

**BOARD OF SUPERVISORS OF THE
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA**

Resolution No. _____

In The Matter Of the Proposed Grant of)	RESOLUTION GRANTING A
a Private Franchise to ERG RESOURCES,)	PRIVATE PIPELINE FRANCHISE
LLC, for the Purpose of Operating and)	CALIFORNIA GOVERNMENT CODE
Maintaining an Existing Pipeline System)	SECTION 26001 ET. SEQ. and
Transporting Various Petroleum Products)	SANTA BARBARA COUNTY
Within Certain Santa Barbara County)	CODE SECTION 2-82.1
Public Right-of-Way)	

WHEREAS, on March 23, 1970, the Santa Barbara County Board of Supervisors granted to TEXACO, INC., by Ordinance 2071, a franchise for the purpose of installing pipelines to transmit petroleum products within certain public right-of-way in unincorporated portions of the County of Santa Barbara (hereinafter “County”); and

WHEREAS, title to the pipeline system installed pursuant to Ordinance 2071 and depicted on Exhibit “A” of the Private Franchise, attached hereto and by reference made a part hereof, was transferred by TEXACO, INC., to CHEVRON U.S.A, INC., which subsequently transferred all rights, title and interest in the system to ERG RESOURCES, INC., (hereinafter “ERG”), a Texas Limited Liability Company; and

WHEREAS, Ordinance 2071 expired on March 23, 2010, and ERG has continued to comply with the terms and conditions of that Ordinance, including paying the required franchise fees and operating the pipeline system pursuant to all required permits and applicable rules and regulations, until a new franchise agreement is adopted by County and accepted by ERG; and

WHEREAS, ERG has filed with the County an application for a new private franchise for the purpose of operating and maintaining the existing private pipeline system to be used for the internal transportation of petroleum products, from ERG’s facilities on one side of the road to their facilities on the other side of the road, through the existing private pipeline system located within County road right-of-way, as shown on Exhibit A of the attached Private Franchise; and

WHEREAS, Ordinance 2071 specifically granted TEXACO, INC., its successors and assigns, the right “...to install, operate, maintain, replace, change the size of, abandon in place and remove pipe lines for the transportation of oil, gas, gasoline, petroleum, wet gas, hydrocarbon substances, water, waste water, steam or other substances transportable by pipe lines, together with all appurtenances...”, and has been operated as a private line under permit with the County’s Energy Division of Planning and Development and various Road Encroachment Permits issued by the County’s Public Works Department; and

WHEREAS, the private franchise granted by this Resolution, and attached hereto, grants ERG RESOURCES, LLC, its successors and assigns, the right to operate and maintain the existing pipeline system, as shown on Exhibit A of the private franchise; and

WHEREAS, the Director of the County's Public Works Department has evaluated the application and determined that the continued use of the existing pipeline system will not negatively impact the County's road system; and

WHEREAS, the Board of Supervisors has determined that it is in the best interest of the public to grant, by Resolution, said Private Franchise for the continued use of the existing pipeline system, to transmit various petroleum products, for a period of twenty years.

NOW, THEREFORE, BE IT RESOLVED, the Santa Barbara County Board of Supervisors does hereby find, determine and order as follows:

1. The above recitals are true and correct; and
2. The pipelines subject to the attached Private Franchise cross Cat Canyon Road and Palmer Road, and run through County roadway along Cat Canyon Road and Palmer Road, north of Los Alamos, in the unincorporated area of the County; and
3. Adoption of this Resolution grants a Private Franchise to ERG Resources, LLC, for a term of twenty (20) years, subject to the terms and conditions contained therein.

Passed and adopted by the Board of Supervisors of the County of Santa Barbara, State of California, this ____ day of _____ 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

COUNTY OF SANTA BARBARA

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

JANET WOLF, CHAIR
BOARD OF SUPERVISORS

By: _____
Deputy

APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL

APPROVED AS TO ACCOUNTING:
ROBERT W. GEIS, C.P.A.
AUDITOR-CONTROLLER

By: _____
Brian Pettit, Esq.,
Deputy County Counsel

By: _____
Deputy

**PRIVATE FRANCHISE
ERG RESOURCES, LLC
COUNTY CODE SECTION 2-82.1**

PRIVATE FRANCHISE

This Private Franchise (hereinafter “Franchise”) is granted by the Board of Supervisors of the County of Santa Barbara (hereinafter “County”) pursuant to Chapter 2, Article XI, Section 2-82.1 of the Santa Barbara County Code.

PREAMBLE

A Franchise is hereby granted to ERG RESOURCES, LLC, its successors and assigns, (hereinafter "Grantee"), for a period of twenty (20) years from and after the effective date of this Franchise, for the purposes described below; over, under or upon those certain public streets, ways, alleys or places in the unincorporated areas of the County of Santa Barbara, as shown on Exhibit “A”, attached hereto and incorporated herein by reference.

(1) Purpose: The purpose of the Franchise is to operate and maintain certain in-place pipelines for the transportation of hydrocarbon substances within County right-of-way in the unincorporated area of the County of Santa Barbara shown on Exhibit A. Grantee, as successor in interest to Texaco Inc., and Chevron USA, Inc., of the Franchise granted by County to Texaco, Inc., on March 23, 1970, by Ordinance 2071; operates and maintains those pipelines subject to all requirements of any permits required by County, or any government entity with jurisdiction. This Franchise is granted only for the purposes set forth herein. Any modification or expansion of the purpose of the Franchise shall be subject to separate County approval and reevaluation of the terms of this Franchise, through the County’s Board of Supervisors.

(2) Franchise Area: The Franchise Area shall consist of the public right-of-way within the unincorporated areas of the County of Santa Barbara, as such are depicted on the maps attached hereto as Exhibit A. In the event Grantee desires to add, expand or alter the alignment of the facilities described in this Franchise, Grantee shall submit plans and specifications to County at the address shown in Section 18 hereof, detailing any such addition, expansion or alteration. The County’s Board of Supervisors shall have the sole and absolute discretion, following a public hearing, to approve or deny any addition, expansion or alteration of the facilities described in this Franchise which exceeds a ten percent increase in the total lineal footage or volume of the pipeline system within the Franchise Area, or which involves any addition or expansion beyond the Franchise Area.

The terms and conditions of the Franchise are as follows:

SECTION 1. SCOPE OF FRANCHISE. This Franchise shall only apply to the Franchise Area depicted on Exhibit A, and shall be limited to the facilities identified therein, as may be amended by the County’s Board of Supervisors. The facilities to be operated under this Franchise shall be maintained in a good and workmanlike manner and of good material, as set forth in Section 4 hereof. The work of operating and maintaining the pipeline system shall at all times during the term hereof, in all respects comply with present and future rules, regulations and ordinances of such Federal, State and County authorities as may have jurisdiction over the system, including the permit requirements set forth in Section 3, below. The County reserves all regulatory power by law allowed to it over and with reference to the franchise rights

granted and the exercise of rights, powers, or privileges under the same by the Grantee, its successors or assigns.

Grantee shall, immediately upon disturbing or altering any public right-of-way, shall at its own cost and expense place all public roads disturbed or altered in as good order and condition as the road was in prior to being disturbed or excavated for the purpose of using or maintaining any pipelines or appurtenances, including communication circuits.

Grantee shall relocate, without expense to County, any pipelines or appurtenances, including communication circuits, maintained or used under this Franchise, if and when made necessary by any lawful change of grade, alignment or width of any public roads by County.

Grantee shall not permit any facilities authorized herein to be used by any third parties for the benefit of such third party, without the prior written consent of County. For purposes of this Franchise, "third party" shall be any person or organization of any type, which does not have a bona fide business relationship with Grantee apart from the rights which are the subject of this Franchise.

This Franchise shall be non-exclusive.

SECTION 2. ACCEPTANCE. This Franchise is accepted as binding on the parties when the Franchise is awarded by the County's Board of Supervisors and accepted by the Grantee.

Grantee shall within thirty (30) days after the passage of the Resolution granting the Franchise, file with the Clerk of the Board written acceptance of the terms and conditions of this Franchise. Should Grantee fail to file written acceptance within thirty (30) days, any Franchise rights or privileges shall automatically terminate.

SECTION 3. PERMIT. The Grantee may, subject to such regulations as are now or hereafter may be in force, make excavations in and place obstructions upon County roads within the area covered by this Franchise for the purpose of maintaining, operating, and removing any Franchise facility or property. Except in the event of an emergency, no excavation in or obstruction of any County road may be made unless and until a Road Encroachment Permit therefor is obtained from the County, in accordance with, and if required by, the provisions of Chapter 28 of the Santa Barbara County Code, and any amendments and successors thereto. In the event of an emergency, the Grantee shall promptly notify the County of the incident and file an application for a Road Encroachment Permit within one (1) business day of such notification. In addition, Grantee shall at all times comply with all applicable Federal, State and local rules, restrictions and procedures related to construction, safety and environmental issues as may be in effect upon the granting of the Franchise, or which may become effective during the term of the Franchise, including any amendments or replacements thereof.

SECTION 4. MAINTENANCE OF PIPELINES AND APPURTENANCES. For purposes of this Franchise, maintenance shall be defined as those acts deemed appropriate to ensure the continued integrity of the facilities, including repair and replacement of existing pipelines and appurtenances, or any authorized addition, alteration, or expansion thereof, and shall not include any expansion of the Franchise Area set forth in Exhibit A without the express approval of the County's Board of Supervisors. Grantee represents and warrants that, prior to the granting of this Franchise, Grantee has inspected, repaired and replaced all pipelines and appurtenances to the extent required to ensure compliance with all Federal, State and County requirements applicable thereto. All facilities covered by this Franchise shall be maintained in good working order in such a manner as to ensure the continued integrity of the pipeline facilities.

SECTION 5. ASSIGNMENT. The Grantee shall not transfer or assign this Franchise, or any of the rights or privileges granted hereby, except with the written consent of the County's Board of Supervisors. A mere change of name or of the nature of the Grantee entity without more than fifty percent (50%) change in ownership of Grantee shall not require such consent, but a merger with another entity, or a change of ownership of Grantee or its stock in excess of fifty percent (50%) shall require such consent of the County's Board of Supervisors. Before the County's Board of Supervisors will consider consenting to such transfer or assignment, the proposed assignee shall submit a financial statement of its assets and liabilities and a statement of experience and qualifications. No consent shall be effective until the proposed assignee files with the County's Board of Supervisors its bond in the amount to be approved by the Board of Supervisors.

The Grantee shall, within thirty (30) days after any sale, transfer, assignment or lease of the Franchise or any part thereof, or of any of the rights or privileges granted thereby, provide the County with written evidence of such transaction.

SECTION 6. FRANCHISE FEES. Grantee and its successors and assigns, shall during the term of this Franchise, and for so long as Grantee has facilities, equipment or appurtenances occupying County right-of-way, pay to the County of Santa Barbara, in lawful money of the United States, Franchise fees as follows:

Annual Franchise fees shall be calculated based on the total lineal feet of County right-of-way occupied by Grantee's facilities or appurtenances maintained pursuant to this Franchise at a rate of three dollars (\$3.00) per lineal foot, except the idle produced water pipeline that was the subject of the original franchise granted to Texaco, Inc., in 1970, as Ordinance 2071. County recognizes that the pipeline has been sealed in appropriate locations to render it safe until it is returned to service, removed or permanently abandoned pursuant to express authorization by the Board of Supervisors. Until such time as that produced water pipeline has been returned to service, removed or abandoned pursuant to such authorization, grantee shall pay annual franchise fees in the amount of TWO THOUSAND EIGHT HUNDRED NINETY-NINE DOLLARS AND THIRTY-SEVEN CENTS (\$2,899.37) for that idle produced water pipeline. In the event the produced water line is returned to service, Grantee shall pay the same rate for that pipeline as is applied to all other active lines. In the event the produced water line is removed or abandoned pursuant to express authorization by the Board of Supervisors, no annual fees shall apply to that line after confirmation by the County Planning and Development Department that the line has been removed or abandoned in accordance with any and all required permits.

Concurrently with the annual payment of Franchise fees, Grantee shall file a statement with the County at the address set forth in Section 18, verified by oath of the manager or other responsible officer of Grantee, showing the actual lineal footage of any and all of Grantee's facilities occupying County right-of-way within the Franchise Area.

The annual Franchise fees shall be adjusted every five years according to the Consumer Price Index as follows:

(a) The applicable base rate shall be multiplied by the proportional increase in the United States Department of Labor's Consumer Price Index for All Urban Consumers (CPI-U) for the selected local area of Los Angeles-Riverside-Orange County, CA, from September of the year five years prior to September of the current year. Under no circumstances shall the multiplying factor be less than one.

(b) If the United States Department of Labor, Office of Information discontinues the preparation or publication of a Consumer Price Index for the area, and if no

translation table prepared by the Department of Labor is available so as to make those statistics which are then available applicable to the index of June 30, 1989, the municipality shall prescribe a rate of payment which shall, in its judgment, vary from the rates specified in this section in approximate proportion as commodity consumer prices then current vary from commodity consumer prices current in December 1988. On this point, the determination by the County shall be final and conclusive.

The Franchise fees shall be paid annually in advance on or before the effective date of this Franchise, as determined according to Section 13, EFFECTIVE DATE OF FRANCHISE, and each anniversary thereof during the term of this Franchise, or for so long as Grantee has facilities, equipment or appurtenances occupying County right-of-way. Franchise fees shall be paid for all facilities or appurtenances not removed or abandoned in place in accordance with Section 16 hereof. If such payment is not received by the County at the address set forth in Section 18 hereof within fifteen days, the Grantee shall pay, without any requirement of notice by County, a late charge equal to 10% of such overdue amount.

The County's Board of Supervisors hereby reserves the right to review the measure or amount of Franchise fees required herein at the end of each five-year period of the Franchise, and also separately reserves the right to change the Franchise fees required herein to conform to a uniform fee schedule for all private franchises, should such schedule hereafter be adopted. If the Board of Supervisors desires to change the measure or amount of Franchise fees, a hearing shall be provided, and Grantee shall be given a ten-day notice of the hearing and shall be provided with a copy of the proposed change in fees. In the event that such increases should occur, County shall provide Grantee with ninety (90) days written notice of any increase prior to its application to this Franchise.

Upon commencement of this Franchise, the annual franchise fees are THIRTEEN THOUSAND THREE HUNDRED SEVENTY-FIVE DOLLARS AND THIRTY-FOUR CENTS (\$13,375.34).

SECTION 7. VERIFIED STATEMENT.

Concurrently with the annual payment of Franchise fees, Grantee shall file a statement with the County, verified by oath of the manager or other responsible officer of Grantee, showing the actual lineal footage of any and all of Grantee's facilities occupying County right-of-way. A current statement is attached hereto and incorporated herein as Exhibit "B".

Notwithstanding the above, any neglect, omission or refusal by Grantee to file such verified statement or to pay Franchise fees at the times or in the manner herein provided shall be adequate grounds upon which the County Board of Supervisors may, by resolution, declare this Franchise and all rights of the Grantee hereunder terminated.

SECTION 8. BOND. The grant of this Franchise is effective only upon the further condition that the Grantee shall file within five business days of the Grantee's filing its written acceptance of the Franchise, and at all times during the life of the Franchise, keep on file with the County, a bond running to the County of Santa Barbara and to any successor to any of the rights of the County of Santa Barbara under the terms of this Franchise in a penal sum of FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$500,000.00), with sureties to be approved by the County. The Bond shall be conditioned upon the Grantee well and truly observing, fulfilling and performing each and every term and condition of the Franchise, including Section 16 herein. In case of any failure by the Grantee to perform any term or condition of the Franchise, or in case of any breach of any term or condition of the Franchise by the Grantee, the entire bond shall be recoverable, and the principal and surety shall be jointly and severally liable for such performance or for any damage, expense, loss or injury directly or indirectly suffered

therefrom by the County of Santa Barbara. This bond shall not be deemed to be the bond required by Sec. 28-7 of the Santa Barbara County Code.

No bond shall be deemed adequate unless it is valid for the entire term of the Franchise plus one year, and specifically applies to Grantee's obligation to remove all pipelines and appurtenances from the Franchise Area in accordance with Section 16 hereof. For purposes of this Section and Section 6, the term of the Franchise shall not expire until Grantee has removed all pipelines and appurtenances from County right-of-way in accordance with Section 16. All bonds shall contain provisions that the bond shall remain valid until at least thirty days after written notification by the surety to the County that the bond is about to be cancelled, expire or not be renewed.

Nothing herein shall insulate Grantee from liability in excess of the amount of the bond or shall be construed as a waiver by the County of any legal remedy against the Grantee for any breach of the terms and conditions of this Franchise, or for any damage, loss or injury suffered by the County of Santa Barbara in Grantee's exercise of this Franchise.

SECTION 9. FORFEITURE. Any failure or refusal of the Grantee to comply with any term or condition of this Franchise or of the bond shall be adequate ground for a termination hereof and the County Board of Supervisors may thereupon declare by resolution an automatic forfeiture of this franchise and may exclude the Grantee from further occupancy or use of all County property authorized under this Franchise. A termination shall not of itself operate to release the bond required in Section 8 herein. Upon declaring the Franchise terminated, the County may elect to take and accept the bond as liquidated damages therefor or to pursue any other legal remedy for any damage, loss or injury.

After forfeiture of the Franchise, the bond shall remain in full force and effect for a period of one year unless exonerated by the County. No bond shall be exonerated unless a release is obtained from the County Public Works Director, or designee, from the County Auditor-Controller, or designee, and by approval of the County Board of Supervisors. The release shall state whether all excavations have been backfilled, all obstructions removed, and whether the substratum or surface of County roads occupied or used have been placed in a good and serviceable condition. The release shall not constitute a waiver of any right or remedy which the County may have against the Grantee or any other person for any damage, loss or injury suffered by the County as a result of any work or activity performed by the Grantee in the exercise of this Franchise.

SECTION 10. PAYMENT OF TAXES. If, at any time during the life of this Franchise, the holder becomes delinquent in the payment of any taxes or fees to the County of Santa Barbara or to any special district operating within the County, this Franchise may be forfeited by resolution of the County's Board of Supervisors. Taxes shall not be deemed delinquent hereunder, even though unpaid when due, if Grantee has notified County that it contests the validity or legality of all or part of such taxes and Grantee thereafter diligently pursues a determination of such validity or legality.

SECTION 11. TITLE TO PROPERTY. Title to all real or personal property placed above, on, imbedded in or buried under the substratum or surface of County property by the Grantee in exercise of this Franchise shall remain in the Grantee.

SECTION 12. RIGHT LIMITED TO PUBLIC EASEMENTS. This Franchise shall confer upon the Grantee only the right or privilege to enter upon the public easement or fee interest in County roads and shall not be construed to authorize any invasion of property rights of abutting owners.

SECTION 13. EFFECTIVE DATE OF FRANCHISE. This Franchise shall commence and become effective upon satisfaction of all of the following: passage of the resolution granting this Franchise by the County Board of Supervisors, Grantee's filing of written acceptance of the terms and conditions of this Franchise with the Clerk of the Board in accordance with Section 2 herein, submission of the bond required by Section 8 herein, and Grantee's submission of proof of the insurance requirements referenced in Section 17 herein.

SECTION 14. CHANGE IN STATUS OF PUBLIC AREA. If any of the area covered by this Franchise is included in an incorporated city, the city shall as to that area succeed to all rights of the County under this Franchise.

SECTION 15. RELOCATION OF FRANCHISE FACILITIES. If and when made necessary by any lawful change of grade, alignment, or width of any public street, way, alley, or place by the County, Grantee shall remove or relocate any facilities installed, used, and maintained under this Franchise, without expense to the County.

SECTION 16. REMOVAL OF FACILITIES. Prior to termination or expiration of this Franchise and, provided the Grantee has not filed an application with the County to renew or replace such Franchise, the County Board of Supervisors may require the Grantee to remove, without expense to the County, all pipelines and appurtenances maintained in County roads pursuant to the term of this Franchise. If such removal is not completed prior to expiration or termination of this Franchise or any additional period granted by the County Board of Supervisors, then the County Board of Supervisors may provide for the removal or any part thereof and Grantee agrees to pay for the costs of such removal. County may use the proceeds of the Bond required by Section 8 for any costs incurred by County for the removal of the facilities.

Notwithstanding anything contained herein, the County Board of Supervisors may by resolution authorize the Grantee to abandon in place any line, pole or other facility, which Grantee has installed and maintained in exercise of its rights under the terms of this Franchise. The request of the Grantee to abandon in place any facility shall be deemed an offer of transfer of such facilities to the County and by resolution authorizing Grantee to abandon any facility in place the County shall succeed to all right, title and interest of Grantee to the facilities.

SECTION 17. INDEMNIFICATION and INSURANCE. Grantee hereby agrees to the indemnification provisions set forth in Exhibit "C", attached hereto and incorporated herein by reference, and shall procure and maintain insurance in an amount and type approved by the County's Risk Manager. This insurance requirement shall be subject to periodic review by County and may be revised from time to time to include additional types of coverage and limits.

Upon the granting of this Franchise, grantee shall comply with the insurance requirements set forth in Exhibit C.

SECTION 18. NOTICES. All notices, demands, approvals, consents, or other communications required or desired to be given under this Ordinance shall be mailed, delivered or transmitted to the party involved at the address indicated below:

Grantee: ERG Resources, LLC Michelle Mariscal
 Environmental Safety and Regulatory Technician
 6085 Cat Canyon Road

Santa Maria CA 93454
Phone: (805) 361-7110
Fax: (805) 937-7217

County: County of Santa Barbara
General Services Department
Real Property Division
1105 Santa Barbara Street
Santa Barbara, CA 93101
Phone: (805) 568-3070
Fax: (805) 568-3249

Each such notice, demand, approval, consent, or other communication shall be deemed effective and given (i) upon receipt, if personally delivered, (ii) upon being transmitted, if sent by telegram, telex or telecopy, if a copy of the notice is also sent by United states Certified Mail and provided receipt is confirmed by a transmission report or otherwise, (iii) two (2) business days after deposit in the United States mail in Los Angeles or Santa Barbara Counties, certified and postage prepaid, properly addressed to the party to be served or (iv) upon receipt if sent in any other way. Any party hereto may from time to time, by written notice to the other, designate a different address than that set forth above for the purposes of notice, provided, however, that no notice of a change of address shall be effective until actual receipt of the notice.

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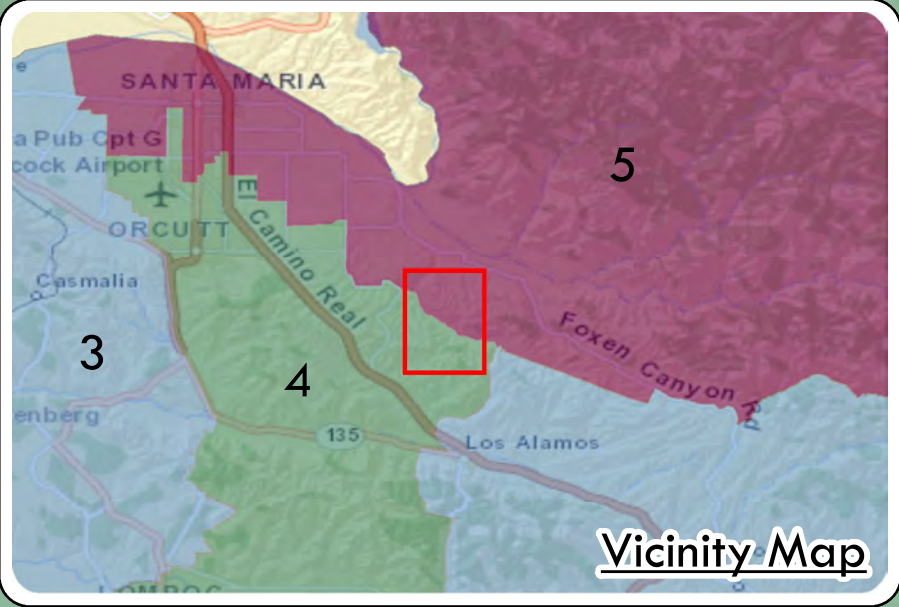
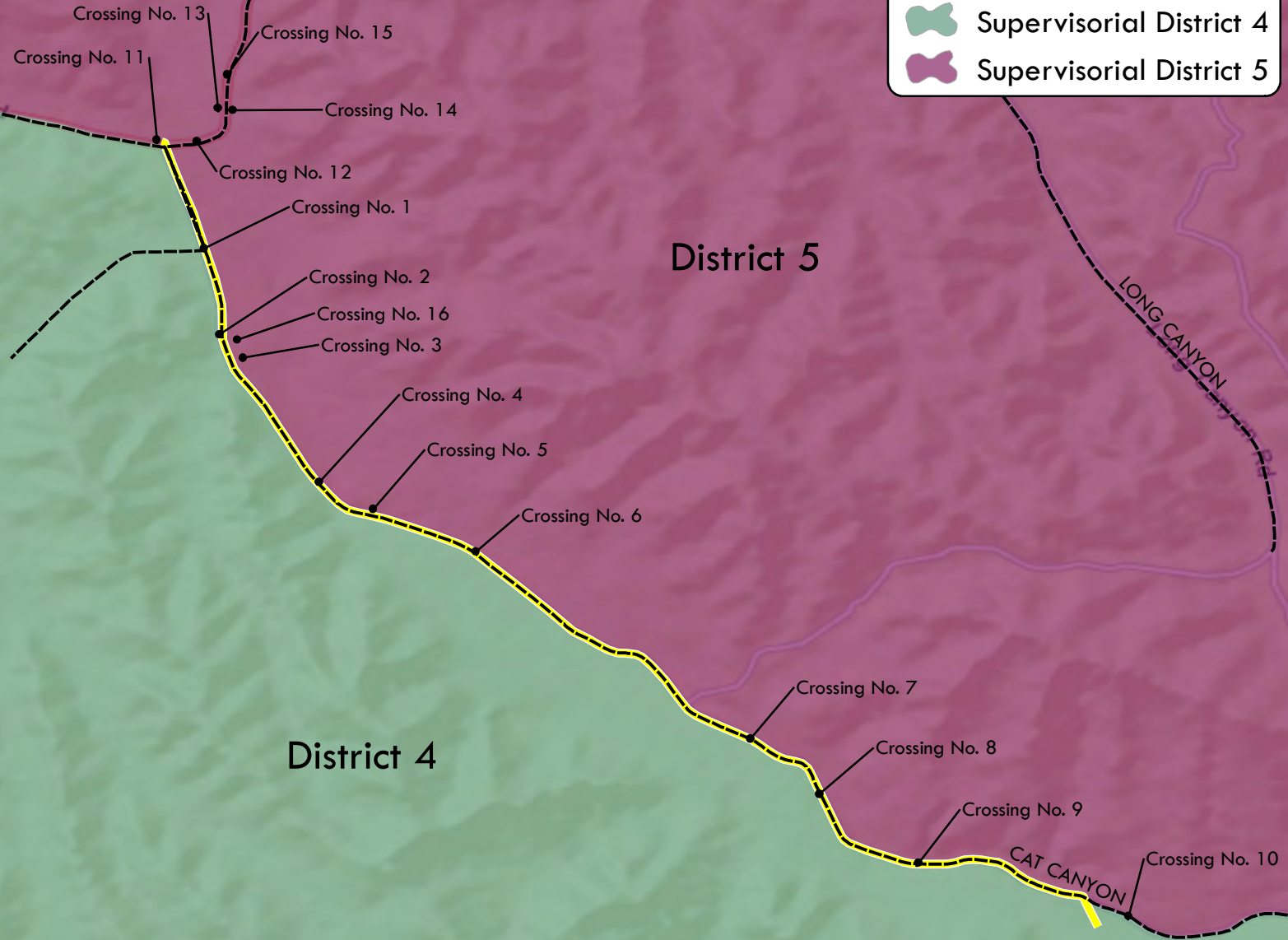
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Cat Canyon Pipeline Crossings

Exhibit A

Legend

- Road Crossing
- Waste Water Line
- - - Roadway
- Supervisorial District 4
- Supervisorial District 5



Vicinity Map

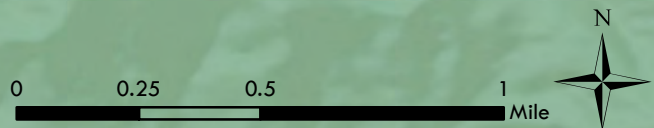


Exhibit B
Verified Statement

This statement is being filed in accordance with the requirements of Section 7 of the franchise granted by Santa Barbara County Resolution No. _____

I. Idle Produced Water Line:

Length of Pipeline in County Right of Way	Road	Status Idle/Active	Cost
15,408.8 ft.	Cat Canyon	Idle	\$2,899.37

Total: \$2,899.37

II. Other Pipeline Crossings: \$3.00 per lineal foot

Length of Pipeline In County Right of Way	Road	Status Idle/Active	Cost
2689.88 ft.	Cat Canyon	Active	\$8,069.64
50 ft.	Cat Cayon	Idle	\$150.00
485.46 ft .	Palmer	Active	\$1,456.38
266.65 ft.	Palmer	Idle	\$799.95

Total: \$10,475.97

Total Annual Franchise Fee: \$13,375.34

By my signature below, I certify, on behalf of ERG Resources, LLC, that I am a manager or other responsible officer of ERG Resources, LLC, and that the above information is true and correct.

Phillip E. Sorget
Signature

Phillip E. Sorget
Name

PRESIDENT
Title

13	Palmer	53.33	Idle	\$3.00	\$159.99
13	Palmer	53.33	Idle	\$3.00	\$159.99
13	Palmer	53.33	Idle	\$3.00	\$159.99
13	Palmer	53.33	Idle	\$3.00	\$159.99
14	Palmer	55.26	Active	\$3.00	\$165.78
14	Palmer	55.26	Active	\$3.00	\$165.78
14	Palmer	55.26	Active	\$3.00	\$165.78
14	Palmer	55.26	Active	\$3.00	\$165.78
15	Palmer	51.1	Active	\$3.00	\$153.30
16	Cat Canyon	99	Active	\$3.00	\$297.00
16	Cat Canyon	99	Active	\$3.00	\$297.00
16	Cat Canyon	99	Active	\$3.00	\$297.00
16	Cat Canyon	99	Active	\$3.00	\$297.00
Multiple	Cat Canyon	15408.8	Idle	\$0.19	\$2,899.37
				Total	\$13,375.34

EXHIBIT C
INDEMNIFICATION and INSURANCE REQUIREMENTS

1. Indemnity – Grantee shall defend, indemnify and save harmless the County, its officers, agents and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising out of this Agreement or occasioned by the performance or attempted performance of the provisions hereof; including, but not limited to, any act or omission to act on the part of the Grantee or his agents or employees or other independent contractors directly responsible to him; except those claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities resulting from the sole negligence or willful misconduct of the County.

Grantee shall notify the County immediately in the event of any accident or injury arising out of or in connection with this Agreement.

2. Additional Insured – All policies, except for the Workers' Compensation, Errors and Omissions and Professional Liability and Automobile Liability policies, shall contain endorsements naming County and its officers, employees, agents and volunteers as additional insureds with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for County to vicarious liability but shall allow coverage for County to the full extent provided by the policy.

3. Waiver of Subrogation Rights – Grantee shall require the carriers of required coverages to waive all rights of subrogation against County, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit Grantee and Grantee's employees or agents from waiving the right of subrogation prior to a loss or claim. Grantee hereby waives all rights of subrogation against County.

4. Policies Primary and Non-Contributory – All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by County.

5. Severability of Interests – Grantee agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between Grantee and County or between County and any other insured or additional insured under the policy.

6. Proof of Coverage – Grantee shall furnish Certificates of Insurance to the County Department administering the Agreement evidencing the insurance coverage, including endorsements, as required, prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and Grantee shall maintain such insurance from the time Grantee commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the

commencement of this Agreement, Grantee shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

7. Acceptability of Insurance Carrier – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best's Insurance Guide rating of A- VII.

8. Deductibles and Self-Insured Retention - Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared to and approved by Risk Management.

9. Failure to Procure Coverage – In the event that any policy of insurance required under this Agreement does not comply with the requirements, is not procured, or is canceled and not replaced, County has the right but not the obligation or duty to cancel the Agreement or obtain insurance if it deems necessary and any premiums paid by County will be promptly reimbursed by Grantee or County payments to Grantee will be reduced to pay for County purchased insurance.

10. Insurance Review – Insurance requirements are subject to periodic review by County. The Risk Manager or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of County. In addition, if the Division of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Risk Manager or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against County, inflation, or any other item reasonably related to County's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. Grantee agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of County to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of County.

11. Insurance Specifications – Grantee agrees to provide insurance set forth in accordance with the requirements herein. If Grantee uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, Grantee agrees to amend, supplement or endorse the existing coverage to do so. The type(s) of insurance required is determined by the scope of the contract services.

Without in any way affecting the indemnity herein provided and in addition thereto, Grantee shall secure and maintain throughout the Agreement term the following types of insurance with limits as shown:

A Workers' Compensation/Employers Liability – A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with one million dollar (\$1,000,000) limits covering all persons including volunteers providing services on behalf of Grantee and all risks to such persons under this Agreement.

If Grantee has no employees, it may certify or warrant to County that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the County's Program Risk Administrator.

With respect to Contractors that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

B. Commercial/General Liability Insurance – Grantee shall carry General Liability Insurance written on Insurance Services Office (ISO) Form CG 00 01 12 07 covering CGL on an "occurrence" basis, covering all operations performed by or on behalf of Grantee with limits of not less than two million dollars (\$2,000,000) per occurrence and not less than a two million dollar (\$2,000,000) general aggregate limit.

C. Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Form Number CA 00 01 covering any auto (Code 1), or if Grantee has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than one million (\$1,000,000) per accident for bodily injury and property damage.

If Grantee owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

D. Pollution Liability Coverage – Grantee shall carry Pollution Liability Coverage with limits of not less than ten million (\$10,000,000) per occurrence.

E. Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.