



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

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

March 19, 2024

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

49 March 19, 2024

JEFF LEVINSON
INTERIM EXECUTIVE OFFICER

Dear Supervisors:

**TRANSPORTATION CORE SERVICES AREA
RESOLUTION OF INTENTION AND INTRODUCTION OF AN ORDINANCE
TO GRANT A COMMON-CARRIER PETROLEUM PIPELINE FRANCHISE
TO CRIMSON CALIFORNIA PIPELINE, L.P.
(SUPERVISORIAL DISTRICTS 2, 3, 4, AND 5)
(3 VOTES)**

SUBJECT

Public Works is seeking Board approval to grant a common-carrier petroleum pipeline franchise to Crimson California Pipeline, L.P.

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 the record of the project.
2. Approve the Resolution of Intention to grant a 5-year common-carrier petroleum pipeline franchise to Crimson California Pipeline, L.P.; set the matter for a public hearing on April 16, 2024, 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 5-year common-carrier petroleum pipeline franchise to Crimson California Pipeline, L.P.

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 will 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 5-year common-carrier petroleum pipeline franchise to Crimson California Pipeline, L.P.

The purpose of this action is to adopt the ordinance and grant a new franchise to Crimson to operate and maintain its pipes and pipelines existing and in the same manner as of the operative date of this ordinance for distribution of common-carrier petroleum within the unincorporated County road right of way.

The proposed action will benefit Crimson and the residents of the County by allowing Crimson to continue providing petroleum services to its customers and obligating Crimson to comply with the terms of the franchise.

The franchise ordinance includes idle pipeline testing language in conformance with hazardous pipeline safety laws.

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 revenues received from this transaction will help promote fiscal responsibility while providing continuous petroleum services to the residents of the County.

FISCAL IMPACT/FINANCING

Crimson will pay the County a granting fee of \$10,000 within 30 days of the adoption of the ordinance and an annual franchise fee using the internal diameter and linear footage of pipelines pursuant to the rate schedule contained in Section 6231.5 of the California Public Utilities Code. These amounts will be deposited into the County General Fund-Nondepartmental Revenue.

For the 2022 calendar year, the County collected a total annual franchise fee of \$32,622.24 from Crimson. Upon the adoption of the ordinance, the franchise fees will be deposited into the County General Fund-Nondepartmental Revenue.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Crimson owns and operates an existing common-carrier petroleum pipeline system in the franchise area to distribute petroleum products. The pipelines were acquired from ConocoPhillips Pipe Line Company and Shell California Pipeline Company LLC. The proposed franchise ordinance will allow Crimson, for a period of 5 years beginning on May 16, 2024, to operate and maintain its pipes and pipelines existing and in the same manner as of the operative date of this ordinance. Changes to the existing operation of the franchise, including material changes to or expansion of infrastructure and/or operation, must undergo the applicable permitting process for approval by the County, in accordance with Section 2.18.015 of the Los Angeles County Code, as well as compliance by

Crimson with all applicable laws, regulations, and policies. Approval of the grant of franchise does not approve any general or specific activity not currently in operation as of May 16, 2024, the operative date of the franchise.

Crimson's pipelines in the franchise area transmit petroleum oil products and are regulated by the Office of the State Fire Marshal.

Division 3, Title 16, of the Los Angeles County Code authorizes the Board to grant a franchise associated with petroleum 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 the 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 is exempt from CEQA. The project, which is to adopt the ordinance and grant a new franchise to Crimson to operate and maintain its pipes and pipelines existing and in the same manner as of the operative date of the ordinance for distribution of common-carrier petroleum within the unincorporated County road right of way, is within certain classes of projects that have been determined not to have a significant effect on the environment in that they meet the criteria set forth in Sections 15301, 15302, and 15304 of the State CEQA Guidelines and Classes 1, 2, and 4 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G.

The proposed actions provide for operation, repair, and maintenance of existing facilities; replacement or reconstruction of existing facilities on the same site for substantially the same purpose and capacity; and minor ground-disturbing activities that will not affect sensitive resources. In addition, based on the proposed project records, it will comply with all applicable regulations; it is not in a sensitive environment; 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.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Exemption with the Registrar-Recorder/County Clerk and with the State Clearinghouse, Office of Planning and Research, in accordance with Section 21152 of the California Public Resources Code and will post the Notice of Exemption on its website pursuant to Section 21092.2 of the California Public Resources Code.

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, ordinance, and the Resolution of Intention to the attention of Ms. Cordelia Cisneros, Crimson California Pipeline, L.P., 3760 Kilroy Airport Way, Suite 300, Long Beach, CA 90806; the Office of County Counsel; and Public Works, Survey/Mapping & Property Management Division.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark Pestrella".

MARK PESTRELLA, PE
Director

MP:GE:mr

Enclosures

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

Enclosure A

**RESOLUTION OF INTENTION
TO GRANT A 5-YEAR COMMON-CARRIER PETROLEUM PIPELINE FRANCHISE
TO CRIMSON CALIFORNIA PIPELINE, L.P.**

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

- A. Crimson California Pipeline, L.P., a California Limited Partnership, 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 five (5) years beginning on May 16, 2024, the operative date of the franchise, and terminating on May 15, 2029, to operate and maintain its pipes and pipelines existing and in the same manner as of the operative date of this ordinance for collection, transportation, or distribution of petroleum, oil, gas, gasoline, 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., 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 poles, conduits, wires, cables, including 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 Maps attached to the proposed ordinance attached hereto.
- B. It is the intention of the Board of Supervisors to grant the franchise applied for upon the terms and conditions here mentioned. The Franchisee and its successors and assigns will, during the life of its franchise, pay annually to the County of Los Angeles, State of California, an annual franchise fee calculated using the internal diameter and linear footage of pipelines pursuant to the rate schedule contained in Section 6231.5 of the California Public Utilities Code adjusted upward annually for inflation using the Consumer Price Index for All Urban Consumers from the effective date of the granting of the franchise and in the event such payment is not made, the franchise will be forfeited.

- [illegible]

The foregoing resolution was adopted on the 19th day of March, 2024, by the Board of Supervisors of the County of Los Angeles, State of California, and ex officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which said Board so acts.

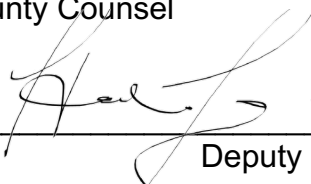


JEFF LEVINSON
Interim Executive Officer of
the Board of Supervisors of
the County of Los Angeles

By 
Deputy

APPROVED AS TO FORM:


DAWYN R. HARRISON
County Counsel

By  for Grace Chang
Deputy

ANALYSIS

This ordinance grants a common-carrier petroleum pipeline franchise to Crimson California Pipeline, L.P., a California limited partnership ("Franchisee"), to operate and maintain its existing petroleum pipeline system for a period of five (5) years, beginning on June 13, 2024, and expiring on June 12, 2029. The base annual fee payable to the County of Los Angeles by Franchisee will be determined according to a formula set forth in Section 2 of the franchise ordinance. Franchisee will also pay the County a granting fee of ten thousand dollars (\$10,000).

DAWYN R. HARRISON
County Counsel

By 
GRACE V. CHANG
Principal Deputy County Counsel
Public Works Division

GVC:jy

Requested: 01/17/24
Revised: 03/05/24

ORDINANCE NO. _____

An ordinance granting a common-carrier petroleum pipeline franchise to Crimson California Pipeline, L.P., a California limited partnership ("Franchisee"), for a period of five (5) years, beginning on June 13, 2024, and expiring on June 12, 2029, for common-carrier petroleum pipelines that Franchisee acquired from Shell California Pipeline Company LLC, a Delaware limited liability company, and ConocoPhillips Pipe Line Company, a Delaware corporation, in the unincorporated areas of South Whittier/East La Mirada, Lennox/Del Aire/Wiseburn/Hawthorne/El Camino Village, Calabasas/Santa Monica Mountains, and Del Valle/Stevenson Ranch.

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

Section 1. Franchise Term; Grant.

A common-carrier petroleum franchise is hereby granted to Crimson California Pipeline, L.P., a California limited partnership ("Franchisee"), and its successors and assigns, for a period of five (5) years, beginning on June 13, 2024, and expiring on June 12, 2029, to operate and maintain its existing pipes and pipelines for the collection, transportation, or distribution of petroleum, oil, gas, gasoline or 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. § 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, including poles, conduits, wire, cables, 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, and depicted on the Exhibit Maps attached hereto as Exhibit "A" and made a part hereof.

Part A. South Whittier/East La Mirada Area.

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

Beginning at the intersection of the northerly prolongation of the most westerly boundary line of Greenleaf Avenue, with the centerline of Whittier Boulevard, said intersection being located in the City of Whittier, California; thence southeasterly along the centerline of Whittier Boulevard to the easterly boundary line of the County of Los Angeles, said boundary line being also the westerly boundary line of the City of La Habra, in the County of Orange, California; thence southerly along the easterly boundary line of the County of Los Angeles to the southerly boundary line of Imperial Highway; thence westerly along the southerly boundary line of Imperial Highway to the westerly boundary line of Shoemaker Avenue; thence northerly along the westerly boundary line of Shoemaker Avenue and its northerly prolongation to the point on said

westerly boundary line where Shoemaker Avenue becomes Greenleaf Avenue; thence northerly along the westerly boundary line of Greenleaf Avenue, and the northerly prolongation of its most westerly boundary, to the point of beginning, as said streets, highways, centerlines, and boundary lines existed on January 1, 2018.

Part B. Lennox/Del Aire/Wiseburn/Hawthorne/El Camino Village Area.

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

Beginning at the intersection of the westerly boundary line of Aviation Boulevard and the northerly boundary line of West Century Boulevard, in the City of Los Angeles, California; thence easterly along the northerly boundary line of West 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 Artesia Boulevard; thence westerly along the southerly boundary line of Artesia 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 said streets, highways, and boundary lines existed on January 1, 2022.

Part C. Calabasas/Santa Monica Mountains Area.

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

Beginning at the northeast corner of Section 21 of Township 1 North, Range 17 West, San Bernardino Base and Meridian ("SBBM"), in the City of Hidden Hills, California; thence westerly along the northerly boundary lines of Sections 21, 20, and 19

of said Township 1 North Range 17 west, SBBM, to the northwest corner of said Section 19, being also the northeast corner of Section 24 of Township 1 North Range 18 west, SBBM; thence continuing westerly along the northerly boundary line of said Section 24, and its westerly prolongation, to the easterly boundary line of the City of Agoura Hills, California; thence southwesterly along said easterly boundary line of the City of Agoura Hills to the intersection with the westerly prolongation of the southerly boundary line of said Section 24 of Township 1 North Range 18 west, SBBM; thence easterly along said westerly prolongation of the southerly boundary line of said Section 24 to the southwest corner thereon; thence easterly along the southerly boundary line of said Section 24 to the southeast corner thereon, being also the southwest corner of said Section 19 of Township 1 North Range 17 west, SBBM; thence easterly along the southerly boundary lines of Sections 19, 20 and 21 of said Township 1 North Range 17 West, SBBM, to the southeast corner of said Section 21; thence northerly along the easterly boundary line of said Section 21 to the point of beginning, as said section lines and boundary lines existed on January 1, 2018.

Part D. Del Valle/Newhall Ranch Area.

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

All of Henry Mayo Drive, State Route 126, within the unincorporated areas of the County lying west of the westerly boundary line of the Golden State Interstate 5 Freeway, and lying east of the easterly boundary line of the County of Ventura, California, said boundary line being also the westerly boundary line of the County of

Los Angeles, California, as said streets, highways and county boundary lines existed on January 1, 2022.

Section 2. Consideration; Payment of Fees.

As consideration for the County granting this franchise to Franchisee, Franchisee shall pay to the County the following fees.

A. Granting Fee. As consideration for the franchise granted, Franchisee shall pay the County a granting 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 franchise granted, 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 ("Annual Franchise Fee"), as set forth below.

C. The Annual Franchise Fee payment by Franchisee shall accrue to the County on January 1 of each year for the length of pipe expressed in feet occupied by Franchisee's facilities described in Section 1 as of December 31 of the calendar year immediately preceding the applicable Fee Payment Date, which shall be multiplied by the applicable base rate, derived in accordance with the following schedule pursuant to section 6231.5 of the California Public Utilities Code:

A	B
Pipe Size (Internal Base Rate Diameter in inches)	Base Rate Per Linear Foot
0-4	\$0.088
6	0.132
8	0.176
10	0.220
12	0.264
14	0.308
16	0.352
18	0.396
20	0.440
22	0.484
24	0.528
26	0.572
28	0.616
30	0.660

For pipelines with an internal diameter not listed above, the fees shall be in the same proportion to the fees of a 12-inch diameter pipe as the diameter of the unlisted pipe is to 12 inches.

1. The total amount of the Annual Franchise Fee payment shall be comprised of the "Base Annual Fee", which shall be 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:

a. The "Consumer Price Index for all Urban Consumers ("CPI-U") for the Los Angeles-Riverside-Orange County 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"), shall be defined as the "index," and such index as it existed on June 30, 1989 (i.e., 128.7), 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";

b. 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 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 current index is 194.5, the Annual Franchise Fee shall be one hundred and fifty-one and 1/10th percent (i.e., $194.5 / 128.7 = 1.511 = 151.1\%$) times the Base Annual Fee; provided, however, 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 shall revise the index, the parties hereto shall accept the method of revision for conversion recommended by the Bureau; and

2. If the Bureau discontinues the preparation or publication of the CPI-U for the area, and if no translation or transposition table prepared by the Bureau is available to the CPI-U as it existed on June 30, 1989, 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, which shall, in its judgment, vary from the rates specified in Public Utilities Code section 6231.5 in appropriate proportions as then-current commodity consumer prices vary from commodity consumer prices that were current in December 1988, 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 amount of the Annual Franchise Fee payment calculated according to the base rate and adjusted by reference to such other price index be less than the Base Annual Fee as set forth in subsection 2.C., above.

D. In the event section 6231.5 of the California Public Utilities Code ceases to be applicable to any of the Franchisee's pipelines, operations, or transportation rates, the County reserves the right to charge the Franchisee the rates then currently charged by the County for similar pipelines, or the maximum amount permitted by law, whichever is greater.

E. In the event section 6231.5 of the California Public Utilities Code is no longer applicable to the franchise, the County reserves the right to change its method of calculating fees, and the amount thereof, not more than once during the term of this franchise 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 the laws of the State of California.

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

1. The Los Angeles County Department of Public Works ("Public Works"), on or before the Fee Payment Date, for each year of the life of the franchise, an initial construction fee 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; and

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 or portion thereof for aerial or above-ground lines, and twenty-five dollars (\$25) per mile, or portion thereof, for underground conduits for wires, cables, or telephone or telegraph lines maintained under the franchise during the preceding calendar year.

G. 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.

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 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, in accordance with Section 2.18.015 of the Los Angeles County Code 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.

D. Within one year of the operative date of this ordinance:

1. Make reasonably available to Public Works appropriate documentation of any procedures and schedules ("Procedure") required for conducting safety inspections, verification of purging, and integrity testing ("Testing") of Franchisee's inactive pipelines ("Inactive Pipelines"), in compliance with all applicable federal, State, and local pipeline laws and regulations and the Los Angeles County Code (collectively "Pipeline Laws"). Inactive Pipelines are defined as Franchisee's

static, idle, inactive, and out-of-service pipelines, excluding any water or wastewater pipelines.

2. Perform any required purging of Franchisee's Inactive Pipelines or Testing of Franchisee's Inactive Pipelines through an independent third-party testing company, with oversight by appropriate agencies, in compliance with the Pipeline Laws and the Office of the California State Fire Marshal.

3. Provide evidence satisfactory to Public Works that each Inactive Pipeline, in compliance with the Pipeline Laws and the Office of the California State Fire Marshal, has either: (1) been appropriately purged, or (2) undergone required Testing and been approved for active use, or (3) been approved for removal or abandonment in place by the appropriate regulatory authority, including the California Public Utilities Commission, the California State Fire Marshal, or any other federal or State body or official.

E. Comply with the Pipeline Laws, including but not limited to those pertaining to Testing, operating, and maintaining, as applicable, with respect to all of Franchisee's pipelines that are in active use or have been abandoned, throughout the term of the franchise.

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. Should the franchise payment not be provided to the County, County reserves the right to terminate the franchise. Upon termination of this franchise, operation of the facilities covered by the franchise would 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 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 its special districts, elected and appointed officers, employees, and agents ("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, its employees, agents, servants, receivers, contractors, subcontractors, successors, or assignees ("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 petroleum, oil, gas, gasoline, other 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 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 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.

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;

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, expiration, or termination of any program of liability insurance, and at least thirty (30) days in advance of any modification, non-renewal, cancellation, expiration, or termination of any program of Workers' Compensation or other insurance required by this Section;

d. 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

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

5. 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 fifteen million dollars (\$15,000,000) per occurrence.

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, expiration, 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 two million dollars (\$2,000,000) per occurrence.

c. Environmental Impairment Liability insurance, which insures liability for environmental impairment including cleanup costs 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 thirty million dollars (\$30,000,000) 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, expiration, or cancellation of this franchise.

d. Professional Liability/Errors and Omissions Insurance covering Franchisee's liability arising from or related to this Contract, with limits of not less than three million dollars (\$3,000,000) per claim and five million dollars (\$5,000,000) aggregate. Further, Franchisee understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination, or cancellation.

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, covering all persons providing services on behalf of Franchisee and all persons Franchisee is legally required to cover.

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, either certified copies of the policies required by subsection 5.C., or a certificate of insurance for each of said policies executed by

Franchisee's insurance agent, or by the company issuing the policy, certifying 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, 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.

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. 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, then 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 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 person or entity with the controlling interest in Franchisee on the operative 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 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. A 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 additionally agrees to pay the 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, should they exceed the fees detailed above. Such additional costs shall be paid by Franchisee prior to final consideration of the request by the County or the Board, as applicable.

Section 7. Parental Guaranty.

On or before the operative date of the Franchise, Franchisee shall file, and thereafter at all times during the life of the Franchise keep on file with the County, a parental guaranty from Crimson Pipeline, LLC, or other parent company. A copy of the form parental guaranty is attached hereto as Exhibit "B".

Section 8. 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 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; or (2) remove all, or a portion, of such pipes and appurtenances. Such application will describe the pipes and appurtenances desired to be abandoned 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 will then notify the Franchisee of any such requirements and to either

remove all, or a portion of, such pipes and appurtenances, or abandon in place all, or a portion of, such pipes and appurtenances. If, for any reason, Franchisee suspends operations of any of the pipes and appurtenances contained in this Franchise for a period more than 90 days, Franchisee will notify Public Works. During this period of suspended operations, the Franchisee will maintain said pipes and appurtenances in accordance with all applicable federal and/or State standards as directed by the California State Fire Marshal.

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, but not limited to, 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 property of the Franchisee. Should the abandoned pipelines interfere with future utilities or underground facilities, said pipelines would be removed by others as necessary.

D. For the purposes of the payment of fees provisions in Section 2 of this franchise, facilities shall exist as such until inspection reports of Public Works indicate the work of removal or abandonment has been completed to the County's satisfaction.

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

Section 9. 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, 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 10. 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 11. 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:

Crimson California Pipeline L.P.
Attn: Land Department
3760 Kilroy Airport Way, Suite 300
Long Beach, CA 90806

Section 12. Franchise Ordinance Operative Date.

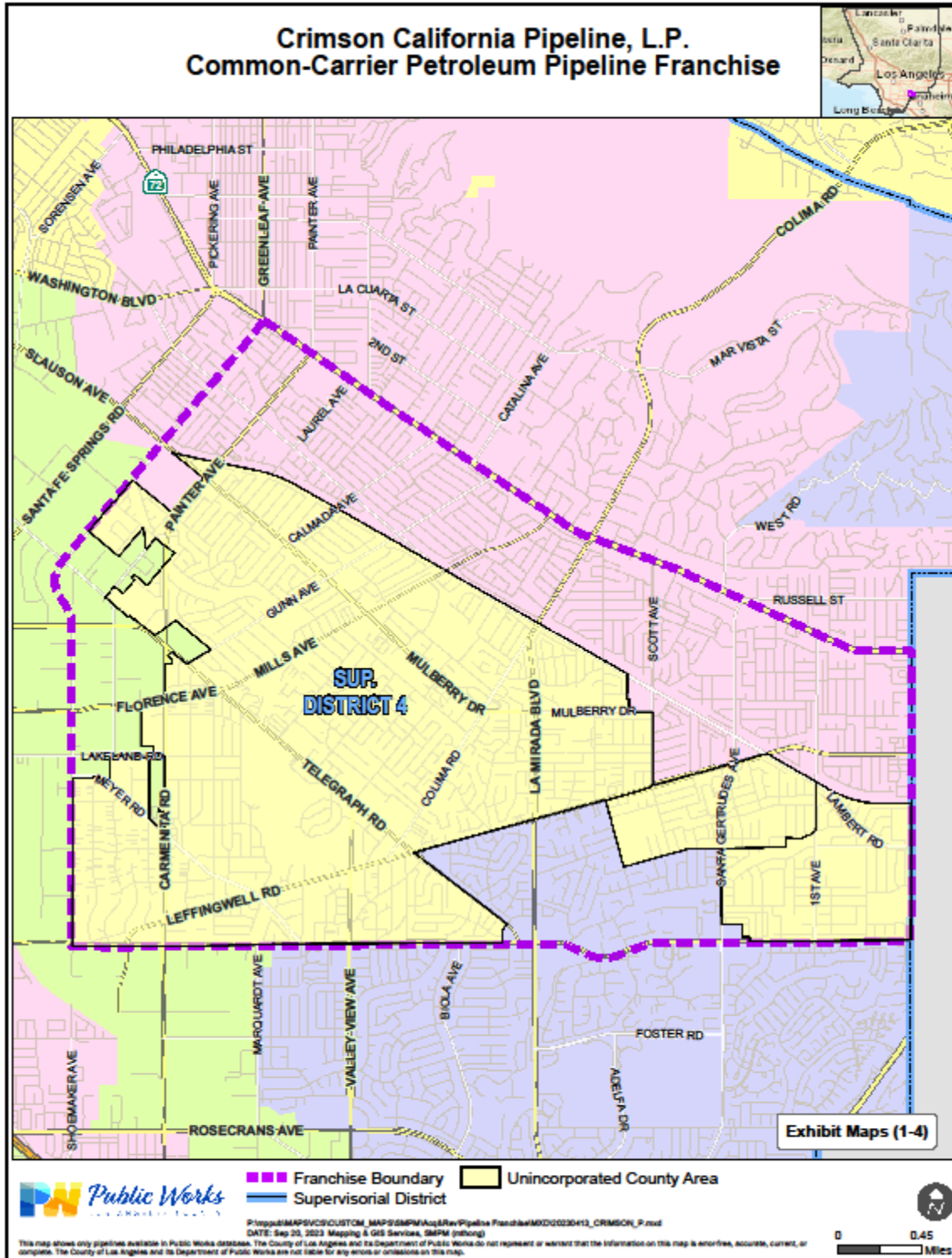
The operative date of this franchise ordinance shall be June 13, 2024.

Section 13. Termination.

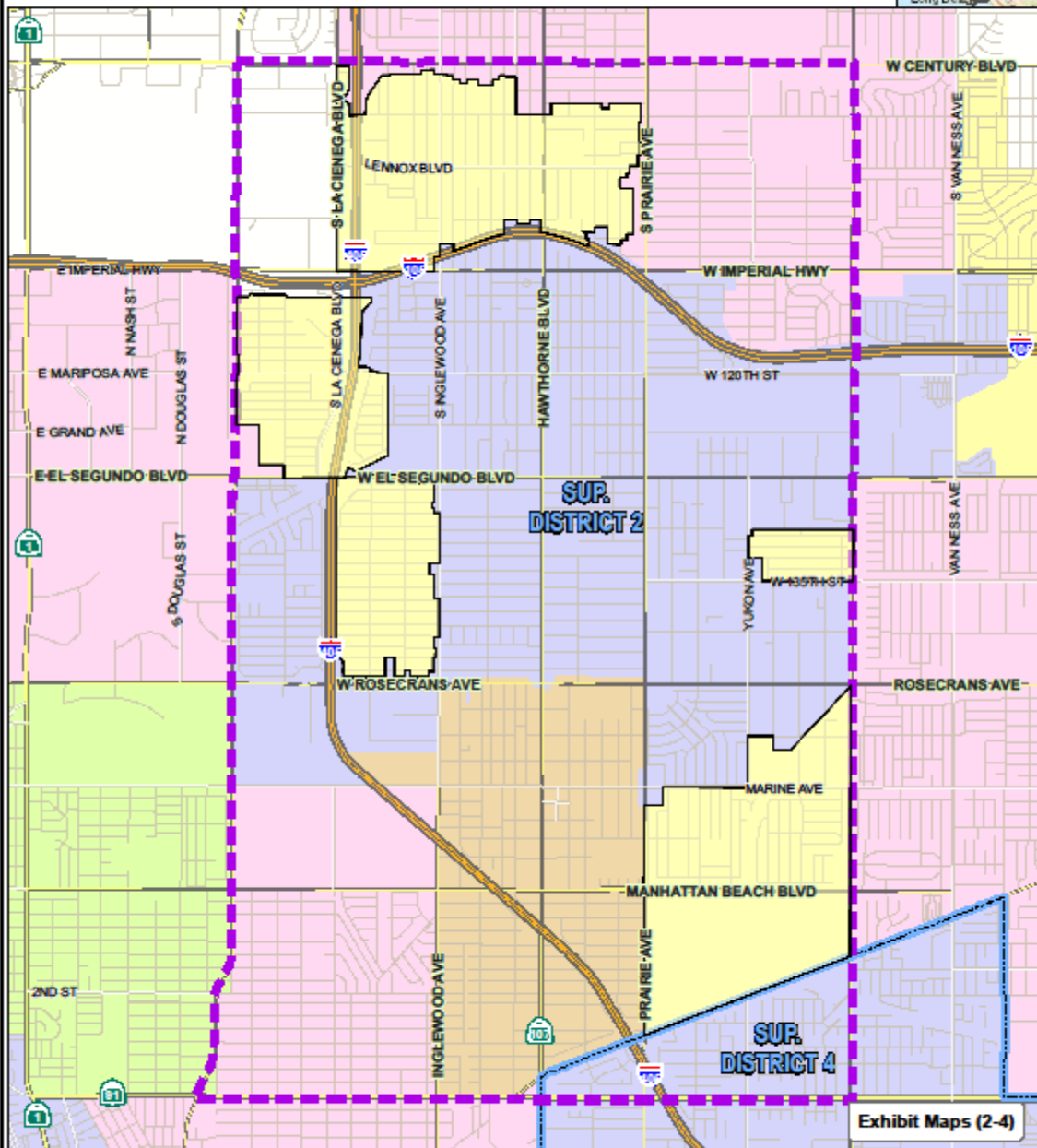
If Franchisee fails to comply with any of the requirements of the franchise, the County may, in its sole discretion, terminate the franchise and/or seek any and all available remedies at law or in equity.

[CRIMSONCALPIPEFRANGCCC].

EXHIBIT A



Crimson California Pipeline, L.P. Common-Carrier Petroleum Pipeline Franchise

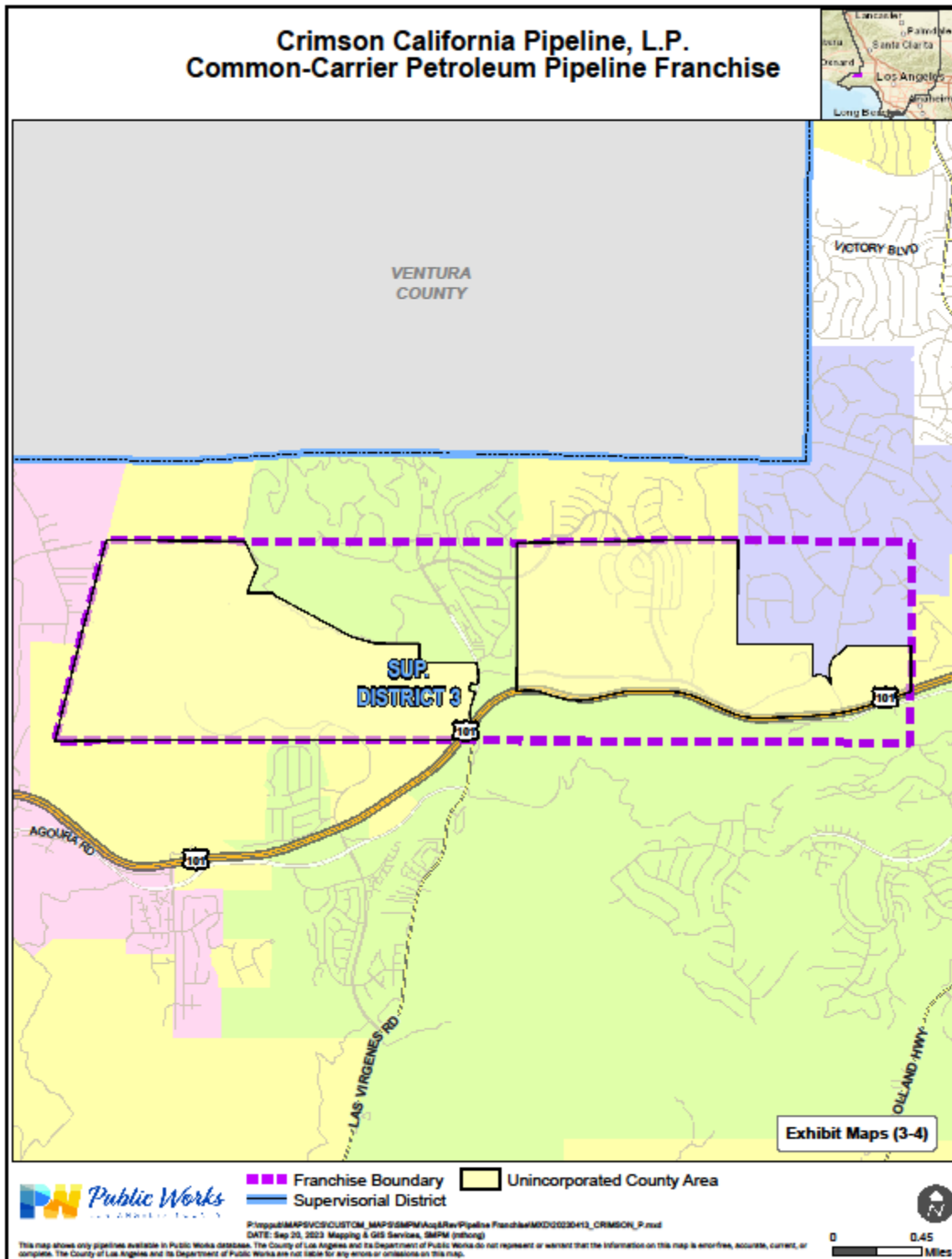


■ Franchise Boundary
 ■ Supervisorial District
 Unincorporated County Area

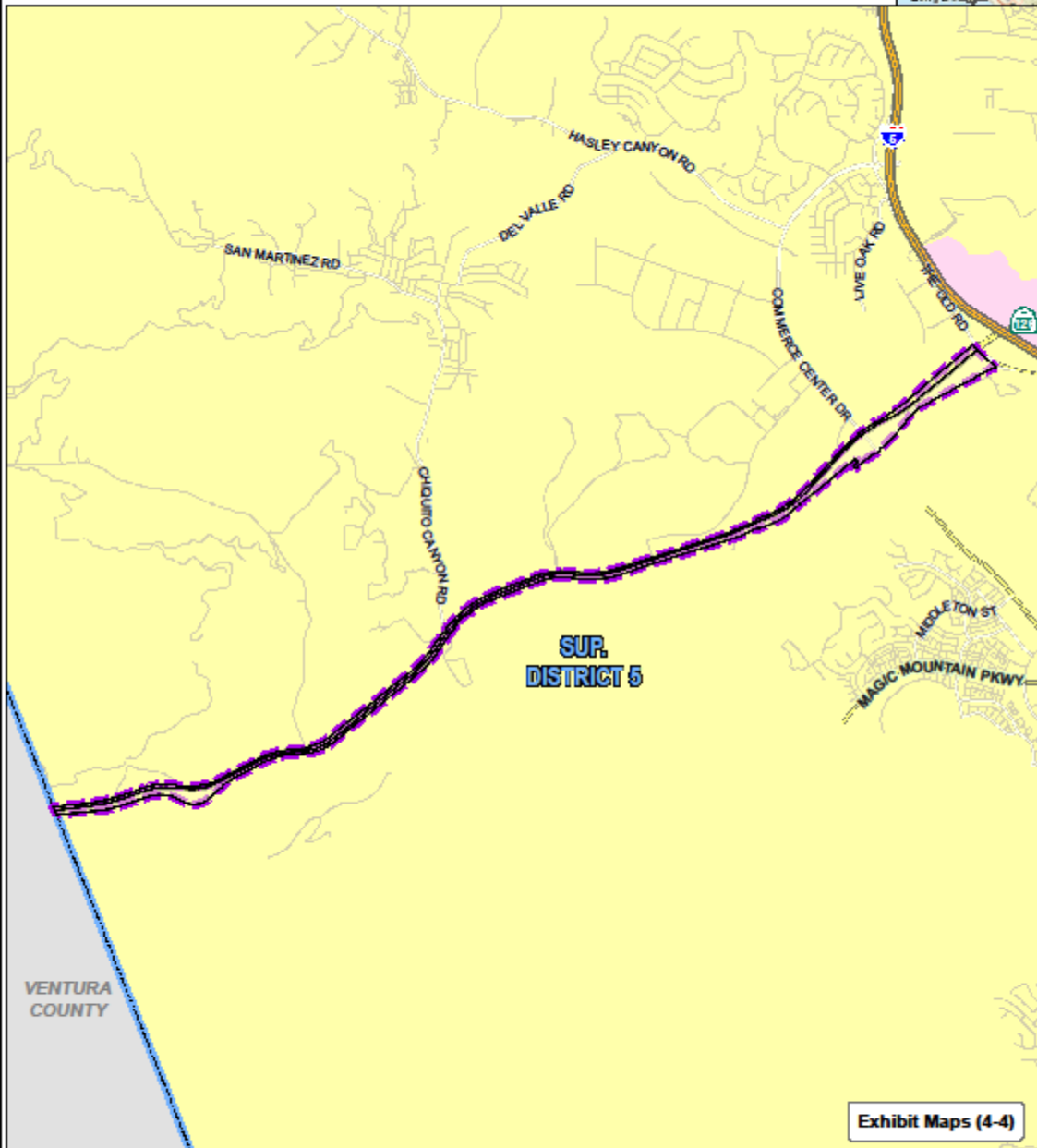
P:\projects\MAPS\CUSTOM_MAPS\BPM\Map\Rev\Pipeline Franchise\MXD\0220413_Crimson_P.mxd
 DATE: Sep 20, 2023 Mapping & GIS Services, BPM (r/hong)

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.

0 0.45
 Miles



Crimson California Pipeline, L.P. Common-Carrier Petroleum Pipeline Franchise



Franchise Boundary
Supervisorial District

Unincorporated County Area

Project: MAPSVC/CUSTOM_MAPS/SMPM/Aq/Rev/Pipeline Franchise/MXD/0220413_Crimson_P.mxd
DATE: Sep 20, 2023 Mapping & GIS Services, SPM (rthong)

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.

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EXHIBIT B

PARENTAL GUARANTY

For valuable consideration, the receipt of which is hereby acknowledged, Crimson Pipeline, a California limited liability company ("Guarantor"), in accordance with and subject to the terms and conditions contained herein, unconditionally guarantees to the County of Los Angeles, a body corporate and politic ("Beneficiary"), the prompt payment when due by Crimson California Pipeline, a limited partnership ("Grantee"), of all payments due Beneficiary under that certain Pipeline Franchise Agreement, dated by and between the Beneficiary and Grantee (the "Franchise").

