

Chapter 3.44

PIPELINE FRANCHISES

(2319-10/78, 2676-2/84, 3850-1/10)

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I. GENERAL PROVISIONS AND DEFINITIONS

3.44.010 Short title. This chapter shall be known and cited as "Pipeline Franchise Ordinance."
(2319-10/78)

3.44.020 General provisions. Every franchise hereafter granted by the city to lay, construct, maintain, operate, renew, repair, change the size of, remove or abandon in place pipes and pipelines for the collection, transportation or distribution of oil, gas, gasoline, petroleum, wet gas, hydrocarbon substances, together with all manholes, valves, appurtenances and service connections necessary or convenient for the operation of said pipes or pipelines including conduits, cathodic protection devices, wires, cables and other appurtenances necessary or convenient for the exercise of the franchisee's business, in, under, along or across any and all streets within the city of Huntington Beach except as otherwise provided in the particular franchise agreement, shall be granted upon and be subject to the rules, regulations, restrictions and terms and conditions of this chapter, in addition to those rules, regulations, restrictions, terms and provisions set forth in the particular franchise agreement. (2319-10/78)

3.44.025 Franchise required when. It is unlawful for any person, firm or corporation to exercise any privilege or franchise to lay or maintain any pipes or conduits in or under any public street, or alley in the City, for the transmission of gas, water, heat, steam, or other substance or to exercise any franchise or privilege for the erection or maintenance, in or upon any public street or alley in the City, of any telephone, telegraph, electric light or power poles, wires, or system, or for the erection of any pole or wire for the purpose of transmitting electrical energy or current, without first having procured a franchise to do so unless such person, firm or corporation is entitled to do so by direct and unlimited authority of the Constitution of the state or the Constitution of the laws of the United States. (3850-1/10)

3.44.030 Pole lines. Nothing in this chapter or in any franchise agreement granting such a franchise shall be construed to permit the grantee to construct new poles or other facilities aboveground. (2319-10/78)

3.44.040 Definitions. For the purpose of this chapter, the following terms, phrases, words and their derivations shall have the meaning given herein:

- (a) "Council" shall mean City Council of the city of Huntington Beach.
- (b) "Code" shall mean the Huntington Beach Municipal Code.
- (c) "Department" shall mean the Public Works Department of the city of Huntington Beach.

- (d) "Director" shall mean the Public Works Director of the city of Huntington Beach.
- (e) "Franchisee" or "grantee" shall mean the person to whom the franchise is granted, and any person to whom it is lawfully assigned.
- (f) "Facilities" or "appurtenances" shall mean all property of the franchisee, including but not limited to, pipelines, pump stations, and service connection with the franchisee's facilities, whether installed by the franchisee or not, erected, constructed, laid, operated or maintained in, upon, over, under, along or across any street pursuant to any right or privilege granted by the franchisee.
- (g) "Franchise payment period" shall mean the time period between the effective date of the franchise agreement granting the franchise and December 31 of the same year, and each calendar year thereafter, during the life of the franchise.
- (h) "Franchise report period" in all cases shall mean the time period between the effective date of the franchise agreement granting the franchise through and including December 31 of that year, and each calendar year thereafter, during the life of the franchise.
- (i) "Highway" or "street" shall mean any public highway, freeway (except a state freeway), street, road, alley, lane or court or other public easement, and above and below the same, which now exists or which may hereafter exist in the city of Huntington Beach.
- (j) "Main" shall mean any pipeline or conduit laid in, along or approximately parallel with any street for the collection, transmission or distribution of any hydrocarbon substances.
- (k) "Major street" shall mean any street or portion thereof designated as a major secondary highway in the circulation element of the Huntington Beach General Plan.
- (l) "Minor street" shall mean all streets in the city other than those designated as "major" or "secondary highways" in the circulation element of the Huntington Beach General Plan.
- (m) "Person" shall mean any individual, person, firm, partnership or corporation.
- (n) "Section" shall mean a section of the Huntington Beach Municipal Code, unless some other code or statute is mentioned.
- (o) "Service connection" shall mean the wire, pipes, or conduits connecting the building or place where the service or hydrocarbons supplied by the franchisee is used or delivered, or is made available for use or delivery, with the supply line or supply main in the highway or with such supply line or supply main on private property. (2319-10/78)

3.44.050 Term. Unless the franchise agreement granting the franchise provides otherwise, the term of the franchise shall be twenty-five (25) years. (2319-10/78)

3.44.060 Franchise agreement. The franchisee shall enter into a written agreement with the city of Huntington Beach which grants the franchise and sets forth the terms and provisions therein. (2319-10/78)

3.44.070 Nonexclusive franchise. The granting of the franchise shall not be construed to prevent the city from granting identical or similar franchise to any person other than the franchisee. Nothing herein contained shall ever be construed so as to exempt the franchisee from compliance with all ordinances, rules or regulations of the city now in effect or which may be hereafter adopted which are not inconsistent with the terms of the franchise. (2319-10/78)

3.44.080 Maps. Within ninety (90) days following the date on which any facilities or appurtenances have been laid, removed or abandoned under the franchise, the franchisee shall

file a map or maps with the department showing the accurate "as built" location, depth, and size of the facilities or appurtenances so laid, removed or abandoned. (2319-10/78)

3.44.090 Insurance. On or before commencement of any franchise operations, franchisee shall obtain or provide satisfactory evidence of having policies of liability and workers' compensation insurance from companies authorized to transact business in the state of California by the Insurance Commissioner of California. (2319-10/78)

3.44.100 Liability insurance. The policy of liability insurance required by this chapter shall be issued to franchisee and name the city and its officers, agents, and employees as additional insureds. It shall further indemnify for all liability for personal and bodily injury, death and damage to property arising from activities conducted pursuant to the franchise by providing coverage thereof, including but not limited to:

- (a) Negligent acts or omissions of franchisee and the agents, servants and employees thereof, committed in the conduct of franchise operations.
- (b) Provide a combined single limit liability insurance in the amount of one million dollars (\$1,000,000).
- (c) Be noncancellable without thirty (30) days written notice thereof directed to Council.
(2319-10/78)

3.44.110 Workers' compensation insurance. The policy of workers' compensation insurance, required by this chapter, shall:

- (a) Have been previously approved as to substance and form by the California Insurance Commissioner.
- (b) Cover all employees of franchisee who in the course and scope of their employment are to conduct or do work pursuant to the franchise operations.
- (c) Provide for every benefit and payment presently or hereinafter conferred by Division 4 of the Labor Code of the state of California upon an injured employee, including the vocational rehabilitation and death benefits.
- (d) Be noncancellable without thirty (30) days written notice thereof directed to Council.
(2319-10/78)

3.44.120 Workers' compensation insurance--Filing. Franchisee shall file with the City Clerk prior to commencement of any franchise operations either certified copies of said policies or a certificate of insurance for each of the required policies executed by the company issuing the policy, certifying that the policy is in force and providing the following information:

- (a) The policy number.
- (b) The date upon which the policy will become effective and the date upon which it will expire.
- (c) The names of the insured and any additional insureds.
- (d) Subject of the insurance.
- (e) The type of coverage provided by the insurance.
- (f) Amount of limit of coverage provided by the insurance.
- (g) A description of all endorsements that form a part of the policy.

- (h) The insured shall agree to defend, indemnify and hold harmless the city of Huntington Beach against loss, damage or expense by reason of any suits, claims, demands, judgments caused by insured in the performance of the franchise.

Any franchise operation shall not commence until franchisee has complied with the aforementioned provisions of this section, and any such operation shall be suspended during any period that franchisee fails to maintain said policies in full force and effect. (2319-10/78)

3.44.130 Faithful performance bond. On or before the effective date of the franchise agreement granting the franchise, franchisee shall file and thereafter at all times during the life of the franchise keep on file with the City Clerk a corporate surety bond approved by the City Attorney running to the city in the penal sum of ten thousand dollars (\$10,000) with a surety to be approved by the City Attorney, conditioned that franchisee shall well and truly observe, fulfill and perform each condition of the franchise and that in case of any breach of condition of the bond the whole amount of the penal sum shall be deemed to be liquidated damages and shall be recoverable from the principal and sureties of the bond. In the event that said bond, after it has been so filed, shall at any time during the life of the franchise become insufficient, franchisee agrees to renew said bond, subject to the approval of the City Attorney, within ten (10) days after written notice to do so from the Director. (2319-10/78)

3.44.140 Alternative security. In lieu of the bond required pursuant to section 3.44.100, the franchisee may deposit with the Director and assign to the city savings and loan certificates or shares, or both, in the same amount as required on such bond. (2319-10/78)

3.44.150 Length. Whenever the length of any wire, pipe or conduit is a factor in calculating any payment due under any franchise granted by the city, all service connections shall be excluded in determining such lengths. (2319-10/78)

3.44.160 Forfeiture. The franchise is granted and shall be held and enjoyed upon each and every condition contained in the franchise agreement, including such conditions contained herein as are incorporated by reference in said franchise agreement, and shall be strictly construed against the grantee. Any neglect, failure or refusal to comply with any of the terms and provisions of the franchise agreement shall constitute grounds for the suspension or forfeiture of the franchise, shall give to the grantee not less than thirty (30) days notice in writing of any default thereunder. If the grantee does not, within the noticed period, begin the work of compliance or after such beginning does not prosecute the work with due diligence to completion, the Council may hold a hearing, at which the grantee shall have the right to appear and be heard, and thereupon the Council may determine whether such conditions are material and essential to the franchise and whether the grantee is in default with respect thereto and may declare the franchise suspended or forfeited. Notice of said hearing shall be given to the grantee by certified mail not less than five (5) days before said hearing. (2319-10/78)

3.44.170 Value of franchise. The grantee of any franchise awarded to a public utility, by accepting the terms and conditions thereof, stipulates and agrees that in any proceeding for the purpose of adjusting the rates of the grantee, no greater value shall be placed upon the franchise than the actual cash paid therefor by the grantee. (2319-10/78)

3.44.180 State highways. If any street or portion thereof becomes a state highway, except for the right to continue to collect franchise payments in such other rights as by law remain with the city, the state shall succeed to all rights reserved to the city by the franchise. (2319-10/78)

3.44.190 Eminent domain. No franchise granted by the city shall in any way impair or affect the right of the city or any successor in authority to acquire the property of the grantee by purchase or condemnation, and nothing contained in such a franchise shall be construed to contract away, modify or abridge either for a term or in perpetuity the city's right of eminent domain in respect to any public utility. (2319-10/78)

3.44.200 Publication costs. The grantee shall pay to the city within thirty (30) days after receiving a statement therefor, all advertising and publishing costs, including the cost of publishing the granting of the franchise, if necessary. (2319-10/78)

3.44.210 Assignment. The grantee shall not sell, transfer, assign or lease the franchise or any part thereof, except with the written approval of the Council. Such sale, transfer, assignment, or lease shall be made only by filing with the Council a copy of the duly executed instrument of such sale, transfer, assignment or lease and a written request for the consent of the Council to such sale, transfer, assignment or lease. If such duly executed instrument and such written request is not filed with the Council before the expiration of thirty (30) days after the effective date of such sale, transfer, assignment or lease, then, upon the expiration of said thirty (30) days, the franchise shall be subject to forfeiture and the Council may, without notice, revoke the franchise. As a condition to the granting of consent to such sale, transfer, assignment or lease, the Council may impose such additional terms and conditions upon the franchisee and upon the grantee or assignee, which the Council may deem to be in the public interest. Such additional terms and conditions shall be expressed by Council resolution. Nothing herein contained shall be construed to grant to the grantee the right to sell, transfer, assign or lease the franchise, or any part thereof, except in the manner aforesaid. This section applies to any assignment, whether by operation of law, by a voluntary act of the grantee or otherwise. (2319-10/78)

3.44.220 Hold harmless. The grantee shall be responsible to the city and shall defend, indemnify and hold harmless the city and its officers and employees from all damages or liability arising from the use, operation or maintenance of the facilities erected, constructed, laid, operated or maintained thereunder. (2319-10/78)

3.44.230 Standards. All facilities erected, constructed, laid, operated or maintained under the provisions of the franchise shall be erected, constructed, laid, operated or maintained in accordance with and conforming to all the ordinances, codes, rules and regulations now or hereafter adopted by or prescribed by the Council. (2319-10/78)

3.44.240 Defective facilities. If any portion of any street shall be damaged by reason of defective facilities laid or constructed under the franchise, the grantee shall, at its own expense, repair any such defect and put such street in as good condition as it was before such damage was incurred, to the satisfaction of the city. If the grantee, within ten (10) days after receipt of written notice from the city, instructing it to repair such damage, shall fail to commence to comply with such instructions, or, thereafter, shall fail diligently to prosecute such work to completion, then the city immediately may do whatever work is necessary to carry out said instructions at the cost and expense of the grantee, which cost and expense, by the acceptance of the franchise, the grantee agrees to pay upon demand. If such damage constitutes an immediate danger to the public health or safety requiring the immediate repair thereof, the city without notice may repair such damage and the grantee agrees to pay the reasonable cost thereof upon demand. (2319-10/78)

3.44.250 Hazardous substances. Prior to the issuance of any excavation permit for the construction or installation of any pipeline for the transmission of flammable liquids or gases, which are heavier than air, written approval shall be obtained from the Director. Said approval should be based on the determination that no undue fire hazard will be created to life or property in the areas through which the proposed pipeline will be located. To make such determination, consideration shall be given to:

- (a) Type of hydrocarbon to be transmitted.
- (b) Density of population or structural development in the area through which the pipeline will be located.
- (c) Adequacy of water supplies for fire control purposes.
- (d) Extent of available public fire protection facilities.

(e) Number and location of shutoff valves in line. (2319-10/78)

II. COMPENSATION

3.44.260 Basic granting fee. In the event of an initial grant of franchise or franchises which extend, renew, or continue previously granted franchises, a base granting fee shall be required as established, and amended from time to time, by resolution of the City Council. (2319-10/78, 2676-2/84)

3.44.270 Base annual fee. A base annual fee shall be paid by franchisee at times specified and in the amount established, and amended from time to time, by resolution of the City Council. (2319-10/78, 2676-2/84)

3.44.280 Base construction charges. The holder of the franchise shall pay at the time of installation, relocation or replacement of any segment of pipe or pipeline, or any other facility covered by the franchise agreement, a base construction charge established, and amended from time to time, by resolution of the City Council. (2319-10/78, 2676-2/84)

3.44.290 Adjustments--Base annual fee. The amount of each annual payment of the base annual fee shall be revised every year from the effective date of the franchise agreement at the time of payment, in accordance with the following formula:

- (a) The "Wholesale 'Producer' Price" index (1967=100) "All Commodities," established by the United States Bureau of Labor Statistics, Department of Labor, as it stands on the date the franchise is granted, shall be taken as the "base index" upon which the above franchise fee is computed.
- (b) If said index for the calendar month ending two (2) months prior to the month in which payment to the city is due shall stand at other than said "base index," then the rate of payment to the city shall vary from said "base annual fee" in direct proportion as said index has increased from the "base index," as hereinabove defined; provided, however, that in no event shall the amount of the annual payment be less than the "base annual fee" as set forth herein.
- (c) If said bureau shall revise the said index, the parties hereto shall accept the method of revision or conversion recommended by said bureau.
- (d) If said bureau shall discontinue the preparation of the said index using prices prevailing in the year 1967, as a base of 100 and if no transposition table prepared by said bureau is available, applicable to said year of 1967, then the amount of each annual payment shall be computed by reference to such other price index as may be chosen by city and the city shall be the sole judge of comparability of successive indices. (2319-10/78)

3.44.300 Proration of payments. In the event of abandonment of facilities with the approval of the city as elsewhere in this chapter provided, or in the event of removal of such facilities by the franchisee, or in the event of the grant of a franchise with an initial franchise payment period of less than one year, the annual franchise fee required under section 3.44.390 shall be prorated for the calendar year in which such removal or abandonment or grant occurs as of the end of the calendar month in which removed, abandoned or granted. (2319-10/78)

3.44.310 Records. Franchisee shall keep and preserve for a period of five (5) years subsequent to the date of the most recent franchise fee determination all the records necessary to determine the amount of such franchise fee.

At all reasonable times, the franchisee shall permit the city or its duly authorized representative to examine all property of the franchisee erected, constructed, laid, operated or maintained

pursuant to the franchise, together with any appurtenant property of the franchisee, and to examine and transcribe any and all books, accounts, papers, maps, and other records kept or maintained by the franchisee or under its control which concern the operations, affairs, transactions, property or financial condition of the franchisee with respect thereto. Said records shall be made available to the city at a location in the county of Orange. (2319-10/78)

III. CONSTRUCTION

3.44.320 Construction requirements. Pipelines and appurtenances shall be constructed and maintained in a good workmanlike manner in conformity with the terms and conditions of any city ordinance, rule or regulation now, or as hereafter amended, adopted or prescribed by the city. All pipes laid under the franchise shall be of first class material. (2319-10/78)

3.44.330 New installation or replacement. New installations or replacements of pipelines and appurtenances and all other facilities necessary for the installation, operation, maintenance, and safety of pipelines and conduits shall be laid and maintained only pursuant to permit issued by the department. All such installations or replacements shall be reviewed by the Director as to the most desirable location in the streets of the city and his decision shall be final and binding on the franchisee. (2319-10/78)

3.44.340 Permits. Where the provisions of any city ordinance, resolution or regulation, which shall be in force at that time, require the issuance of an excavation, encroachment or other type of permit, the franchisee shall not commence any excavation or encroachment work under the franchise until it shall have obtained such permit from the department except in cases of emergency affecting public health, safety or welfare or the preservation of life or property, in which case the franchisee shall apply for such permit not later than the next business day.

The application of the franchisee for such permit shall show the following facts: the length and proposed location of the pipeline and/or appurtenance intended to be used, and such other facts as the department may require. The franchisee shall pay any and all permit inspection fees to the department. (2319-10/78)

3.44.350 Work on and restoration of streets. The work of constructing, laying, replacing, maintaining, repairing or removing all pipelines and appurtenances authorized under the provisions of this chapter in, over, under, along or across any street shall be conducted with the least possible hindrance to the use of the street for purposes of travel. As soon as such work is completed, all portions of the street which have been excavated or otherwise damaged thereby shall promptly and in a workmanlike manner be repaired, replaced or restored and placed in as good condition as before the commencement of such work and shall be done to the satisfaction of the Director at the expense of the franchisee, and in accordance with the terms and conditions of any city ordinance, resolution or regulation.

In the event that the franchisee shall fail or neglect to make such highway repair, replacement or restoration work, ten (10) days after notice therefor has been given franchisee by the Director, the city may repair, replace or restore said highway at the expense of franchisee. Franchisee agrees to pay to the city the cost of performing such work. The amount so chargeable shall be the direct cost of such work plus the current rate of overhead being charged by the city for reimbursable work. (2319-10/78)

3.44.360 Failure to comply timely. In the event that the franchisee fails to complete the work within the time specified in the permit, the city may require the franchisee to pay to the city not more than two hundred dollars (\$200) per day as liquidated damages for each day construction extends beyond the time specified in the permit.

Whenever the franchisee fails to complete any work required by the terms and provisions of the franchise, and the permits issued thereunder, within the time limits required thereby, the city may complete or cause to be completed any and all such work at the expense of the franchisee. The franchisee agrees to pay to the city the cost of performing such work. The amount so chargeable to franchisee shall be the direct cost of such work plus the current rate of overhead being charged by the city for reimbursable work. (2319-10/78)

3.44.370 Completion statement. Upon the completion of the construction of any pipelines or appurtenances constructed pursuant to said franchise, the franchisee shall submit a statement to the Director, identifying the permit or permits issued by the department, the total length of pipeline, the construction of which was authorized under such permit or permits, and the total length of pipeline or appurtenances actually laid. (2319-10/78)

3.44.380 Appurtenances. The franchisee shall have the right to construct, maintain and repair such traps, manholes, conduits, valves, appliances, attachments and appurtenances (hereinafter collectively referred to as "appurtenances") as may be necessary or convenient for the proper maintenance and operation of the pipelines under said franchise, and said appurtenances shall be kept flush with the surface of the street and so located as to conform to any ordinance, resolution or regulation of the city, or of any permit issued by the department in regard thereto and shall not interfere with the use of the street for travel. The franchisee shall have the right subject to such ordinances, resolutions and regulations as are now or may hereafter be in force, to make all necessary excavations in said street for the construction, maintenance and repair of said appurtenances; provided, however, that the franchisee shall first obtain an excavation permit from the department for doing any such work. (2319-10/78)

3.44.390 Ordinary repair. The franchisee shall be privileged to excavate in the road or street for line repair for the number of days agreed upon by the franchisee and the department; provided, however, that the franchisee shall first obtain an excavation permit from the department for the doing of any such work. (2319-10/78)

3.44.400 Breaks or leaks. If any portion of the street shall be damaged by reason of breaks or leaks in any pipe, conduit, or appurtenance constructed or maintained under the franchise, the franchisee thereof shall, at its own expense, immediately following written or oral notification thereof, promptly repair any such damage and put such street in as good condition as it was in before such damage or leak, all to the satisfaction of the department. The franchisee shall obtain an excavation permit from the department for the doing of any such work. (2319-10/78)

3.44.410 Emergency equipment. At all times during the term of this franchise, the franchisee shall maintain or arrange for, on a twenty-four (24) hour a day basis adequate emergency equipment and a properly trained emergency crew within a radius of twenty-five (25) miles from any facilities installed or maintained pursuant hereto for the purpose of shutting off the pressure and the flow of contents of such facilities in the event of an emergency resulting from an earthquake, act of war, civil disturbance, fire, flood, or any other cause or nature whatsoever. (2319-10/78)

3.44.420 Removal or abandonment of facilities.

- (a) At the expiration, revocation or termination of this franchise or the permanent discontinuance of the use of all or a portion of its facilities, the franchisee shall, within thirty (30) days thereafter make written application to the city for authority either: (1) to abandon all or a portion of such facilities in place; or (2) to remove all or a portion of such facilities. The Director shall determine whether any abandonment or removal which is thereby proposed may be effected without detriment to the public interest and under what conditions such proposed abandonment or removal may be safely effected. He shall then notify the franchisee of his determination.

- (b) Within thirty (30) days after receipt of such notice, the franchisee shall apply for a permit from the department to abandon or remove the facility. Such permit is to contain the conditions of abandonment or removal as may be prescribed by the Director.

The franchisee shall, within ninety (90) days after obtaining such permit commence and diligently prosecute to completion, the work authorized by the permit. (2319-10/78)

3.44.430 Failure to comply.

- (a) If any facilities to be abandoned "in place" subject to prescribed conditions shall not be abandoned in accordance with all such conditions the Director may make additional appropriate orders, including an order that the franchisee shall remove any or all such facilities. The franchisee shall comply with such additional orders.
- (b) In the event that the franchisee shall fail to comply with the terms and conditions of abandonment or removal as may be required by this chapter and within such time as may be prescribed by the Director, the city may remove or cause to be removed such facilities at the franchisee's expense. The franchisee shall pay to the city the cost of such work plus the current rate of overhead being charged by the city for reimbursable work.
- (c) If, at the expiration, revocation or termination of this franchise, or of the permanent discontinuance of the use of all or a portion of its facilities, the franchisee shall, within thirty (30) days thereafter, fail or refuse to make written application for the abovementioned authority, the Director shall make the determination as to whether the facilities shall be abandoned in place or removed. The Director shall then notify the franchisee of his determination. The franchisee shall thereafter comply with the provisions of subsection (b) of section 3.44.420. (2319-10/78)

3.44.440 Abandonment "in place" conditions. Facilities abandoned "in place" shall be subject to the condition that if, at any time after the effective date of the abandonment, the Director determines that the facility may interfere with any public project, franchisee or its successor in interest must remove the facility at its expense when requested to do so by the city or to pay city for the cost of such removal. (2319-10/78)

3.44.447 Operation after Franchise Expiration – Revocable License. If a franchise is to expire within sixty days according to the franchise terms, and a new franchise has been requested, but has not yet been granted, the franchisee may request the Mayor and City Council to issue the franchisee a written revocable license, for a renewable term not to exceed one hundred twenty (120) days from the expiration of the franchise, permitting the franchisee to continue to locate its existing facilities in or upon public property in the City during the term of the license. The Mayor and City Council may issue such a revocable license, subject to any restrictions, terms, and conditions (including compensation), without limitation, that they deem to be in the best interests of the City. Nothing herein requires the Mayor and City Council to grant such a revocable license, nor does the issuance of such a revocable license require that the Mayor and City Council grant the franchisee a new franchise. Upon request of the franchisee, the City Clerk shall provide a revocable license application form. (3850-1/10)

IV. SPECIAL PROVISIONS FOR OIL PIPELINES

3.44.450 Rights granted. The franchisee granted an oil pipeline franchise shall have the right during the life thereof to transport oil, gas, gasoline, petroleum, wet gas and other hydrocarbon substances through the pipelines maintained under the franchise. If the franchisee or assignee later qualifies before the Public Utilities Commission of the state of California as a common carrier, the franchisee or assignee shall then have no right to continue to operate hereunder after

the date of such qualification except with the consent of the Council, granted upon such additional terms and conditions as the Council may deem proper. Such additional terms and conditions shall be expressed by resolution. (2319-10/78)

3.44.460 Materials used. All pipelines used or to be used for the transportation of oil, gas, gasoline, petroleum, wet gas and other hydrocarbon substances shall be first class and standard material as set forth by current American Petroleum Institute pipeline specifications. (2319-10/78)

3.44.470 Approvals. On all pipelines laid pursuant to the franchise, the Director shall approve where flush-valve connections shall be placed in the line. The availability of adequate water supplies, the hydrocarbons transmitted in the line, and the location of control valves shall be considered when making such determination. Such flush-valve connections shall be installed in the manner prescribed by the Director. (2319-10/78)

3.44.480 Reports. The franchisee during the life of the franchise, within sixty (60) days after the expiration of each franchise payment period, shall:

- (a) File with the Director two copies of a verified report of the franchisee showing for the immediately preceding franchise period, the length of lines in streets, the internal diameter of such lines, the rate per foot per year and the total amount due the city.
- (b) File with the Director a report in triplicate, showing the permit number of each permit obtained for the installation of new mains during the immediately preceding franchise payment period, together with the length and size of said mains. On this report the franchisee shall show any change in franchise footage since the last franchise payment period segregating such footage as to new mains laid, old mains removed, old mains abandoned in place, and the footage of mains in territory annexed or incorporated since the last franchise payment period. (2319-10/78)

3.44.490 Payments due. Except for pipelines lawfully maintained other than by the authority granted by the franchise, the annual payments shall accrue from the respective dates of installation, whether before or after the effective date of the franchise agreement, and such payments, together with the initial construction charges, if any, shall be due and payable annually. (2319-10/78)

3.44.500 Cost of relocation. Franchisee shall bear the costs of removing and relocating its facilities used and maintained under this franchise if made necessary by any lawful change of grade, alignment or width of any public street, way, alley or place, or for any public project, even if franchisee's facilities are located on a private easement. (2319-10/78)