

RESOLUTION NO. 23-122

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON,
CALIFORNIA, DECLARING ITS INTENTION TO GRANT A PUBLIC
UTILITY PIPELINE FRANCHISE TO ZENITH ENERGY WEST COAST
TERMINALS LLC AND SETTING THE PUBLIC HEARING**

WHEREAS, Zenith Energy West Coast Terminals LLC, a Delaware limited liability company ("Zenith" or "Franchisee"), currently holds a public utility pipeline franchise granted by the City of Carson (the "City") to Southern California Edison Company ("SCE") pursuant to Ordinance No. 99-1185, which restated certain rights granted to SCE under Ordinance No. 73-264, repealed any franchise rights previously granted to SCE by the County of Los Angeles through County Ordinance No. 9271 on January 24, 1967, and established franchise fees to be consistent with fees set out in Public Utilities Code Section 6231.5, to construct, lay, operate, maintain, use, renew, repair, replace, remove, change the size and number of, and remove or abandon in place a system of pipelines, together with such valves, fittings, manholes, vaults, pumps, and other appliances, appurtenances, attachments or equipment as SCE, Zenith, or their successors and assigns, may deem necessary or convenient, for the purpose of conducting, transporting, conveying and carrying gas, oil, petroleum, water and other substances, on, along, in, under and across certain public streets, ways, alleys and places within the City of Carson; and

WHEREAS, the term of the public utility pipeline franchise granted to SCE is 50 years commencing August 15, 1973 and expiring August 14, 2023, with Zenith currently having all rights thereunder by virtue of an assignment from SCE to Pacific Terminals LLC, then a name change from Pacific Terminals LLC to Plains West Coast Terminals LLC, and another name change from Plains West Coast Terminals LLC to Zenith Energy West Coast Terminals LLC; and

WHEREAS, on July 5, 2023, Zenith filed with the City's Director of Public Works an application for a public utility pipeline franchise consisting of the same franchise facilities operated and maintained by Zenith under Ordinance No. 99-1185 and Ordinance No. 73-264; and

WHEREAS, Zenith is current on its public utility pipeline franchise fee payments required under Ordinance No. 99-1185, and intends to pay City retroactively any fees owed after expiration of its current franchise until the effective date of the ordinance that will grant the renewed franchise; and

WHEREAS, the City Council has determined that the public good would be served by the renewal of the Zenith public utility pipeline franchise; and

WHEREAS, pursuant to Charter Section 1001, the City Council must adopt a Resolution of Intention and conduct a public hearing prior to granting Zenith a public utility pipeline franchise; and

WHEREAS, if granted, the resulting franchise shall comply with the City of Carson's City Charter and, except as otherwise stated herein, the Carson Municipal Code.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

Section 1. Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference.

Section 2. Declaration of Intent. The City Council hereby declares its intention to grant Zenith Energy West Coast Terminals LLC (sometimes, "Franchisee"), a public utility pipeline franchise (sometimes, "Franchise"). The character of the Zenith franchise, and the terms and conditions upon which it is proposed to be granted, are described below.

Section 3. Public Hearing. All persons having any interest in or any objection to the renewal of the Zenith franchise may appear during the City Council meeting to be held in the Council Chambers located at Carson City Hall, 701 E. Carson Street, Carson, California, on November 21, 2023 at 5:00 p.m., or as soon thereafter as the matter may be heard, and be heard thereon. At any time not later than the hour set for the hearing, any person interested may make written protest stating any objections against the approval of the Zenith Franchise. Any such protest shall be signed by the protesting individual and delivered to the City Clerk. At the time set for hearing objections, the City Council shall proceed to hear and pass upon all protests so made.

Section 4. Proposed Franchise Terms and Conditions.

A. Franchisee has filed an application with the City of Carson requesting that the City Council grant Franchisee a public utility pipeline franchise to construct, lay, operate, maintain, use, renew, repair, replace, remove, change the size and number of, and remove or abandon in place a system of pipelines, together with such valves, fittings, manholes, vaults, pumps, and other appliances, appurtenances, attachments or equipment as Zenith or its successors and assigns, may deem necessary or convenient, for the purpose of conducting, transporting, conveying and carrying gas, oil, petroleum, water and other substances, on, along, in, under and across certain public streets, ways, alleys and places within the City of Carson, as approved from time to time by resolution of the City Council.

B. The City Council of the City of Carson proposes to grant the Franchise for a period of ten (10) years, with a maximum of two (2) opportunities to extend the Franchise for an additional five (5) years each, or until it is voluntarily surrendered and the Franchise facilities are removed by Franchisee, or until the State or some municipal or public corporation thereunto duly authorized by law shall purchase by voluntary agreement or shall condemn and take under the power of eminent domain all property actually used and useful in the exercise of such Franchise and situated within the territorial limits of the State, municipal, or public corporation purchasing or condemning such property, or until such Franchise is forfeited for noncompliance with its terms by the Franchisee.

C. The Franchise shall apply to Franchisee's existing pipelines within the City, as well as any new pipelines and/or appurtenances added to the Franchise by a future ordinance or resolution of the City Council. The Franchise shall be solely for a public utility pipeline system.

D. If the Franchise shall be granted, the Franchisee will pay the City of Carson the fees set forth below, which include fees pursuant to California Public Utilities Code Section 6231.5(a) and (b), or the Franchise will be forfeited:

1. Retroactive Application of Fees.

Within thirty (30) days after the passage of this Ordinance and prior to signing the written acceptance of the Franchise, Franchisee shall pay to the City, in addition to any other fees required, the Base Annual Fee set out below in Section 4.D.2 , retroactively assessed on a pro-rated basis, for the period of August 15, 2023 to the effective date of this Ordinance granting the Franchise.

2. Base Annual Fee.

A base annual fee shall be paid within sixty (60) days after the end of each calendar year and during the life of the Franchise for each and every year, commencing with calendar year 2023, according to the “franchise payment period” as defined in Carson Municipal Code Section 6800 *et seq.*, by multiplying the pipe length expressed in feet by the applicable base rate, as follows:

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

For pipelines with an internal diameter not listed above, the fees shall be in the same proportion to the fees of a twelve inch (12”) diameter pipe as the diameter of the unlisted pipe is to twelve (12) inches. The formula used in arriving at the annual fee shall apply to any existing, replacement, modification or extension of the pipeline.

3. Adjustments.

a. The amount of the fee specified above shall be adjusted at the time payment is due by multiplying the base fee by the Consumer Price Index, All Urban Consumers for the Los Angeles-Long Beach-Anaheim area as published by the United States Department of Labor, Office of Information for the month of September immediately preceding the month in which payment is due and payable, and divided by the Consumer Price Index for June 30, 1989, which is declared to be 100.0 (being the base CPI used for purposes of future adjustments in the fee).

b. In no event shall an annual fee be charged which is less than the base annual fee amount established above.

c. The indices specified in paragraph a. above are calculated and published by the United States Department of Labor, Bureau of Labor Statistics. If the Bureau discontinues the calculation or publication of the Consumer Price Index for the area, and if no transposition table is available to convert to another index, then the amount of each annual adjustment in base fees shall be computed by using a comparable governmental index.

E. Compliance with Local, State, and Federal Regulations.

1. Except as otherwise stated herein, Franchisee shall comply with all mandates of the City Charter and Carson Municipal Code, including Article VI, Chapter 8.

2. Franchisee shall also comply with State and Federal regulations.

F. If the Franchise is granted, the Franchisee shall obtain and provide satisfactory evidence to the City Clerk of having, in full force and effect, insurance policies for liability coverage, automobile liability, workers' compensation, employer liability, pollution coverage, and, if applicable, professional liability insurance from companies that are authorized to transact business in the State of California by the Insurance Commissioner of California and have a minimum rating of or equivalent to A-VIII in Best's Key Rating Guide, Comprehensive Liability Insurance, or the Franchise will be suspended.

Section 5. Effective Date. This Resolution shall be effective immediately upon its adoption.

Section 6. Certification. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

Section 7. Publication of Notice. Pursuant to Section 1001 of the City Charter, the City Clerk shall publish this Resolution at least once in a newspaper of general circulation in the City, posted on the City's website, and at other location(s) the City Clerk may designate. Publication of this Resolution shall occur within fifteen (15) days after the passage of this Resolution and at least ten (10) days prior to the hearing date set forth in Section 3 above and shall serve as notice of the

public hearing. The 10-day and 15-day requirements may be met with a single publication of this Resolution. The publication of this Resolution shall have the title, "NOTICE OF INTENTION TO GRANT A FRANCHISE."

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PASSED, APPROVED, and ADOPTED this 7th day of November, 2023.

Lula Davis-Holmes, Mayor

ATTEST:

Dr. Khaleah R. Bradshaw, City Clerk

APPROVED AS TO FORM:

Sunny K. Soltani, City Attorney