The rights afforded the Beneficiary under this Parental Guaranty (the "Guaranty") are personal and not transferable nor assignable by the Beneficiary. This Guaranty cancels and supersedes any and all previous and outstanding guaranties given by Guarantor to Beneficiary with respect to the Franchise.

This Guaranty shall be construed under and governed by the laws of the State of California (but not the laws concerning conflicts of laws). The Guarantor and Beneficiary submit to the exclusive jurisdiction of the courts located in the Central Business District of the City of Los Angeles, California with respect to any matter related to or arising under this Guaranty.

Guarantor's obligations and liability under this Guaranty shall be limited to payment obligations, including, but not limited to, reimbursement of costs and overhead associated with repairs, restoration, environmental mitigation and facility removal or abandonment work the Beneficiary may perform or cause to be performed pursuant to

the terms of the Franchise. Guarantor shall have no obligation to perform or enforce performance on Grantee under the Franchise.

Guarantor represents and warrants that this Guaranty is a legal, valid, and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms except as limited by bankruptcy or other laws of general application. Guarantor agrees that any amendments, modifications, alterations or changes made in the Franchise covered by this Guaranty or the giving by the Beneficiary of any extension of time for the performance of any of the Franchise terms, if any, or the giving of any other forbearance on the part of the Beneficiary to the Grantee shall not in any way release the Guarantor or its successors or assigns from any liability arising hereunder, and notice to the Guarantor of any such amendments, modifications, alterations or changes is hereby waived.

Upon failure by the Grantee to make payment due under the Franchise, Beneficiary shall make demand of payment upon the Guarantor. Such demand shall be in writing and shall state the amount the Grantee has failed to pay, and an explanation of why such payment is due, with a specific statement that the Beneficiary is calling upon the Guarantor to pay under this Guaranty.

The Guarantor reserves to itself all rights, setoffs, counterclaims, and other defenses to which the Grantee may have to payment of any obligation, other than (a) defenses arising from the bankruptcy or insolvency of the Grantee, and (b) any other defenses expressly waived in writing by the Grantee or otherwise waived in this Guaranty.

This Guaranty is a continuing guaranty and, subject to earlier termination pursuant to the Franchise, shall remain in full force and effect through the term of the Franchise, until revoked by Guarantor on not less than 10 days prior written notice. This Guaranty shall automatically terminate, except as to guaranteed obligations that arose or existed on or before the date of termination, when (a) the Franchise terminates or when the Franchise has been assigned from Grantee to a party and as part of the assignment, Grantee has been released from its obligations under the Franchise by the Beneficiary, or (b) Guarantor sells, assigns, or conveys a majority of its interest in the Grantee to an unaffiliated third party.

Any notice or other communication given hereunder by either Guarantor or Beneficiary to the other party ("Notice") shall be in writing and delivered at the addresses below by prepaid overnight courier service, certified mail (postage prepaid, return receipt requested), or by personal delivery. Notices shall be effective upon actual receipt. Either party may change the address to which Notice is to be given to it by giving Notice as provided above of such change of address to the other party.

If to Beneficiary:

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

If to Guarantor:

IN WITNESS WHEREOF Guarantor has signed the Guaranty as of this ____ day of _____, 20__.

GUARANTOR:

By: _____

Name:


Title:

Enclosure B

ANALYSIS

This ordinance grants a common-carrier petroleum pipeline franchise to Crimson California Pipeline, L.P., a California limited partnership ("Franchisee"), to operate and maintain its existing petroleum pipeline system for a period of five (5) years, beginning on June 13, 2024, and expiring on June 12, 2029. The base annual fee payable to the County of Los Angeles by Franchisee will be determined according to a formula set forth in Section 2 of the franchise ordinance. Franchisee will also pay the County a granting fee of ten thousand dollars (\$10,000).

DAWYN R. HARRISON
County Counsel

By 
GRACE V. CHANG
Principal Deputy County Counsel
Public Works Division

GVC:jy

Requested: 01/17/24
Revised: 03/05/24

ORDINANCE NO. _____

An ordinance granting a common-carrier petroleum pipeline franchise to Crimson California Pipeline, L.P., a California limited partnership ("Franchisee"), for a period of five (5) years, beginning on June 13, 2024, and expiring on June 12, 2029, for common-carrier petroleum pipelines that Franchisee acquired from Shell California Pipeline Company LLC, a Delaware limited liability company, and ConocoPhillips Pipe Line Company, a Delaware corporation, in the unincorporated areas of South Whittier/East La Mirada, Lennox/Del Aire/Wiseburn/Hawthorne/El Camino Village, Calabasas/Santa Monica Mountains, and Del Valle/Stevenson Ranch.

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

Section 1. Franchise Term; Grant.

A common-carrier petroleum franchise is hereby granted to Crimson California Pipeline, L.P., a California limited partnership ("Franchisee"), and its successors and assigns, for a period of five (5) years, beginning on June 13, 2024, and expiring on June 12, 2029, to operate and maintain its existing pipes and pipelines for the collection, transportation, or distribution of petroleum, oil, gas, gasoline or 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. § 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, including poles, conduits, wire, cables, 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, and depicted on the Exhibit Maps attached hereto as Exhibit "A" and made a part hereof.

Part A. South Whittier/East La Mirada Area.

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

Beginning at the intersection of the northerly prolongation of the most westerly boundary line of Greenleaf Avenue, with the centerline of Whittier Boulevard, said intersection being located in the City of Whittier, California; thence southeasterly along the centerline of Whittier Boulevard to the easterly boundary line of the County of Los Angeles, said boundary line being also the westerly boundary line of the City of La Habra, in the County of Orange, California; thence southerly along the easterly boundary line of the County of Los Angeles to the southerly boundary line of Imperial Highway; thence westerly along the southerly boundary line of Imperial Highway to the westerly boundary line of Shoemaker Avenue; thence northerly along the westerly boundary line of Shoemaker Avenue and its northerly prolongation to the point on said

westerly boundary line where Shoemaker Avenue becomes Greenleaf Avenue; thence northerly along the westerly boundary line of Greenleaf Avenue, and the northerly prolongation of its most westerly boundary, to the point of beginning, as said streets, highways, centerlines, and boundary lines existed on January 1, 2018.

Part B. Lennox/Del Aire/Wiseburn/Hawthorne/El Camino Village Area.

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

Beginning at the intersection of the westerly boundary line of Aviation Boulevard and the northerly boundary line of West Century Boulevard, in the City of Los Angeles, California; thence easterly along the northerly boundary line of West 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 Artesia Boulevard; thence westerly along the southerly boundary line of Artesia 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 said streets, highways, and boundary lines existed on January 1, 2022.

Part C. Calabasas/Santa Monica Mountains Area.

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

Beginning at the northeast corner of Section 21 of Township 1 North, Range 17 West, San Bernardino Base and Meridian ("SBBM"), in the City of Hidden Hills, California; thence westerly along the northerly boundary lines of Sections 21, 20, and 19

of said Township 1 North Range 17 west, SBBM, to the northwest corner of said Section 19, being also the northeast corner of Section 24 of Township 1 North Range 18 west, SBBM; thence continuing westerly along the northerly boundary line of said Section 24, and its westerly prolongation, to the easterly boundary line of the City of Agoura Hills, California; thence southwesterly along said easterly boundary line of the City of Agoura Hills to the intersection with the westerly prolongation of the southerly boundary line of said Section 24 of Township 1 North Range 18 west, SBBM; thence easterly along said westerly prolongation of the southerly boundary line of said Section 24 to the southwest corner thereon; thence easterly along the southerly boundary line of said Section 24 to the southeast corner thereon, being also the southwest corner of said Section 19 of Township 1 North Range 17 west, SBBM; thence easterly along the southerly boundary lines of Sections 19, 20 and 21 of said Township 1 North Range 17 West, SBBM, to the southeast corner of said Section 21; thence northerly along the easterly boundary line of said Section 21 to the point of beginning, as said section lines and boundary lines existed on January 1, 2018.

Part D. Del Valle/Newhall Ranch Area.

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

All of Henry Mayo Drive, State Route 126, within the unincorporated areas of the County lying west of the westerly boundary line of the Golden State Interstate 5 Freeway, and lying east of the easterly boundary line of the County of Ventura, California, said boundary line being also the westerly boundary line of the County of

Los Angeles, California, as said streets, highways and county boundary lines existed on January 1, 2022.

Section 2. Consideration; Payment of Fees.

As consideration for the County granting this franchise to Franchisee, Franchisee shall pay to the County the following fees.

A. Granting Fee. As consideration for the franchise granted, Franchisee shall pay the County a granting 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 franchise granted, 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 ("Annual Franchise Fee"), as set forth below.

C. The Annual Franchise Fee payment by Franchisee shall accrue to the County on January 1 of each year for the length of pipe expressed in feet occupied by Franchisee's facilities described in Section 1 as of December 31 of the calendar year immediately preceding the applicable Fee Payment Date, which shall be multiplied by the applicable base rate, derived in accordance with the following schedule pursuant to section 6231.5 of the California Public Utilities Code:

A	B
Pipe Size (Internal Base Rate Diameter in inches)	Base Rate Per Linear Foot
0-4	\$0.088
6	0.132
8	0.176
10	0.220
12	0.264
14	0.308
16	0.352
18	0.396
20	0.440
22	0.484
24	0.528
26	0.572
28	0.616
30	0.660

For pipelines with an internal diameter not listed above, the fees shall be in the same proportion to the fees of a 12-inch diameter pipe as the diameter of the unlisted pipe is to 12 inches.

1. The total amount of the Annual Franchise Fee payment shall be comprised of the "Base Annual Fee", which shall be 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:

a. The "Consumer Price Index for all Urban Consumers ("CPI-U") for the Los Angeles-Riverside-Orange County 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"), shall be defined as the "index," and such index as it existed on June 30, 1989 (i.e., 128.7), 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";

b. 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 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 current index is 194.5, the Annual Franchise Fee shall be one hundred and fifty-one and 1/10th percent (i.e., $194.5 / 128.7 = 1.511 = 151.1\%$) times the Base Annual Fee; provided, however, 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 shall revise the index, the parties hereto shall accept the method of revision for conversion recommended by the Bureau; and

2. If the Bureau discontinues the preparation or publication of the CPI-U for the area, and if no translation or transposition table prepared by the Bureau is available to the CPI-U as it existed on June 30, 1989, 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, which shall, in its judgment, vary from the rates specified in Public Utilities Code section 6231.5 in appropriate proportions as then-current commodity consumer prices vary from commodity consumer prices that were current in December 1988, 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 amount of the Annual Franchise Fee payment calculated according to the base rate and adjusted by reference to such other price index be less than the Base Annual Fee as set forth in subsection 2.C., above.

D. In the event section 6231.5 of the California Public Utilities Code ceases to be applicable to any of the Franchisee's pipelines, operations, or transportation rates, the County reserves the right to charge the Franchisee the rates then currently charged by the County for similar pipelines, or the maximum amount permitted by law, whichever is greater.

E. In the event section 6231.5 of the California Public Utilities Code is no longer applicable to the franchise, the County reserves the right to change its method of calculating fees, and the amount thereof, not more than once during the term of this franchise 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 the laws of the State of California.

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

1. The Los Angeles County Department of Public Works ("Public Works"), on or before the Fee Payment Date, for each year of the life of the franchise, an initial construction fee 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; and

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 or portion thereof for aerial or above-ground lines, and twenty-five dollars (\$25) per mile, or portion thereof, for underground conduits for wires, cables, or telephone or telegraph lines maintained under the franchise during the preceding calendar year.

G. 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.

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 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, in accordance with Section 2.18.015 of the Los Angeles County Code 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.

D. Within one year of the operative date of this ordinance:

1. Make reasonably available to Public Works appropriate documentation of any procedures and schedules ("Procedure") required for conducting safety inspections, verification of purging, and integrity testing ("Testing") of Franchisee's inactive pipelines ("Inactive Pipelines"), in compliance with all applicable federal, State, and local pipeline laws and regulations and the Los Angeles County Code (collectively "Pipeline Laws"). Inactive Pipelines are defined as Franchisee's

static, idle, inactive, and out-of-service pipelines, excluding any water or wastewater pipelines.

2. Perform any required purging of Franchisee's Inactive Pipelines or Testing of Franchisee's Inactive Pipelines through an independent third-party testing company, with oversight by appropriate agencies, in compliance with the Pipeline Laws and the Office of the California State Fire Marshal.

3. Provide evidence satisfactory to Public Works that each Inactive Pipeline, in compliance with the Pipeline Laws and the Office of the California State Fire Marshal, has either: (1) been appropriately purged, or (2) undergone required Testing and been approved for active use, or (3) been approved for removal or abandonment in place by the appropriate regulatory authority, including the California Public Utilities Commission, the California State Fire Marshal, or any other federal or State body or official.

E. Comply with the Pipeline Laws, including but not limited to those pertaining to Testing, operating, and maintaining, as applicable, with respect to all of Franchisee's pipelines that are in active use or have been abandoned, throughout the term of the franchise.

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. Should the franchise payment not be provided to the County, County reserves the right to terminate the franchise. Upon termination of this franchise, operation of the facilities covered by the franchise would 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 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 its special districts, elected and appointed officers, employees, and agents ("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, its employees, agents, servants, receivers, contractors, subcontractors, successors, or assignees ("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 petroleum, oil, gas, gasoline, other 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 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 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.

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;

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, expiration, or termination of any program of liability insurance, and at least thirty (30) days in advance of any modification, non-renewal, cancellation, expiration, or termination of any program of Workers' Compensation or other insurance required by this Section;

d. 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

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

5. 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 fifteen million dollars (\$15,000,000) per occurrence.

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, expiration, 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 two million dollars (\$2,000,000) per occurrence.

c. Environmental Impairment Liability insurance, which insures liability for environmental impairment including cleanup costs 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 thirty million dollars (\$30,000,000) 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, expiration, or cancellation of this franchise.

d. Professional Liability/Errors and Omissions Insurance covering Franchisee's liability arising from or related to this Contract, with limits of not less than three million dollars (\$3,000,000) per claim and five million dollars (\$5,000,000) aggregate. Further, Franchisee understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination, or cancellation.

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, covering all persons providing services on behalf of Franchisee and all persons Franchisee is legally required to cover.

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, either certified copies of the policies required by subsection 5.C., or a certificate of insurance for each of said policies executed by

Franchisee's insurance agent, or by the company issuing the policy, certifying 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, 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.

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. 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, then 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 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 person or entity with the controlling interest in Franchisee on the operative 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 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. A 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 additionally agrees to pay the 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, should they exceed the fees detailed above. Such additional costs shall be paid by Franchisee prior to final consideration of the request by the County or the Board, as applicable.

Section 7. Parental Guaranty.

On or before the operative date of the Franchise, Franchisee shall file, and thereafter at all times during the life of the Franchise keep on file with the County, a parental guaranty from Crimson Pipeline, LLC, or other parent company. A copy of the form parental guaranty is attached hereto as Exhibit "B".

Section 8. 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 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; or (2) remove all, or a portion, of such pipes and appurtenances. Such application will describe the pipes and appurtenances desired to be abandoned 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 will then notify the Franchisee of any such requirements and to either

remove all, or a portion of, such pipes and appurtenances, or abandon in place all, or a portion of, such pipes and appurtenances. If, for any reason, Franchisee suspends operations of any of the pipes and appurtenances contained in this Franchise for a period more than 90 days, Franchisee will notify Public Works. During this period of suspended operations, the Franchisee will maintain said pipes and appurtenances in accordance with all applicable federal and/or State standards as directed by the California State Fire Marshal.

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, but not limited to, 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 property of the Franchisee. Should the abandoned pipelines interfere with future utilities or underground facilities, said pipelines would be removed by others as necessary.

D. For the purposes of the payment of fees provisions in Section 2 of this franchise, facilities shall exist as such until inspection reports of Public Works indicate the work of removal or abandonment has been completed to the County's satisfaction.

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

Section 9. 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, 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 10. 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 11. 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:

Crimson California Pipeline L.P.
Attn: Land Department
3760 Kilroy Airport Way, Suite 300
Long Beach, CA 90806

Section 12. Franchise Ordinance Operative Date.

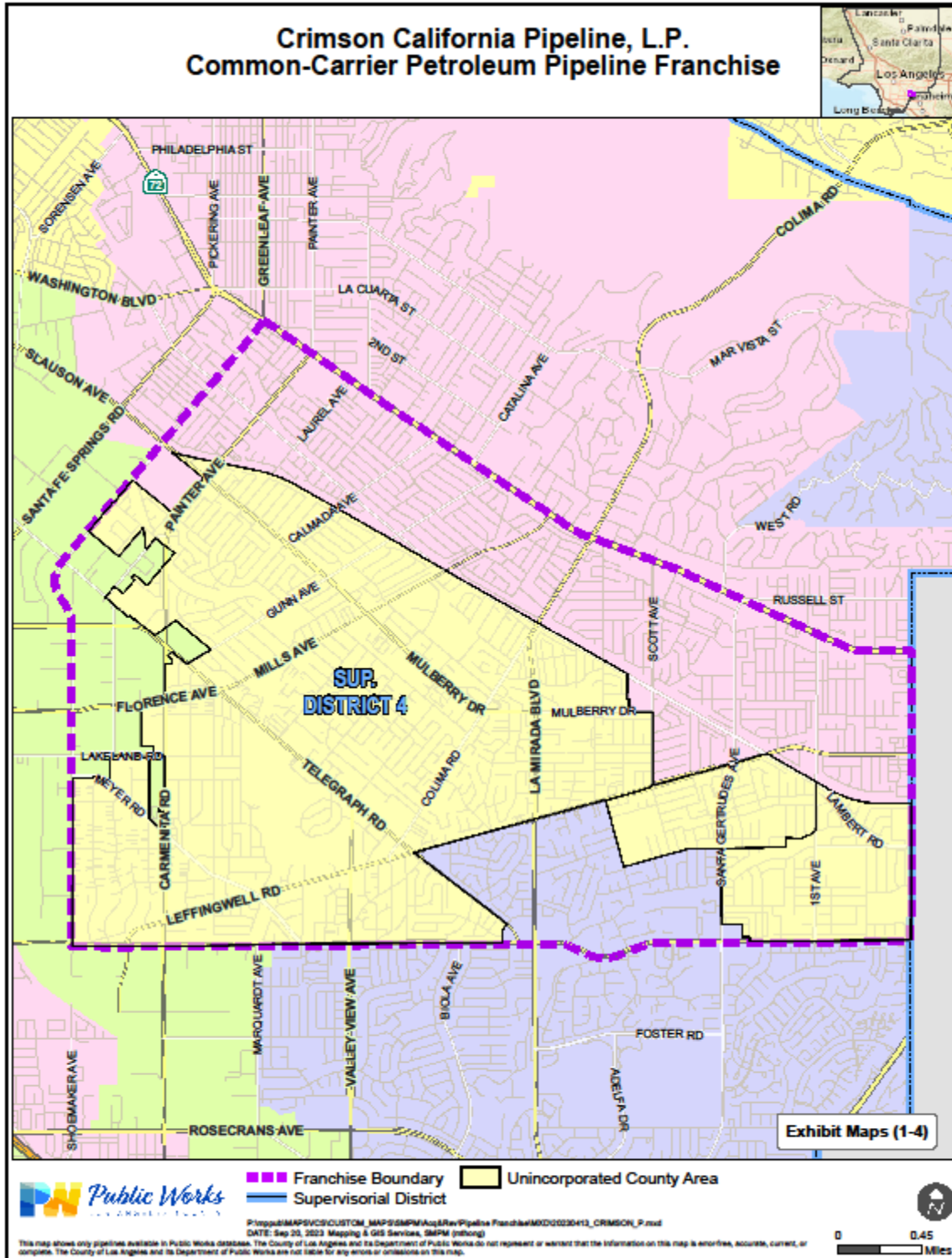
The operative date of this franchise ordinance shall be June 13, 2024.

Section 13. 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.

[CRIMSONCALPIPEFRANGCCC].

EXHIBIT A



Crimson California Pipeline, L.P. Common-Carrier Petroleum Pipeline Franchise

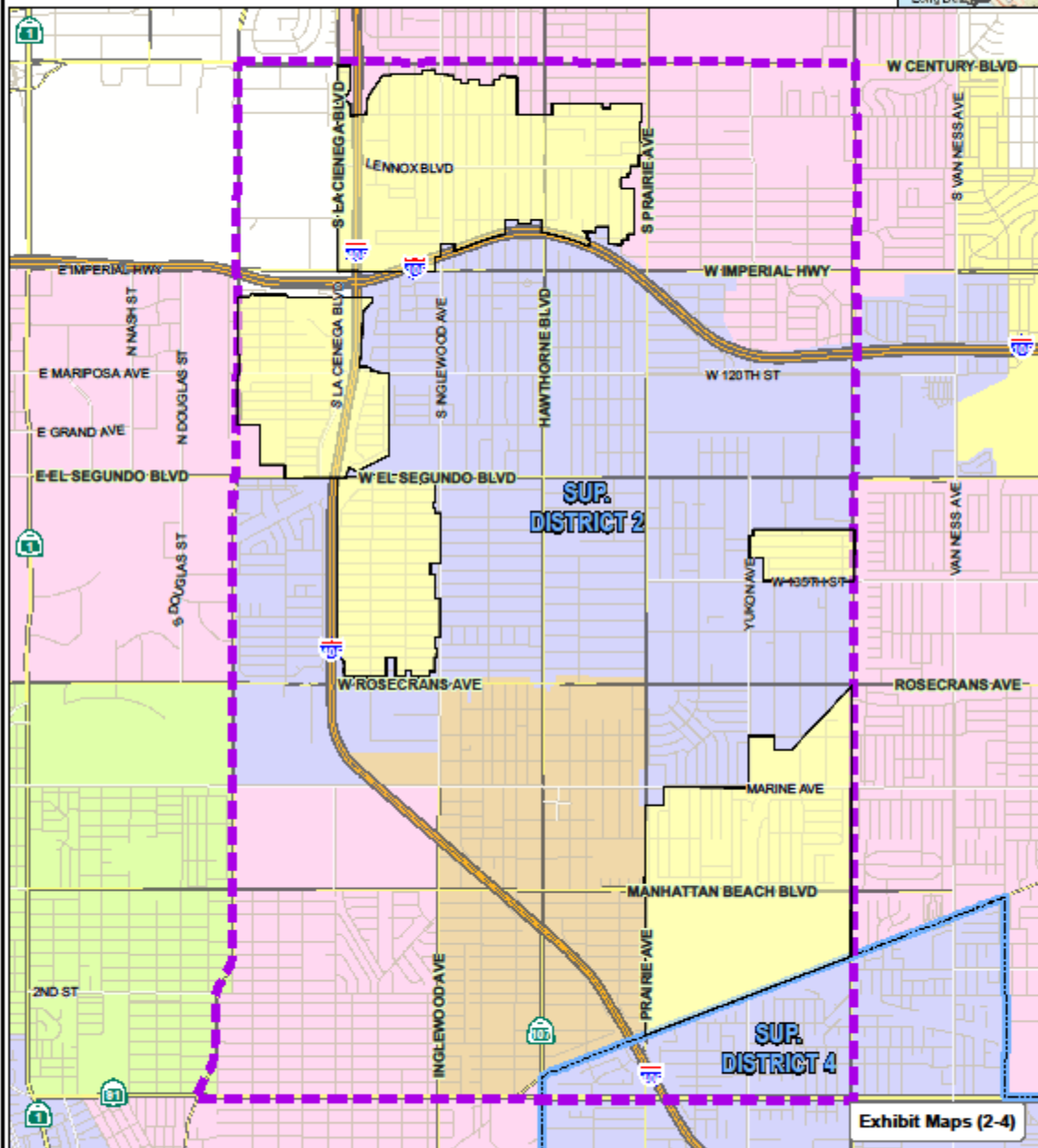


Exhibit Maps (2-4)

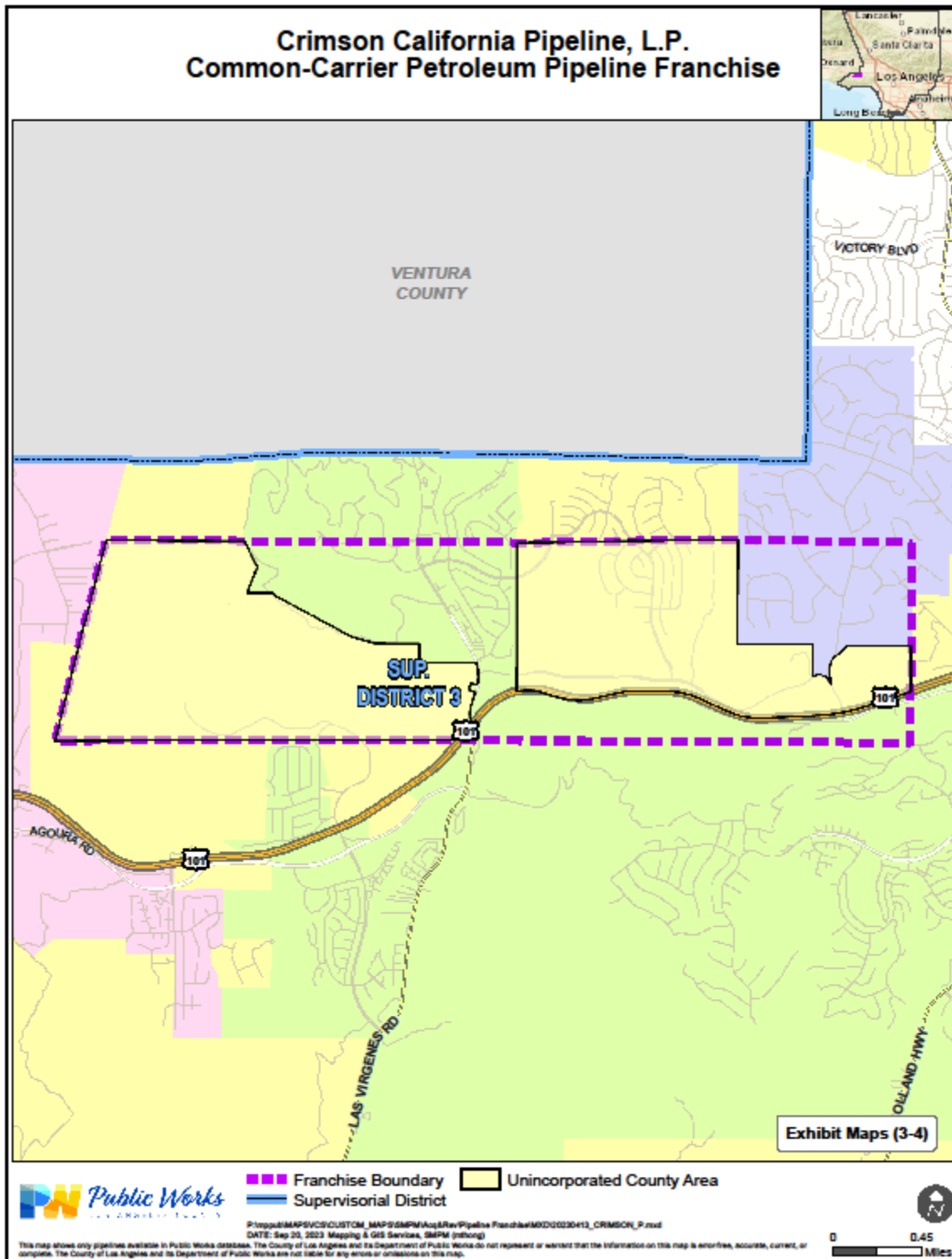


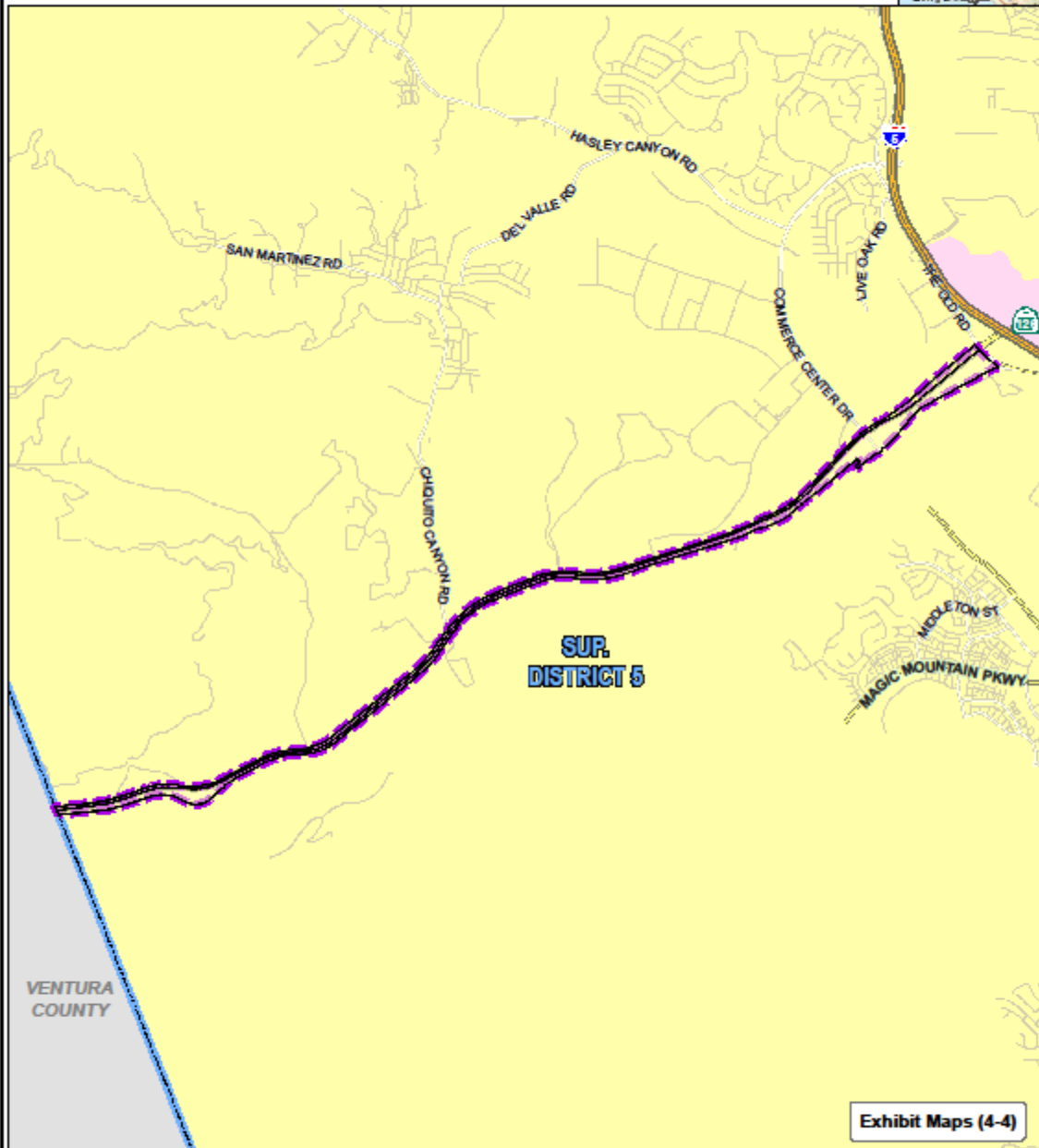
■ Franchise Boundary Unincorporated County Area
— Supervisorial District

P:\projects\MAPS\CUSTOM_MAPS\BPM\Map\Rev\Pipeline Franchise\MXD\0220413_Crimson_P.mxd
 DATE: Sep 20, 2023 Mapping & GIS Services, BPM (r/hong)


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.







Public Works
www.ARMwater.com

 Franchise Boundary
 Supervisorial District

 Unincorporated County Area

P:\input\MAPS\VC\CUSTOM_MAPS\SMPM\Acq&Rev\Pipeline\Franchise\MXD02230413_CRMSON_P.mxd
DATE: Sep 20, 2023 Mapping & GIS Services, SMPM (jthong)

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.

Exhibit Maps (4-4)



0 0.5 Miles

EXHIBIT B

PARENTAL GUARANTY

For valuable consideration, the receipt of which is hereby acknowledged, Crimson Pipeline, a California limited liability company ("Guarantor"), in accordance with and subject to the terms and conditions contained herein, unconditionally guarantees to the County of Los Angeles, a body corporate and politic ("Beneficiary"), the prompt payment when due by Crimson California Pipeline, a limited partnership ("Grantee"), of all payments due Beneficiary under that certain Pipeline Franchise Agreement, dated by and between the Beneficiary and Grantee (the "Franchise").

The rights afforded the Beneficiary under this Parental Guaranty (the "Guaranty") are personal and not transferable nor assignable by the Beneficiary. This Guaranty cancels and supersedes any and all previous and outstanding guaranties given by Guarantor to Beneficiary with respect to the Franchise.

This Guaranty shall be construed under and governed by the laws of the State of California (but not the laws concerning conflicts of laws). The Guarantor and Beneficiary submit to the exclusive jurisdiction of the courts located in the Central Business District of the City of Los Angeles, California with respect to any matter related to or arising under this Guaranty.

Guarantor's obligations and liability under this Guaranty shall be limited to payment obligations, including, but not limited to, reimbursement of costs and overhead associated with repairs, restoration, environmental mitigation and facility removal or abandonment work the Beneficiary may perform or cause to be performed pursuant to

the terms of the Franchise. Guarantor shall have no obligation to perform or enforce performance on Grantee under the Franchise.

Guarantor represents and warrants that this Guaranty is a legal, valid, and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms except as limited by bankruptcy or other laws of general application. Guarantor agrees that any amendments, modifications, alterations or changes made in the Franchise covered by this Guaranty or the giving by the Beneficiary of any extension of time for the performance of any of the Franchise terms, if any, or the giving of any other forbearance on the part of the Beneficiary to the Grantee shall not in any way release the Guarantor or its successors or assigns from any liability arising hereunder, and notice to the Guarantor of any such amendments, modifications, alterations or changes is hereby waived.

Upon failure by the Grantee to make payment due under the Franchise, Beneficiary shall make demand of payment upon the Guarantor. Such demand shall be in writing and shall state the amount the Grantee has failed to pay, and an explanation of why such payment is due, with a specific statement that the Beneficiary is calling upon the Guarantor to pay under this Guaranty.

The Guarantor reserves to itself all rights, setoffs, counterclaims, and other defenses to which the Grantee may have to payment of any obligation, other than (a) defenses arising from the bankruptcy or insolvency of the Grantee, and (b) any other defenses expressly waived in writing by the Grantee or otherwise waived in this Guaranty.

This Guaranty is a continuing guaranty and, subject to earlier termination pursuant to the Franchise, shall remain in full force and effect through the term of the Franchise, until revoked by Guarantor on not less than 10 days prior written notice. This Guaranty shall automatically terminate, except as to guaranteed obligations that arose or existed on or before the date of termination, when (a) the Franchise terminates or when the Franchise has been assigned from Grantee to a party and as part of the assignment, Grantee has been released from its obligations under the Franchise by the Beneficiary, or (b) Guarantor sells, assigns, or conveys a majority of its interest in the Grantee to an unaffiliated third party.

Any notice or other communication given hereunder by either Guarantor or Beneficiary to the other party ("Notice") shall be in writing and delivered at the addresses below by prepaid overnight courier service, certified mail (postage prepaid, return receipt requested), or by personal delivery. Notices shall be effective upon actual receipt. Either party may change the address to which Notice is to be given to it by giving Notice as provided above of such change of address to the other party.

If to Beneficiary:

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

If to Guarantor:

IN WITNESS WHEREOF Guarantor has signed the Guaranty as of this ____ day of _____, 20__.

GUARANTOR:

By: _____

Name:

Title: