

ANALYSIS

This ordinance grants a proprietary petroleum pipeline franchise to Tesoro SoCal Pipeline Company LLC, a Delaware limited liability company ("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 ordinance. Franchisee will also pay the County a granting fee of ten thousand dollars (\$10,000).

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By 

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GVC:jy

Requested: 01/18/2024
Revised: 04/10/2024

ORDINANCE NO. _____

An ordinance granting a proprietary petroleum pipeline franchise to Tesoro SoCal Pipeline Company LLC, a Delaware limited liability company ("Franchisee"), for a period of five (5) years, beginning on June 13, 2024, and expiring on June 12, 2029.

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

Section 1. Franchise Term; Grant.

A proprietary petroleum pipeline franchise is hereby granted to Tesoro SoCal Pipeline Company LLC, a Delaware limited liability company ("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, wires, cables, for 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, as described below and as depicted on the Exhibit Maps attached hereto as Exhibit "A" and made a part hereof.

Part A. South Bay Unincorporated Area:

Beginning at the intersection of the southerly boundary of Pacific Coast Highway and the westerly boundary of Crenshaw Boulevard; thence northerly along the westerly boundary of Crenshaw Boulevard to the westerly boundary of the San Diego Freeway (405 Freeway); thence northerly along the westerly boundary of the San Diego Freeway (405 Freeway); to the northerly boundary of Imperial Highway; thence easterly along the northerly boundary of Imperial Highway to the easterly boundary of Long Beach Boulevard; thence southerly along the easterly boundary of Long Beach Boulevard to the westerly boundary of the Long Beach Freeway (710 Freeway); thence southerly along the westerly boundary of the Long Beach Freeway (710 Freeway); to the southerly boundary of Pacific Coast Highway; thence westerly along the southerly boundary of Pacific Coast Highway to the point of beginning, as same streets and highways existed on February 16, 1999.

Part B. Westmont/West Athens Unincorporated Area:

Beginning at the intersection of the northerly boundary of Imperial Highway and the westerly boundary of South Normandie Avenue; thence northerly along the westerly boundary of South Normandie Avenue to the northerly boundary of West Manchester Avenue to the most easterly boundary of South Vermont Avenue; thence southerly

along the most easterly boundary of South Vermont avenue to the northerly boundary of Imperial Highway; thence westerly along the northerly boundary of Imperial Highway to the point of beginning, as same streets and highways existed on September 20, 1999.

Part C. View Park/Windsor Hills Unincorporate Area:

Beginning at the intersection of the northerly boundary of Stocker Street and the westerly boundary of South La Brea Avenue; thence easterly along the northerly boundary of Stocker Street to the easterly boundary of Crenshaw Boulevard; thence southerly along the easterly boundary of Crenshaw Boulevard to the southerly boundary of West Slauson Avenue; thence westerly along the southerly boundary of West Slauson Avenue to the westerly boundary of South La Brea Avenue; thence northerly along the westerly boundary of South La Brea Avenue to the point of beginning, as same streets and highways existed on September 20, 1999.

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

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

1. The adjusted diameter of metal pipes and conduits shall be one (1) inch greater than the nominal internal diameter of such pipes and conduits;
2. The adjusted diameter of plastic pipes and conduits shall be two (2) inches greater than the nominal internal diameter of such pipes and conduits; and

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

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

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

The diameter of pipe and conduit, as adjusted pursuant to subsection 2.D, shall be used to determine the applicable linear footage base rate per one (1) foot of highway space occupied as set forth in the schedule of base rates, below:

A	B	C
Adjusted Diameter of Pipe and Conduit (Inches)	Volume Per Foot (Cubic Feet)	Base Rate Per Linear Foot (\$2.10 Per Cubic Feet)
6.00	0.1964	\$0.41
7.00	0.2673	\$0.56
8.00	0.3491	\$0.73
9.00	0.4418	\$0.93
10.00	0.5454	\$1.15
11.00	0.6600	\$1.39
12.00	0.7854	\$1.65
13.00	0.9218	\$1.94
14.00	1.0690	\$2.24
15.00	1.2272	\$2.58
16.00	1.3963	\$2.93
17.00	1.5763	\$3.31
18.00	1.7672	\$3.71
19.00	1.9690	\$4.13
20.00	2.1817	\$4.58
21.00	2.4053	\$5.05
22.00	2.6398	\$5.54
23.00	2.8853	\$6.06
24.00	3.1416	\$6.60
25.00	3.4089	\$7.16
26.00	3.6870	\$7.74
27.00	3.9761	\$8.35

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

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

$$\text{Pi} = 3.1416$$

$$r = \text{radius of pipe or conduit (in inches)} = \text{adjusted diameter (in inches)} / 2$$

$$L = \text{length of pipe or conduit (in inches)}$$

$$L / 12 = \text{length of pipe or conduit (in feet)}$$

$$\text{Volume of pipe or conduit (in cubic inches)} = \text{Pi} \times r^2 \times L$$

$$\text{Volume of pipe or conduit (in cubic feet)} = \text{Pi} \times r^2 \times L / 1,728 \text{ inches}$$

$$\begin{aligned} \text{Base Annual Fee} &= \text{Volume of pipe or conduit (in cubic feet)} \times \$2.10 \text{ per} \\ \text{cubic foot} &= (\text{Pi} \times r^2 \times L / 1,728 \text{ inches}) \times \$2.10 \end{aligned}$$

$$\text{Linear footage base rate} = \text{Base Annual Fee per linear foot of pipe}$$

$$= (\text{Pi} \times r^2 \times 12 \text{ inches} / 1,728 \text{ inches}) \times \$2.10$$

$$\begin{aligned} \text{Base Annual Fee} &= \text{Linear footage base rate} \times \text{Length of pipe or conduit} \\ \text{(in feet)} &= (\text{Pi} \times r^2 \times 12 \text{ inches} / 1,728 \text{ inches}) \times \$2.10 \times (L / 12 \text{ inches}) = (\text{Pi} \times r^2 \times L / \\ &1,728 \text{ inches}) \times \$2.10; \end{aligned}$$

3. For pipelines with an adjusted diameter greater than six (6) inches and not listed above, the fees shall be in the same proportion to the fees of a

twelve (12) inch diameter pipe as the diameter of the unlisted pipe is to twelve (12) inches;

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

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

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

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

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

2. If the current index differs from the base index, then the Base Annual Fee shall increase or decrease by the percentage increase or decrease between the current index and the base index, provided that, if the current index drops below the base index, no adjustment shall be made. The Base Annual Fee shall be multiplied by an adjustment factor determined by dividing the current index by the base index. For example, if the base index is one hundred (100) and the current index is two hundred and ten (210), the Annual Franchise Fee shall be two hundred and ten percent (210%) (i.e., $210 / 100 = 2.1 = 210\%$) 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 revises the index, the parties hereto shall accept the method of revision for conversion recommended by the Bureau; and

3. If the Bureau discontinues the preparation or publication of the CPI-U for the area, and if no transposition table prepared by the Bureau is available applicable to the year of 1982, then the amount of each Annual Franchise Fee shall be computed by reference to such other price index as may be chosen by the County, and the County shall be the sole judge of comparability of successive indices and its determination on this point shall be final and conclusive. In no event shall the Annual Franchise Fee adjusted by reference to such other price index be less than the Base Annual Fee as set forth in subsection 2.F., above.

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

1. The Los Angeles County Department of Public Works ("Public Works"), 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, and a prorated fraction thereof for any remainder equaling less than one (1) mile, 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 mile, and a prorated fraction portion thereof for any remainder equaling less than one mile, for aerial or above-ground lines, and twenty-five dollars (\$25) per mile, and a prorated fraction thereof for any remainder equaling less than one mile, for underground conduits, wires, cables, or telephone or telegraph lines maintained during the preceding calendar year.

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

I. 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 under oath by a duly authorized representative of Franchisee, showing as of December 31 of the immediately preceding calendar year ("Franchisee Report Period"), the length of Franchisee's main lines; 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, above; 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., above.

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, and 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, and old conduits abandoned in place, including 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 16.52.270 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. Prepare and submit to Public Works procedures and a schedule for conducting routine and as-needed safety inspections 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 Testing of Franchisee's Inactive Pipelines through an independent third-party testing company, with oversight by appropriate agencies, or as may otherwise be requested by Franchisee and approved by Public Works, in compliance with the Pipeline Laws.

3. Provide evidence satisfactory to Public Works that each Pipeline not currently in use, in compliance with the Pipeline Laws, has either: (1) undergone required Testing and been approved for active use, or (2) been approved for removal or abandoned in place.

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 the 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 ("Claims"), that relate to or arise from: the granting and/or extension of this franchise; Franchisee's use or exercise of the franchise and/or the operations or services provided by Franchisee or its employees, agents, receivers, contractors, subcontractors, successors, or assignees ("Franchisee's Agents") in connection with the franchise; and/or 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 this 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. Franchisee shall immediately notify Public Works 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 any other substance 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 actions 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;
- b. Clearly evidence all insurance required by this franchise ;
- 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.c., above, 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 in writing.

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 unless injury, death, loss, damage, or destruction is caused by either willful misconduct or sole negligence of the County.

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, all events, not less than thirty million dollars (\$30,000,000) per occurrence.

i. If written with an annual aggregate limit, the policy limit shall be not less than 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 the franchise'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. § 901 et seq.), as it may hereafter be amended, including Employer's Liability with not less than a one-million-dollar (\$1,000,000) limit. Franchisee will require any contractor providing services to carry Workers' Compensation coverage as required by subsection 5.C.6.

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

E. Within thirty (30) days following the operative date of this ordinance and franchise, 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 the franchise, the whole amount of the penal sum of two hundred thousand dollars (\$200,000), or any portion thereof, 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 (1) 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 its 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 Auditor-Controller and/or Treasurer and/or 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., below, and shall provide all documents requested by the County, as set forth in subsection 6.F., below. Consent to any such Assignment shall only be refused if the County finds that Franchisee is not in compliance with the terms and conditions of the franchise and/or that the proposed Transferee, as applicable, is lacking in sufficient experience and/or financial ability to meet the franchise obligations and/or due to a failure to pay the transfer fee specified in subsection 6.G., below. Consent shall be conditioned upon the terms and conditions set forth in the Assignment documents delivered to Public Works, the assumption by the proposed 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 Franchisee and/or 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 this ordinance or the effective date of the last approved Assignment. Otherwise, consent thereof shall be required as otherwise provided in this Section.

F. 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, and/or operating agreements), and the names and addresses of any parent or subsidiary of the proposed Transferee or any other person or 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 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., above, and Franchisee additionally agrees to pay the County's actual costs to process the proposed Assignment application, including any consultants' 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 ordinance and 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 MPLX LP, 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 Franchisee's pipes and appurtenances, Franchisee shall, within thirty (30) days thereafter, make a written application to Public Works for permission to engage in one of the following in accordance with applicable federal, state, and local laws and regulations: (1) abandon all, or a portion of, such pipes and appurtenances in place; or (2) remove all, or a portion of, such pipes and appurtenances; or transfer 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 Franchisee of any such requirements. If, for any reason, Franchisee suspends operations of any of the pipes and appurtenances contained in this franchise for a period more than ninety (90) days, Franchisee will notify Public Works. During this period of suspended operations, 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, and/or local laws and regulations.

B. If any pipes and appurtenances to be abandoned in place subject to prescribed conditions are not abandoned in accordance with all such conditions, then

Public Works may make additional appropriate orders at its sole discretion, including but not limited to, an order that the Franchisee remove all such pipes and appurtenances in accordance with applicable requirements. In the event Franchisee fails to remove any pipes and appurtenances that it is obligated to remove in accordance with applicable requirements within such time as may be prescribed by the County, Public Works may remove such pipes and appurtenances at Franchisee's expense and 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 a 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 Franchisee. Should the abandoned pipelines interfere with other uses in the right-of-way, including future utilities or underground facilities, said pipelines shall be removed by Franchisee, as necessary, at Franchisee's sole cost and expense. Alternatively, the County may remove or cause to be removed said pipelines at Franchisee's sole cost and expense. For the purposes of the payment of fees provisions in Section 2 of this franchise, such facilities shall continue to be included in the calculation of fees until inspection reports prepared by Public Works indicate the work of removal or abandonment has been completed to the County's satisfaction.

D. 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 such notice, Franchisee shall be solely responsible for, and shall reimburse the County, city, or other applicable public entity, any and all costs or expenses incurred by the County, city, or other applicable public entity due to or resulting from Franchisee's neglect or failure with respect to relocation of the facilities.

Section 10. Pipeline Franchise.

A. Franchisee must comply with certain provisions of Los Angeles County Code, Title 16, Divisions 3 and 3A (collectively, the "Master Pipeline Franchise"), including, but not limited to, 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, the terms of this franchise shall prevail.

B. Franchisee shall comply with all applicable federal, State, and local laws and regulations during the term of this franchise and, 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
Attention: 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:

Tesoro SoCal Pipeline Company
c/o DeErrol Armenta
Right of Way Department
6 Centerpoint Drive, 5th Floor
La Palma, CA 90263

Section 12. Operative Date of Ordinance and Franchise.

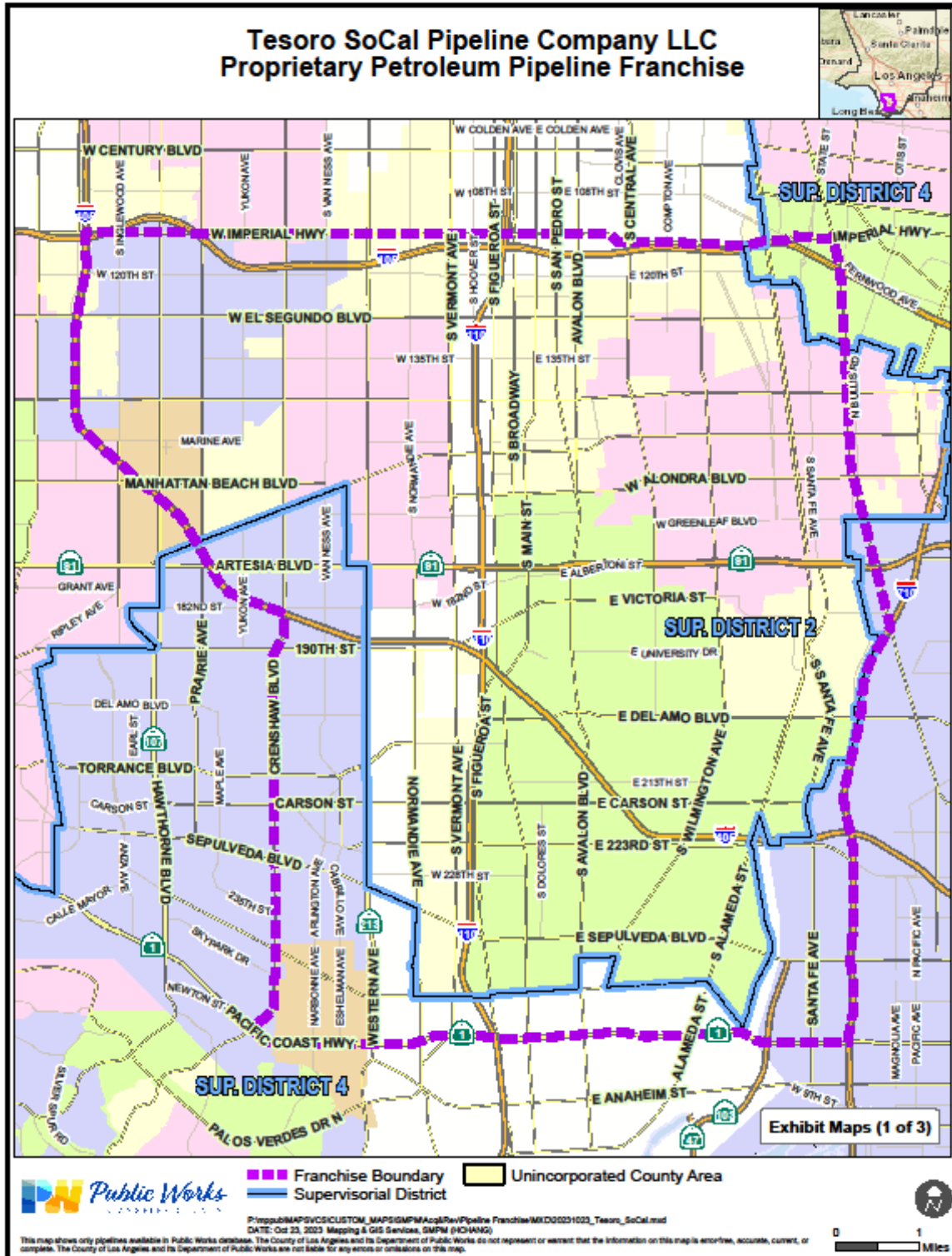
The operative date of this ordinance and franchise shall be June 13, 2024.

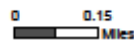
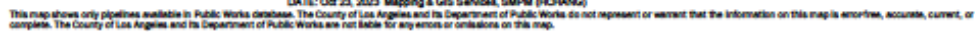
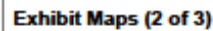
Section 13. Termination.

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.

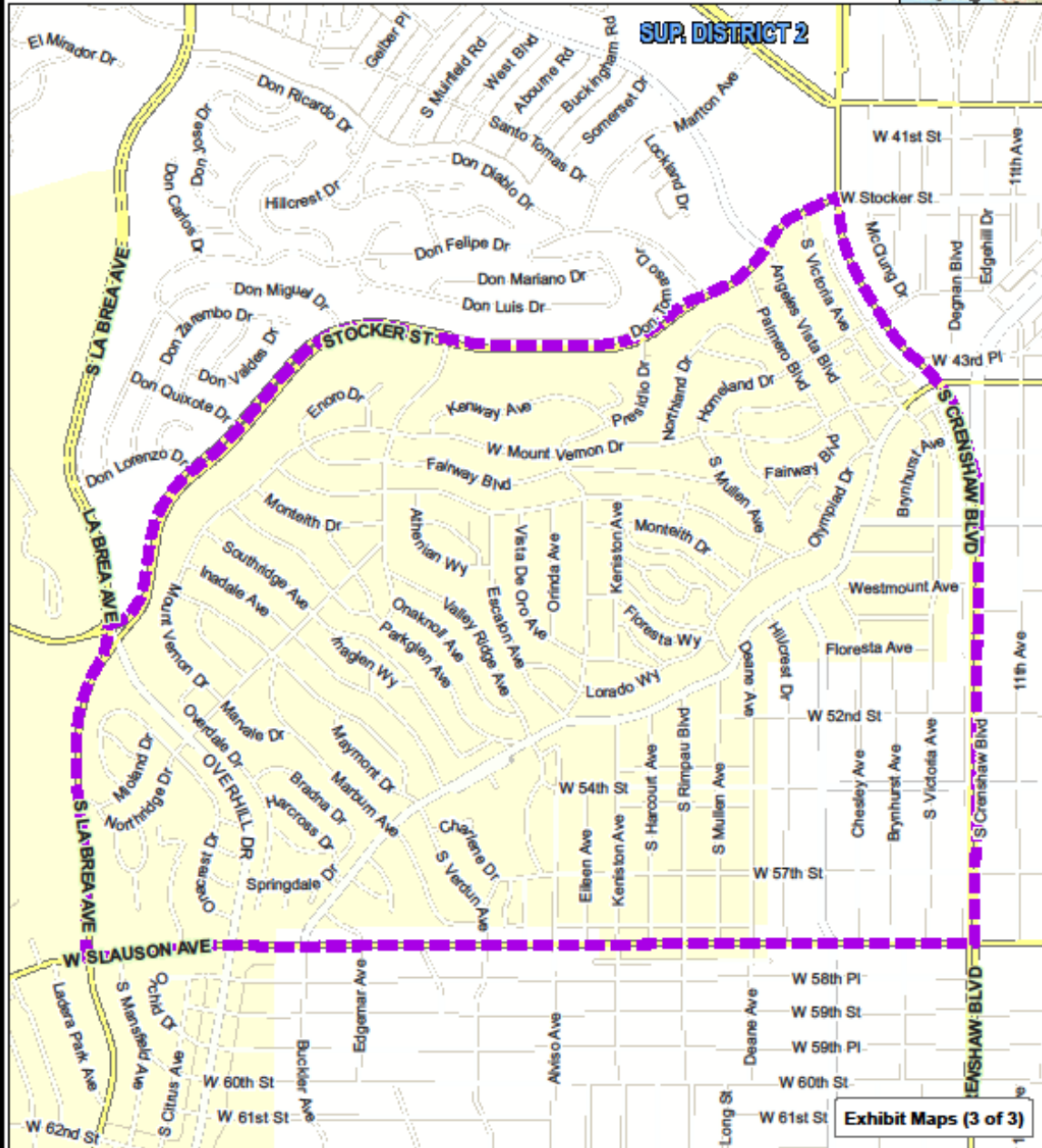
[TESOROSOCALFRANGCCC]

EXHIBIT A





Tesoro SoCal Pipeline Company LLC Proprietary Petroleum Pipeline Franchise



--- Franchise Boundary
--- Supervisory District

P:\pub\MAPS\GIS\CUSTOM_MAPS\GIMF\Map\Pipeline Franchise\MXD\021023_Tesoro_SoCal.mxd
 DATE: Oct 23, 2023 Mapping & GIS Services, GIMF (P\WORKING)

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 B

PARENTAL GUARANTY

For valuable consideration, the receipt of which is hereby acknowledged, MPLX LP, ("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 Tesoro SoCal Pipeline Company, LLC, a Delaware limited liability company ("Grantee"), of all payments due Beneficiary under that certain proprietary petroleum pipeline franchise, entered into as of the operative date of June 13, 2024, 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 County 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:

MPLX LP
539 South Main Street
Findlay, OH 45840

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

GURANTOR:

By: _____

Name:

Title: