

STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: MARTIN D. KOCZANOWICZ, CITY ATTORNEY

SUBJECT: INTRODUCTION AND FIRST READING OF A PROPOSED ORDINANCE AMENDING ARTICLE X OF THE GROVER BEACH MUNICIPAL CODE TO RENEW A PIPELINE FRANCHISE AND ASSIGNMENT TO PHILLIPS 66 PIPELINE LLC

BACKGROUND

The City and Phillips 66 Pipeline Company LLC ("Phillips") have been operating under a pipeline franchise agreement that was adopted by the Board of Supervisors of the County of San Luis Obispo in 1958. Said franchise agreement has expired and the current franchisee, Phillips, has applied for a renewal of franchise rights for a period of 25 years, retroactively effective from December 16, 2008. To provide franchise rights to Phillips, the City needs to adopt an Ordinance amending Article X of the City Municipal Code to add a Franchise agreement. A proposed Ordinance is presented with this staff report.

DISCUSSION

Attached is a draft Ordinance which would amend the Grover Beach Municipal Code to renew the franchise agreement. The franchise fee is set by state law. City also reserved the right to lay conduit for broadband in any excavated areas of the Franchisee.

ALTERNATIVES

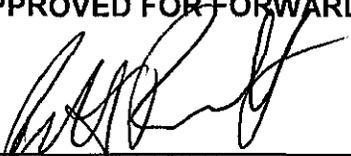
The City Council has the following alternatives to consider.

1. Open the public hearing, consider public testimony, introduce and conduct first reading of the Ordinance, by title only, and schedule second reading and adoption for the next regularly scheduled meeting.
2. Provide alternate direction to staff.

RECOMMENDED ACTION

It is recommended that the City Council consider public testimony, introduce and conduct the first reading of the Ordinance, by title only, and schedule the second reading and adoption for the next regular Council meeting.

APPROVED FOR FORWARDING



ROBERT PERRAULT
CITY MANAGER

Please Review for the Possibility of a Potential Conflict of Interest:

- | | |
|--|-----------------------------------|
| <input checked="" type="checkbox"/> None Identified by Staff | <input type="checkbox"/> Bright |
| <input type="checkbox"/> Peterson | <input type="checkbox"/> Marshall |
| <input type="checkbox"/> Lee | <input type="checkbox"/> Nicolls |

FISCAL IMPACT

Adoption of the Ordinance will formalize the ongoing payment of the annual franchise fee.

PUBLIC NOTIFICATION

The Public Hearing Notice was published on Friday, September 26, 2014 in *The Tribune*, posted in the City's three bulletin boards, and a copy of the Notice was mailed to Phillips 66. The agenda was posted in accordance with the Brown Act.

Attachments

1. Draft Ordinance No. 14-XX
2. Ordinance No. 420 adopted by the Board of Supervisors of the County of San Luis Obispo.

ORDINANCE NO. 14-___

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GROVER BEACH
AMENDING ARTICLE X OF THE GROVER BEACH MUNICIPAL CODE
TO CONSENT TO THE ADOPTION OF A CITY PIPELINE FRANCHISE AND
ASSIGNMENT TO PHILLIPS 66 PIPELINE LLC**

WHEREAS, on November 17, 1958, the Board of Supervisors of the County of San Luis Obispo passed and adopted Ordinance No. 420, awarding a franchise to Union Oil Company of California for a period of 50 years; and

WHEREAS, Section 8 of Ordinance 420 states that the rights and obligations set forth in Ordinance No. 420 shall inure and be binding on any city that annexes land subject to Ordinance No. 420; and

WHEREAS, the City of Grover Beach annexed certain streets which were subject to the Franchise granted by Ordinance No. 420 which caused the Ordinance to inure and be binding on the City of Grover Beach; and

WHEREAS, Section 14 of Ordinance No. 420 states that the franchisee shall obtain the consent of the Board of Supervisors of the County of San Luis Obispo for any transfer of the franchise; and

WHEREAS, the City Council of the City of Grover Beach, as the successor to the Board of Supervisors of the County of San Luis Obispo under Ordinance No. 420 as to those streets within Grover Beach which are subject to the franchise agreement granted by Ordinance No. 420, must consider the assignment of interests from the franchisees over the years the most recent being the transfer from Conoco Phillips Pipe Line Company to Phillips 66 Pipeline LLC; and

WHEREAS, although the franchise awarded under Ordinance No. 420 expired on December 16, 2008, the City and the franchisee have continued to operate under the terms of that franchise agreement; and

WHEREAS, Phillips 66 Pipeline LLC, successor in interest to ConocoPhillips Pipe Line Company, formerly referred to as ConocoPhillips Pipe Line Company, has made application for franchise rights for a period of twenty-five (25) years, effective retroactively to December 16, 2008.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Grover Beach as follows:

PART 1.

The City of Grover Beach hereby consents to the transfer of the franchise rights awarded under Ordinance No. 420 to the entities listed under the "History of Company Transactions" attached to this Ordinance (Exhibit A), the most recent transfer being that to Phillips 66 Pipeline LLC.

PART 2.

Article X, Revenue and Taxation, Chapter 3, Franchises, of the City of Grover Beach Municipal Code is amended by adding thereto a new section 10303, entitled "Phillips 66 Pipeline LLC Franchise" which new chapter provides for the right, franchise and privilege of Phillips 66 Pipeline LLC ("Phillips") or its successors to maintain a pipeline system for the transportation of gas, petroleum, oil and liquid hydrocarbon for the term of twenty five (25) years effective the starting date of December 16, 2008, in, under, along and across certain public streets in the City of Grover Beach in which Phillips now maintains and operates pipelines.

New Section 10303, Phillips 66 Pipeline LLC Franchise, shall read as follows:

"Section 10303, Phillips 66 Pipeline LLC Franchise.

(A) That the right, franchise and privilege be and the same hereby is granted to PHILLIPS 66 PIPELINE LLC, a Delaware limited liability company, its predecessor, successors and assigns, for a period of twenty five (25) years from and after the effective date of this franchise, (December 16, 2008), from time to time to construct, maintain, operate, repair, renew, change the size of, and remove or abandon in place a pipeline system for the transportation of petroleum, liquid hydrocarbon substances, gas, natural gasoline, water, waste water, mud, steam, and other substances, together with all manholes, valves, service connections and appurtenances necessary or convenient to properly maintain and operate said pipelines, including facilities necessary for cathodic protection of said pipelines, and together with poles, conduits, wires, cables and other appurtenances and equipment for telephone, telegraph and electrical power lines necessary or convenient for the Grantee's (defined below) business, in, under, over along and across certain said highways (defined below) in the City of Grover Beach in which Phillips now maintains and operates pipelines, and in all those other said highways in the City of Grover Beach in which Phillips from time to time shall make application for permission to place additional pipelines, subject, however, to the requirements of acquiring the necessary excavation permit.

(B) Definitions:

(a) The word "Grantee" as used in this Section 10303 shall mean and include Phillips 66 Pipeline LLC, its predecessors under Ordinance 420, its successor and assigns.

(b) The words "said highways" herein shall mean and include all the public highways, streets, roads, alleys and other public places within the control and limits of City of Grover Beach.

(c) The words "franchise property" herein shall mean all property constructed, maintained or operated pursuant to this franchise in any of said highways, including pipelines, pole lines or conduits, and all appurtenant equipment.

(d) The words "City" herein shall mean the City of Grover Beach, State of California.

(e) The words "Ordinance 420" shall mean Ordinance 420 passed and adopted by on November 17, 1958 by the Board of Supervisors of the County of San Luis Obispo on November 17, 1958 awarding a franchise to Union Oil Company of California for a period of 50 years and which inured to the City of Grover Beach pursuant to Section 8 of Ordinance 420.

(C) The term of this franchise shall be for a period of twenty five (25) years from and after the date on which this ordinance becomes effective (December 16, 2008).

(D) Said franchise and privilege shall be granted upon the terms and conditions herein contained and those prescribed by law. The Grantee shall, within thirty (30) days from and after the passage of this ordinance granting said franchise, file with the Clerk of the City, a written acceptance of said terms and conditions. Said written acceptance shall contain the Grantee's agreement to abide and be bound by said terms and conditions.

(E) The Grantee shall have the right, subject to all applicable ordinances and regulations of City as are now or hereafter may be in force, to make all necessary excavations or other encroachments in said highways for the laying, construction, maintenance, operation, renewal and removal of franchise property.

(F) The Grantee shall not commence the work of laying or constructing any franchise property under the provisions of this franchise until it shall first have obtained an Encroachment Permit from the City Engineer. Said Encroachment Permit shall be granted upon application of the Grantee, which application shall show the said highways upon which it proposes to lay or construct said franchise property, the specifications of the franchise property and such other facts as City Engineer may require.

(G) All franchise property to be laid, constructed and operated under this franchise shall be built and constructed in a good workmanlike manner and of first class materials and shall be located or maintained under this franchise so as not to interfere with the use of said highways by the traveling public or for public purposes. In constructing, installing and maintaining said franchise property, the Grantee shall make and backfill all excavations in such a manner as to leave the surface of said highways in as good condition as the same was in prior to said excavation, as reasonably possible, and to the satisfaction of the City. In addition, whenever Grantee is performing work under Encroachment Permit, the City reserves a right to install conduit for fiber optic cable at City's sole expense in the excavated areas of the franchise property. Such work by the City will be coordinated with Grantee and will not delay or interfere with the Grantee's project.

(H) Whenever any portion of the area covered by this franchise shall be annexed to, or otherwise become a part of any municipal corporation, or of any other city or of any other political subdivision of the State of California, the rights and obligations under this franchise reserved to and binding upon the City, or any officer thereof, shall inure to the benefit of and be binding upon such municipal corporation, city or political subdivision, and its appropriate officers, as to the area so annexed to or otherwise becoming a part of such municipal corporation or other city or other political subdivision of the State of California.

(I) City reserves the right to improve, change the grade of, widen or reconstruct any of said highways or portions thereof, and there is further reserved to the City and any municipal

corporation, political subdivision or district within City the right to construct, reconstruct, install, repair and maintain in any of said highways, any public improvement.

Upon the giving of notice in writing to the Grantee, at least thirty (30) days in advance of the fact that the work is to be done pursuant to any right reserved hereinabove in this section, specifying the general nature of the work and the area in which the same is to be performed, then the Grantee shall do all things necessary to protect its franchise property during the progress of such work and if ordered by the City, the Grantee shall temporarily disconnect or temporarily remove, or shall relocate the franchise property with said highways to such extent and in such manner, and for such period as shall be necessary to permit the performance of such work in an economic manner, and in accordance with generally recognized engineering and construction methods and to permit the maintenance operation and use of such public improvement or of said highways or portions thereof as so improved. All such things to be done and work to be performed by the Grantee shall be at the sole cost and expense of the Grantee.

In the event the City or any municipal corporation, political subdivision, or district within the City shall hereafter construct, install, reconstruct or repair any bridge or artificial support in or underlying any of said highways in which the Grantee's franchise property is located, and in the event that the cost of such work as may be reasonably required is increased in order to provide for the installation, maintenance or operation of Grantee's franchise property in or on the area covered by or underlain by said bridge or other artificial support, then the Grantee shall pay to City or such municipal corporation, political subdivision, or district of the City doing such work, the full amount of such increase of cost upon completion of such construction, installation or repair.

(J) Any damage done directly or indirectly to any of said highways or public improvements by the Grantee, in exercising directly or indirectly any right or privilege under this franchise, or in performing any duty under or pursuant to the provisions of this franchise, shall be promptly repaired by said Grantee, at its sole cost and expense and to the satisfaction of City.

(K) If the Grantee shall fail to comply or to commence and diligently proceed toward compliance with any instructions of the City or City Engineer with respect to the location of any of said franchise property or the repair of any damage to said highways or any public improvement within thirty (30) days after the service of written notice upon the Grantee requiring compliance therewith, then the City may immediately do whatever work is necessary to carry out the instructions at the cost and expense of the Grantee, which cost by the acceptance of this franchise the Grantee shall pay upon demand.

(L) The Grantee shall hold City, its authorized officers, agents and employees harmless from and against any and all liability or loss resulting from claims for damages by any person to the extent arising out of acts or omissions of the Grantee, its agents or employees, in the performance of any work authorized by this franchise.

(M) Upon request of the Grantee, the City, upon such terms and conditions as it may see fit to impose, may grant the Grantee the right to abandon in place without removing any pipelines laid or maintained under this franchise.

(N) Except as hereinafter provided in this Section, the Grantee shall not sell, transfer or assign this franchise or any of the rights and privileges granted hereby without the consent of the City, provided, however, that no such consent shall be required for any transfer in trust, mortgage, sale and lease-back, or other hypothecation, as a whole, to secure an indebtedness.

(O) The Grantee shall during the life of this franchise, make annual payments to City for the franchise hereby granted, in lawful money of the United States, at the rate of \$0.176 per foot for 8 inch lines and \$0.264 per foot for 12 inch line of pole line or conduit heretofore or hereafter installed and maintained and not abandoned in place in said highways by virtue of the authority granted by the franchise or any franchise preceded by this franchise. Said annual payments shall be made on or before the 31st day of March of each year for the twelve month period ending on the preceding December 31st. In the event any franchise property shall have been subject to the terms of this franchise for only a fractional part of said twelve month period, the payment therefore shall be computed in the proportion which the number of days in the said fractional part of the twelve month period bears to 365.

The annual payment shall be accompanied by two copies of a statement, verified by the oath of a duly authorized representative of Grantee, giving the total length of pipelines, pole lines and/or underground conduits on which the annual payment is due, the rate per mile and the total amount due.

(P) Any neglect, failure or refusal to comply with any of the conditions of this franchise, which neglect, failure or refusal shall continue for more than thirty (30) days following notice thereof to the Grantee from City shall be grounds for a forfeiture hereof, and City may thereupon declare this franchise forfeited, and may exclude said Grantee from further use of said highways under this franchise and said Grantee shall thereupon surrender all rights in and to the same and this franchise shall be deemed to be and shall remain null, void and of no effect.

(Q) The grant of this franchise is effective only upon the further condition that Grantee shall at all times during the life of this franchise keep on file with the City a bond running to City in the penal sum of \$1000.00 by a corporate surety, conditioned that the Grantee shall well and truly observe, fulfill and perform each and every term and condition of this franchise, and all ordinances of City, and in case of any breach of the conditions of such bond and this franchise, that portion of the penal sum therein named up to the maximum, equal to the fair amount of the damages resulting from such breach shall be taken and deemed to be liquidated damages and shall be recoverable from the principal and surety, or sureties, upon such bond.

(R) The provisions of this franchise and all rights, obligations and duties hereunder shall inure to and be binding upon its Grantee, its successor and assigns.

(S) This ordinance shall take effect and be in full force and effect on the 31st day after being adopted by the City Council, retroactively to December 16, 2008 once adopted.

PART 3.

This Ordinance shall become retroactively effective to December 16, 2008, thirty (30) days after the date of its adoption, and within fifteen (15) days after its adoption, it shall be published once, together with the names of the Council Members voting thereon, in a newspaper of general circulation within the City.

INTRODUCED at a regular meeting of the City Council held _____, 2014 and **PASSED, APPROVE, and ADOPTED** by the City Council on _____, 2014 on the following roll call, to wit:

AYES: Council Members –
NOES: Council Members –
ABSENT: Council Members –
ABSTAIN: Council Members –

DRAFT

DEBBIE PETERSON, MAYOR

ATTEST:

DONNA L. McMAHON, CITY CLERK

Approved as to form:

MARTIN D. KOCZANOWICZ, CITY ATTORNEY

HISTORY OF COMPANY TRANSACTIONS

1. Unocal California Pipeline Company (UNOCAP) was incorporated in May, 1991. Union Oil Company of California owned all shares of UNOCAP stock in May, 1991.
2. A UNOCAP stock assignment was transferred from Union Oil Company of California to Tosco Corporation in April, 1998.
3. In November, 1998 Unocal California Pipeline Company (UNOCAP) changed its name to Union Pipeline Company (California). Therefore, as of November, 1998, UNOCAP was known as Union Pipeline Company (California) and was wholly owned by Tosco Corporation. Part of the confusion may lie in the fact that both Unocal California Pipeline Company and Union Pipeline Company (California) have been referred to with the acronym UNOCAP.
4. In 2001 Phillips Petroleum Company merged with TOSCO and holds TOSCO and Union Pipeline Company (California) as subsidiaries.
5. In 2002 Phillips Petroleum Company merges with Conoco Inc. to form ConocoPhillips Company ("COP").
6. Tosco Corporation merged into ConocoPhillips Company effective January 1, 2003, and as a result, Union Pipeline Company (California), which was owned by Tosco Corporation, is now owned by ConocoPhillips Company. Accordingly, Union Pipeline Company (California) is now a direct subsidiary of and wholly owned by ConocoPhillips Company. Tosco Corporation is no longer a legal entity.
7. Union Pipeline Company (California) merged into ConocoPhillips Pipe Line Company effective February 1, 2005, and as a result, is no longer a legal entity. ConocoPhillips Pipe Line Company is a direct subsidiary of and wholly owned by ConocoPhillips Company
8. On April 12, 2012, ConocoPhillips Pipe Line Company, a Delaware corporation ("CPPL") a wholly owned subsidiary of ConocoPhillips Company changed its name and converted to an LLC. The new name is Phillips 66 Pipeline LLC. Phillips 66 Pipeline LLC was subsequently distributed to Phillips 66 Company, a subsidiary of ConocoPhillips Company.
9. On July 1, 2012 ConocoPhillips separated its Refining & Marketing business and its Exploration and Production into two separate stand alone companies via a tax free spin off of the Refining & Marketing business. Phillips 66 is the global refining and marketing company headquartered in Houston, Texas while ConocoPhillips is the global exploration and production company also headquartered in Houston, Texas.

###

Passed and adopted by the Board of Supervisors of the County of San Luis Obispo, State of California, this 3rd day of November, 1958, by the following vote, to-wit:

AYES: Supervisors M. Roland Gates, Fred C. Kimball, Paul E. Andrew, John Ruskovich,
and Chairman Dan F. Sheehy
NOES: None
ABSENT: None

ATTEST:

/s/ A.E. Mallach
A.E. Mallach, County Clerk and ex-officio
Clerk of the Board of Supervisors of the
County of San Luis Obispo, State of
California
(SSAL)

/s/ Dan F. Sheehy
Dan F. Sheehy, Chairman of the Board of
Supervisors of the County of San Luis Obispo,
State of California

- - - kr - - -

ORDINANCE NO. 480

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN LUIS OBISPO GRANTING TO UNION OIL COMPANY OF CALIFORNIA, A CORPORATION, ITS SUCCESSORS AND ASSIGNS, THE FRANCHISE AND PRIVILEGE FROM TIME TO TIME TO CONSTRUCT, MAINTAIN, OPERATE, RENEW, REPAIR, CHANGE THE SIZE AND NUMBER OF AND REMOVE PIPELINES, TOGETHER WITH TELEPHONE, TELEGRAPH AND ELECTRICAL POWER LINES NECESSARY OR CONVENIENT FOR THE GRANTEE'S BUSINESS, IN, UNDER, OVER, ALONG OR ACROSS ANY AND ALL PUBLIC STREETS, HIGHWAYS AND OTHER PUBLIC PLACES NOW OR HEREAFTER DEDICATED TO PUBLIC USE IN THE UNINCORPORATED PORTIONS OF THE COUNTY OF SAN LUIS OBISPO.

The Board of Supervisors of the County of San Luis Obispo, State of California, does ordain as follows:

SECTION 1: That the right, franchise and privilege be and the same hereby is granted to Union Oil Company of California, a corporation, its successors and assigns, for a period of fifty (50) years from and after the effective date of this franchise, from time to time to construct, maintain, operate, renew, repair, change the size and number of and remove or remove or change in place pipelines for the transportation of petroleum, liquid hydrocarbon substances, gas, natural gasoline, water, waste water, mud, steam and other substances, together with manholes, valves, service connections and appurtenances necessary or convenient to properly maintain and operate said pipelines, including facilities necessary for the installation of said pipelines and together with poles, conduits, wires, cables and other appurtenances and equipment for telephones, telegraph and electrical power lines necessary or convenient for the grantee's business, in, under, over, along or across any and all public streets, roads, alleys, highways and other public places now or hereafter dedicated to public use in the unincorporated portions of the County of San Luis Obispo.

SECTION 2: (a) The word "Grantee" as used herein shall mean and include the Grantee, its successors and assigns.

(b) The words "said highways" herein shall mean and include all the public highways, streets, roads, alleys and other public places within the unincorporated area of the County of San Luis Obispo.

(c) The words "franchise property" herein shall mean all property constructed, maintained or operated pursuant to this franchise in any of said highways, including pipelines, pipelines or conduits, and all appurtenant equipment.

(d) The words "said County" herein shall mean the County of San Luis Obispo, State of California.

SECTION 3: The term of this franchise shall be for a period of fifty (50) years from and after the date on which this ordinance becomes effective.

SECTION 4: Said franchise and privilege shall be granted upon the terms and conditions herein contained and those prescribed by law. The Grantee shall, within thirty (30) days from and after the passage of this ordinance granting said franchise, file with the Clerk of the Board of Supervisors of said County a written acceptance of said terms and conditions. Said written acceptance shall contain the Grantee's agreement to abide and be bound by said terms and conditions.

SECTION 5: The Grantee shall have the right, subject to all applicable ordinances and regulations of said County as are now or hereafter may be in force, to make all necessary excavations or other encroachments in said highways for the laying, construction, maintenance, operation, renewal and removal of franchise property.

SECTION 6: The Grantee shall not commence the work of laying or constructing any franchise property under the provisions of this franchise until it shall first have obtained an Encroachment Permit from the Road Commissioner of said County. Said Encroachment Permit shall be granted upon application of the Grantee, which application shall show the said highways upon which it proposes to lay or construct said franchise property, the specifications of the franchise property and such other facts as said Road Commissioner may require.

SECTION 7: All franchise property to be laid, constructed and operated under this franchise shall be built and constructed in a good workmanlike manner and of first class materials and shall be located or maintained under this franchise so as not to interfere with the use of said highways by the traveling public or for public purposes. In constructing, installing and maintaining said franchise property, the Grantee shall make and backfill all excavations in such a manner as to leave the surface of said highways in as good condition as the same was in prior to said excavation, and to the satisfaction of said Road Commissioner.

SECTION 8: Whenever any portion of the area covered by this franchise shall be annexed to, or otherwise become a part of any municipal corporation, or of any other County or of any other political subdivision of the State of California, the rights and obligations under this franchise reserved to and binding upon said County, or any officer thereof, shall inure to the benefit of and be binding upon such municipal corporation, County or political subdivision, and its appropriate officers, as to the area so annexed to or otherwise becoming a part of such municipal corporation or other County or other political subdivision of the State of California.

SECTION 9: Said County reserves the right to improve, change the grade of, widen or reconstruct any of said highways or portions thereof, and there is further reserved to the said County and any municipal corporation, political subdivision or district within said County the right to construct, reconstruct, install, repair and maintain any of said highways, any public improvement.

Upon the giving of notice in writing to the Grantee, at least thirty (30) days in advance of the fact that the work is to be done pursuant to any right reserved hereinabove in this section, specifying the general nature of the work and the area in which the same is to be performed, then the Grantee shall do all things necessary to protect its franchise property during the progress of such work and if ordered by the Board of Supervisors of said County, the Grantee shall temporarily disconnect or temporarily remove, or shall relocate the franchise property within said highways to such extent and in such manner, and for such period as shall be necessary to permit the performance of such work in an economic manner, and in accordance with generally recognized engineering and construction methods and to permit the maintenance, operation and use of such public improvement or of said highways or portions thereof as so improved. All such things to be done and work to be performed by the Grantee shall be at the sole cost and expense of the Grantee.

In the event that said County or any municipal corporation, political subdivision or district within said County shall hereafter construct, install, reconstruct or repair any bridge or artificial support in or underlying any of said highways in which the Grantee's franchise property is located, and in the event that the cost of such work as may be reasonably required be increased in order to provide for the installation, maintenance or operation of Grantee's franchise property in or on the area covered by or underlain by said bridge or other artificial support, then the Grantee shall pay to said County, or such municipal corporation, political subdivision or district doing such work the full amount of such increase of cost upon completion of such construction, installation or repair.

SECTION 10: Any damage done directly or indirectly to any of said highways or public improvements by the Grantee, in exercising directly or indirectly any right or privilege under this franchise, or in performing any duty under or pursuant to the provisions of this franchise, shall be promptly repaired by said Grantee, at its sole cost and expense and to the satisfaction of said County.

SECTION 11: If the Grantee shall fail to comply or to commence and diligently proceed towards compliance with any instructions of the Board of Supervisors of said County or Board of Commissioners of said County with respect to the location of any of said franchise property or construction of any damage to said highways or any public improvement within thirty (30) days after the giving of written notice upon the Grantee requiring compliance therewith, then the said Board of Supervisors may immediately do whatever work is necessary to carry out the instructions of the cost and expense of the Grantee, which cost by the acceptance of this franchise the Grantee shall pay upon demand.

SECTION 12: The Grantee shall hold said County, its authorized officers, agents and employees harmless from and against any and all liability or loss resulting from claims for damages by any person arising out of acts or omissions of the Grantee, its agents or employees, in the performance of any work authorized by this franchise.

SECTION 13: Upon request of the Grantee, the Board of Supervisors of said County, upon such terms and conditions as it may see fit to impose, may grant the Grantee the right to abandon in place without removing any pipelines laid or maintained under this franchise.

SECTION 14: Except as hereinafter provided in this Section, the Grantee shall not sell, transfer or assign this franchise or any of the rights and privileges granted hereby without the consent of the Board of Supervisors of said County; provided, however, that no such consent shall be required for any transfer in trust, mortgage, sale and lease-back, or other hypothecation, as a whole, to secure an indebtedness.

SECTION 15: The Grantee shall, during the life of this franchise, make annual payments to said County for the franchise hereby granted, in lawful money of the United States, at the rate of \$100.00 per mile of pipeline and \$25.00 per mile of pole line or conduit heretofore or hereafter installed and maintained and not abandoned in place in said highways and in State highways (outside of incorporated territories) by virtue of the authority granted by this franchise or any franchise superseded by this franchise. Said annual payments shall be made on or before the first day of March of each year (commencing with March 31, 1959) for the twelve months' period ending on the preceding December 31st. In the event any franchise property shall have been subject to the terms of this franchise for only a fractional part of said twelve months' period, the payment therefor shall be computed in the proportion which the number of days in the said fractional part of the twelve months' period bears to 365.

The annual payment shall be accompanied by two copies of a statement, verified by the oath of a duly authorized representative of Grantee, giving the total length of pipelines, pole lines and/or underground conduits on which the annual payment is due, the rate per mile and the total amount due.

SECTION 16: Except as hereinafter provided in this Section, this franchise ordinance shall, upon its effective date, terminate and supersede the following three franchise ordinances previously passed by the Board of Supervisors of said County: (1) Unnumbered franchise ordinance passed September 10, 1900, granting a franchise to Producers Transportation Company, predecessor in interest of Grantee herein; (2) Unnumbered franchise ordinance passed March 24, 1950, granting a franchise to said Producers Transportation Company; and (3) Franchise Ordinance No. 114, passed May 1, 1944, granting a franchise to Grantee herein; which said three franchises now belong to Grantee herein.

Said three franchises shall become inoperative as to all territory covered by such franchises EXCEPT:

(a) as to highways which upon the effective date of this franchise are located outside the limits of any incorporated cities and are included within the highway system of the State of California as State highways; as to such State highways located outside of incorporated cities, this franchise shall operate as a renewal and extension of the aforesaid three franchises, but with the payments to be made to said County in the amounts as computed in accordance with Section 15 of this ordinance; provided, that otherwise the terms of said three franchises shall remain unaltered as far as franchise property in said State highways outside of incorporated cities is concerned; and

(b) as to streets and highways which upon the effective date of this franchise are located within the limits of any incorporated city; as to such streets and highways within any incorporated city, this franchise shall operate as a renewal and extension of the aforesaid three franchises, but with payments to be made to any such city in the amounts as computed in accordance with Section 15 of this ordinance; provided, that otherwise the terms of said three franchises shall remain unaltered as far as franchise property in the streets and highways of any such city is concerned.

SECTION 17: Any neglect, failure or refusal to comply with any of the conditions of this franchise, which neglect, failure, or refusal shall continue for more than thirty (30) days following notice thereof to the Grantee from said County, shall be grounds for a forfeiture hereof, and said County, by its Board of Supervisors, may thereupon declare this franchise forfeited, and may exclude said Grantee from further use of said highways under this franchise; and said Grantee shall thereupon surrender all rights in and to the same, and this franchise shall be deemed to be and shall remain null, void and of no effect.

SECTION 18: The grant of this franchise is effective only upon the further condition that Grantee shall at all times during the life of this franchise keep on file with the Board of Supervisors a bond running to said County in the penal sum of One Thousand Dollars (\$1,000.00), by a corporate surety, conditioned that the Grantee shall well and truly observe, fulfill and perform each and every term and condition of this franchise, and all ordinances of said County, and in case of any breach of the conditions of such bond and this franchise, that portion of the penal sum therein named, up to the maximum, equal to the fair amount of the damages resulting from such breach, shall be taken and deemed to be liquidated damages and shall be recoverable from the principal and surety, or sureties, upon such bond.

SECTION 19: The provisions of this franchise and all rights, obligations and duties hereunder shall inure to and be binding upon the Grantee, its successors and assigns.

SECTION 20: This ordinance shall take effect and be in full force and effect on the 17th day of December, 1968, and before the expiration of fifteen days after the passing of this ordinance, it shall be published with the names of the members voting for and against the same, once, in the Telegram-Tribune, a newspaper of general circulation, published in the County of San Luis Obispo, State of California.

Passed and adopted by the Board of Supervisors of the County of San Luis Obispo, State of California, this 17th day of November, 1968, by the following vote, to-wit:

AYES: Supervisors Fred C. Kimball, Paul E. Andrew, M. Roland Gates, John Huskovich,
Chairman Dan F. Sheehy

NOES: None

ABSENT: None

/s/ Dan F. Sheehy
Chairman of the Board of Supervisors of the
County of San Luis Obispo, State of
California,

ATTEST:

/s/ A. E. Nalley
County Clerk and ex-officio Clerk of the
Board of Supervisors of the County of
San Luis Obispo, State of California
(SEAL)

--- KR ---

ORDINANCE NO. 421
AN INTERIM ORDINANCE RESTRICTING LAND USES WITHIN THE UNINCORPORATED TERRITORY OF SAN LUIS OBISPO COUNTY, CALIFORNIA.

The Board of Supervisors of the County of San Luis Obispo, State of California, do ordain as follows:

Section 1. The County of San Luis Obispo has by ordinance, adopted a comprehensive, long termed master plan for the physical developments of the County of San Luis Obispo, and for the establishment of land use plans within districts to be designated by the Board of Supervisors of said County, as residential, agricultural or industrial districts. Various objectionable uses of residential-in-fact areas can be undertaken prior to the hearing provided for in said ordinance, and prior to the effective date of any amendment thereto. It would be destructive of said plan if parties seeking to evade the operation thereof, should be permitted to enter upon a course of construction which might progress so far as to defeat in whole or in part the ultimate convenience, safety and general welfare, it is necessary to protect the herein after described area against the encroachment of permanent improvements. An emergency exists which justifies the immediate passage of this ordinance for the immediate preservation of the public peace, health and safety and for its immediate enforcement.

Section 2. For the public interest, health, safety and general welfare, temporary regulations governing the uses of land and placements of buildings are hereby established within the unincorporated territory of the County of San Luis Obispo, State of California, described as follows:

All of blocks, #53, #54, #55, #77, #78, #81, and the North one-half of Block #80, all in Cambria Pines Unit #6.

Section 3. The following land use regulations shall be in force in the districts described above: