisee will require any contractor providing services to carry workers compensation coverage as required by Section 5.C.6. of this ordinance.

D. Franchisee shall furnish Public Works, within thirty (30) days of the operative date of this ordinance, and within thirty (30) days of the expiration date of each term of insurance, a certificate of insurance for each of said policies executed by Franchisee's insurance agent, or by the company issuing the policy, evidencing that the policy is in force.

E. Within thirty (30) days following the operative date of this franchise ordinance, Franchisee shall provide to Public Works a faithful performance bond in the sum of not less than two hundred thousand dollars ($200,000), 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 Franchisee of the terms and conditions of this franchise and shall provide that, in case of the breach of any condition of this franchise, the whole amount of the penal sum of two hundred thousand dollars ($200,000), or any portion thereof, and shall be immediately 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 immediately restore the bond to the full amount specified herein.

2. The faithful performance bond shall continue to exist for one year following the County's approval of any sale, transfer, assignment, or other change of

ownership of the franchise, or following the expiration or termination of this franchise. The County, in its sole discretion, may release said bond prior to the end of the one-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 instruments shall be made payable to the County and shall be deposited with the County's Auditor-Controller and/or Treasurer and/or Treasurer Tax Collector, as applicable.

F. The types and amounts of said insurance coverage and bonding shall be subject to review and reasonable adjustment by the County, in its 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) determined by the County, within thirty (30) days after written notice from the County.

G. Failure on the part of Franchisee to procure or maintain the required insurance and bonding shall constitute a material breach of the terms of this franchise upon which the County may terminate or suspend this franchise subject to Board approval.

H. It is the obligation of Franchisee to provide evidence of current insurance policies and bonding. Any franchise operations shall not commence until Franchisee has complied with the provisions of this Section, and any operations shall be suspended

during any period that Franchisee fails to obtain or maintain the insurance and bonding required hereunder.

Section 6. Transfers and Assignments.

A. Franchisee shall not sell, transfer (including stock transfer), exchange, assign, lease, or divest itself 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 as provided in this Section and after payment of a transfer fee as detailed in subsection 6.G., below.

B. Franchisee shall inform Public Works of any pending Assignment, except as excluded in subsection 6.E., and shall provide all documents requested by the County, as set forth in subsection 6.F. Consent to any such Assignment shall only be refused if the County finds that Franchisee is not in compliance with the terms and conditions of the franchise and/or that the proposed Transferee, as applicable, is lacking in sufficient experience and/or financial ability to meet the franchise obligations and/or a failure to pay the transfer fee specified in subsection 6.G. Consent shall be conditioned upon the terms and conditions set forth in the Assignment documents delivered to Public Works, the assumption by the Transferee, as applicable, of all Franchisee's covenants and obligations under the franchise, and all information provided to the County under subsection 6.F., below, being true and correct as of completion of the Assignment. Upon receipt of such consent from the County, Franchisee may proceed to consummate the Assignment.

C. Franchisee shall file with Public Works, within thirty (30) days after the effective date of any Assignment, certified copies of the duly executed instrument(s) that officially evidence(s) such Assignment. If any such duly executed instrument is not filed with Public Works within thirty (30) days after the effective date of such proposed Assignment, or if any condition to consent by the County has not been met, the County may determine, and then notify Franchisee and the proposed Transferee, that the Assignment has no force or effect and/or that the franchise is forfeited.

D. As a condition to granting consent to such Assignment, the County may impose such additional terms, and conditions upon the Franchisee and/or proposed Transferee as the Board deems to be in the public interest. Nothing contained herein shall be construed to grant Franchisee the right to complete an Assignment, except in the manner aforesaid, 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 without the consent of the County so long as such sale, transfer, exchange, Assignment, divestment, or other change, including a merger, does not result in giving majority control of Franchisee to any person or persons, corporation, partnership, or legal entity other than the persons or entities with the controlling interest in Franchisee on the effective date of the franchise or the effective date of the last approved Assignment. Otherwise, consent thereof shall be required as otherwise provided in this Section.

F. Except for any Assignments made pursuant to subsection 6.E., upon notice by Franchisee of any proposed Assignment, the proposed Transferee shall submit an Assignment application to Public Works, which shall contain at a minimum:

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 County 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, a 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 proposed Assignment ("Assignment Documents").

4. Other information that may be required by the County to assess the capability of the proposed Transferee to operate and maintain the franchise.

G. The transfer fee of ten thousand dollars ($10,000) shall be submitted with Franchisee's request for the County's consent to any Assignment described in subsection 6.A., and Franchisee shall pay the County's costs to process the proposed Assignment application, including any consultant's fees incurred by the County to assist in evaluating the application. Should the County's actual costs exceed the fees detailed above, Franchisee and the proposed Transferee may be required to pay any additional costs incurred by the County in processing the request for Assignment. Such additional costs shall be paid by Franchisee and the proposed Transferee, or either, prior to final consideration of the request by the County or the Board, as applicable.

Section 7. Removal or Abandonment of Facilities.

A. At the time of expiration, revocation, or termination of this franchise or of the permanent discontinuance of the use of its pipes and appurtenances, Franchisee shall, within thirty (30) days thereafter, make a written application to Public Works for permission to engage in one of the following in accordance with applicable federal, State, and local laws and regulations: (1) abandon all, or a portion, of such pipes and appurtenances in place; (2) remove all, or a portion, of such pipes and appurtenances; or (3) transfer all, or a portion, of such pipes and appurtenances. Such application will describe the pipes and appurtenances desired to be abandoned or removed by reference to the map or maps required by this franchise and will describe with reasonable accuracy the relative physical condition of the pipes and appurtenances. Public Works will determine whether any abandonment, removal or transfer that is proposed may be effected without detriment to the public interest or under what

conditions the proposed abandonment, removal or transfer may be safely effected, and Public Works will then notify the Franchisee of any such requirements. If, for any reason, Franchisee suspends operations of any of the pipes and appurtenances contained in this franchise for a period of more than ninety (90) days, Franchisee shall notify Public Works. During this period of suspended operations, the Franchisee shall maintain said pipes and appurtenances in accordance with all applicable federal and/or State standards, including as directed by the California State Fire Marshal, and/or local laws and regulations.

B. If any pipes and appurtenances to be abandoned in place subject to prescribed conditions are not abandoned in accordance with all such conditions, then Public Works may make additional appropriate orders at its sole discretion, including, an order that the Franchisee remove all such pipes and appurtenances in accordance with applicable requirements. In the event the Franchisee fails to remove any pipes and appurtenances that it is obligated to remove in accordance with such applicable requirements within such time as may be prescribed by Public Works, then Public Works may remove such pipes and appurtenances at the Franchisee's expense, and the Franchisee will pay to the County within sixty (60) days after delivery of an itemized bill the cost of removal including, but not limited to, reasonable overhead expenses in the sum no greater than an additional thirty percent (30%) of the actual cost of such work.

C. Abandoned pipelines on County highways remain the property of the Franchisee. Should the abandoned pipelines interfere with other uses in the right-of-

way, including future utilities or underground facilities, said pipelines shall be removed by Franchisee, as necessary, at Franchisee's sole cost and expense. Alternatively, County may remove or cause to be removed said pipelines at Franchisee's sole cost and expense.

D. For the purposes of the payment of fees provisions in Section 2 of this franchise, such facilities shall continue to be included in the calculation of fees until inspection reports of Public Works indicate the work of removal or abandonment has been done to its satisfaction.

E. This Section will survive the termination or expiration of this franchise.

Section 8. Relocation of Pipelines.

In the event Franchisee receives notice from the County, a city, or any other public entity to relocate its pipelines and appurtenances, if Franchisee neglects or fails to relocate its facilities in a timely manner and in accordance with applicable federal, State, and local laws and regulations after receipt of any such notice, Franchisee shall be solely responsible for, and shall reimburse the County, city, and any other applicable public entities, for any and all costs or expenses incurred by the County, city, and other applicable public entities, due to, or resulting from, such neglect or failure with respect to relocation of the facilities.

Section 9. Pipeline Franchise Ordinance.

Franchisee must comply with certain provisions of Los Angeles County Code, Title 16, Divisions 3 and 3A (collectively, the "Master Pipeline Franchise"), namely, those provisions found under Chapters 16.36, 16.38, 16.40, 16.44, 16.52, and 16.54 of the Master Pipeline Franchise. If there is a conflict between the terms of this franchise and the provisions of the Master Pipeline Franchise, such that compliance with both conflicting terms is not feasible, the terms of this franchise shall prevail.

Additionally, Franchisee acknowledges that it must comply with all applicable federal, State, and local laws and regulations, including the County Code, as may be amended hereafter, to the extent Franchisee continues to conduct activities within the County's right-of-way, and/or Franchisee's facilities continue to occupy the County's right-of-way, following the termination or expiration of this franchise.

Section 10. County Addresses.

All fee payments and reports required hereunder, except those expressly directed to be sent to Public Works, shall be sent to the County and addressed as follows:

Franchise/Concessions Section
County of Los Angeles
Office of the Auditor-Controller
Administrative Services, Room 515
500 West Temple Street
Los Angeles, California 90012-2713

Applications, reports, notices, and other documents and information referenced in this franchise shall be sent to the County, at the same address referenced above, with a copy to:

Los Angeles County Public Works
Attn: Survey/Mapping & Property Management Division
900 South Fremont Avenue
Alhambra, California 91803

Any notice, request, instruction, or other document to be given to Franchisee shall be addressed as follows:

Air Products and Chemicals, Inc.
Real Estate Department
1940 Air Products Blvd.
Allentown, PA 18106
Attention: Aimee Kutzler, Manager - Real Estate

Section 11. Franchise Ordinance Operative Date.

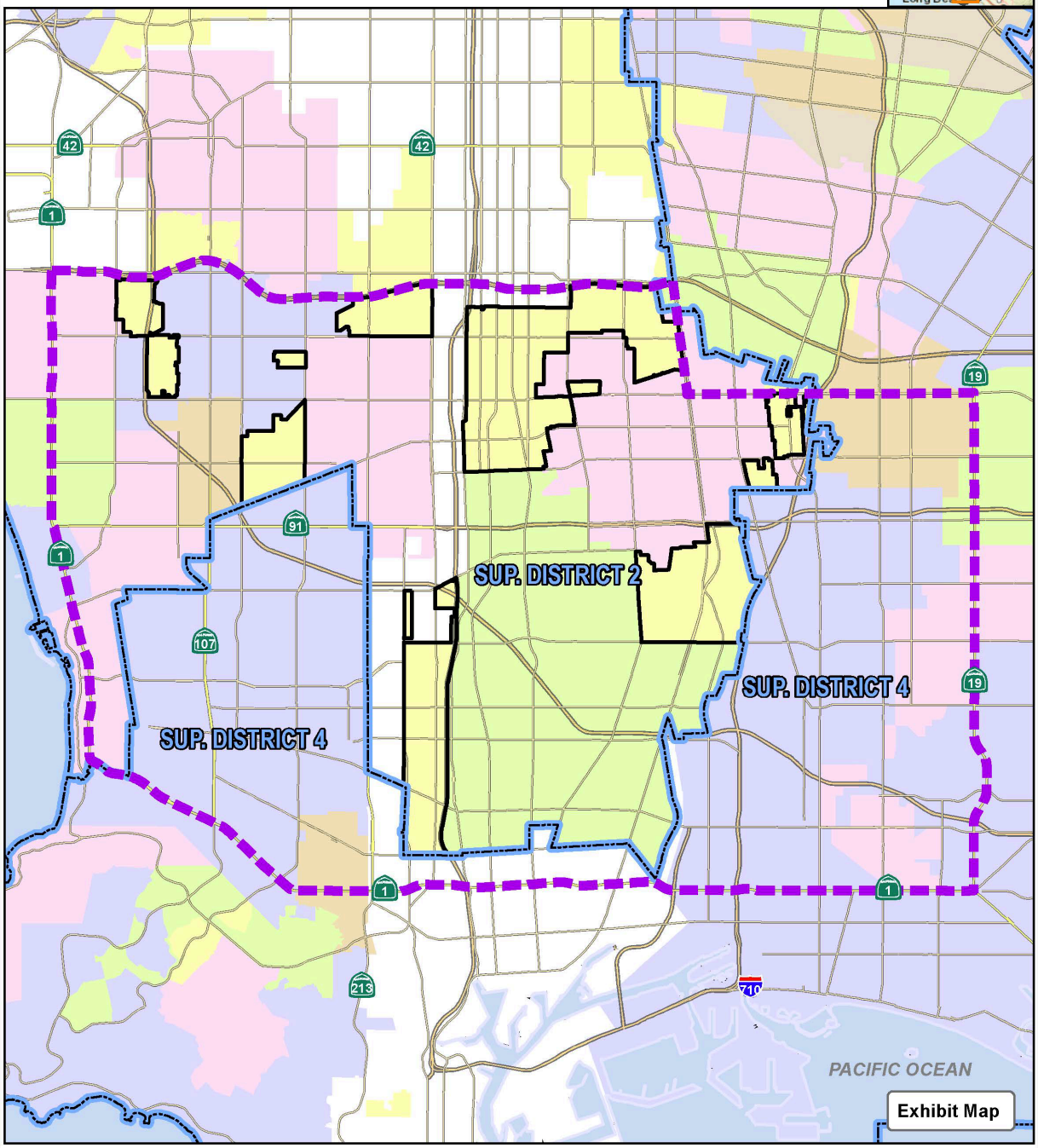
The operative date of this franchise ordinance shall be May 11, 2023.

Section 12. Termination.

If Franchisee fails to comply with any of the requirements of the franchise, the County may, in its sole discretion, terminate the franchise and/or seek any and all available remedies at law or in equity.

[AIRPRDCTCHEMFRANGCCC]

Air Products and Chemicals, Inc.
Proprietary Industry Gas Pipeline



Public Works
LOS ANGELES COUNTY

Franchise Boundary
Supervisorial District
Unincorporated County Area

P:\mppub\MAPSVCS\CUSTOM_MAPS\SMPM\Acq&Rev\Pipeline Franchise\MXD\Air Product&Chemical.mxd
DATE: Dec 29, 2022 Mapping & GIS Services, SMPM (MTHONG)

0 1.5 Miles

This map shows only pipelines available in Public Works database. The County of Los Angeles and its Department of Public Works do not represent or warrant that the information on this map is error-free, accurate, current, or complete. The County of Los Angeles and its Department of Public Works are not liable for any errors or omissions on this map.