11/10/20 #57
(O-2027-19)

ORDINANCE NUMBER O- 22159 (NEW SERIES)

DATE OF FINAL PASSAGE NOV 13 2026

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO GRANTING A FRANCHISE TO JET INFRASTRUCTURE HOLDING IA (SAN DIEGO), LLC, TO OPERATE, MAINTAIN, INSPECT, REPAIR, REMOVE, REPLACE, AND INSTALL PETROLEUM REFINED PRODUCTS PIPELINES AND APPURTENANT FACILITIES IN CERTAIN PUBLIC STREETS IN THE CITY OF SAN DIEGO.

RECITALS

The Council of the City of San Diego (Council) adopts this Ordinance based on the following:

A. The Council previously adopted Ordinance No. O-18535 (Dec. 14, 1999), which granted a franchise to WesPac Pipelines - San Diego Ltd. (WesPac), to construct and operate up to two pipelines, each not to exceed ten inches internal diameter, for the transportation of jet fuel in the public right-of way under the terms and conditions of a franchise agreement on file in the Office of the City Clerk as Document No. OO-18735 (1999 Franchise).

B. On December 18, 2018, Jet Infrastructure Holding IA (San Diego), LLC (JET), purchased the 1999 Franchise from WesPac, but did not obtain Council approval as required by San Diego Charter section 103.

C. The 1999 Franchise became effective on January 13, 2000, and expired by its own terms on January 13, 2025.

D. Since purchasing the 1999 Franchise from WesPac, JET has continuously operated a single pipeline for transporting jet fuel under the terms and conditions of the 1999 Franchise.

E. JET requested a new franchise to continue to operate pipelines for the transportation of jet fuel in one ordinance under its own name. An appraisal showing the market

value of such franchise is included as Attachment C to the staff report accompanying this Ordinance (Appraisal).

F. Pursuant to California Public Utilities Code Sections 6201-6205.1, the State of California authorizes cities to issue pipeline franchises, so long as the terms and conditions of such franchises are not in conflict with state law standards.

G. The terms of a new pipeline franchise as set out in this Ordinance are not in conflict with the California Public Utilities Code, adhere to San Diego City Charter Sections 103, 103.1, 104, and 105, and are in the public interest.

H. The Office of the City Attorney prepared this Ordinance based on the information provided by City staff, including information provided by affected third parties and verified by City staff, with the understanding that this information is complete and accurate.

I. Under San Diego Charter section 103, a two-thirds (2/3) supermajority vote of the Council is required for passage of this Ordinance.

ACTION ITEMS

Be it ordained by the Council of the City of San Diego:

Section 1.

The Council has considered the Appraisal and all interests, objections, and protests to a new franchise being granted to JET and through this Ordinance awards a franchise to JET under the terms and conditions set forth in Sections 2 through 24, inclusive, of this Ordinance and San Diego Charter Sections 103,103.1, 104, and 105.

Section 2. Definitions

The following definitions apply in this Ordinance and are capitalized when they appear:

(a) "Applicable Law" means any law, rule, regulation requirement, guideline, action, determination, or order of, or legal entitlement issued by, any governmental body having jurisdiction, applicable from time to time to the operation and ownership of business operations, or any other transaction or matter contemplated by the Franchise (including any which concern health, safety, fire, environmental protection, transmission and distribution, metering, billing, quality and use, public records, labor relations, environmental plans, building codes, nondiscrimination, and the payment of minimum and prevailing wages), including without limitation applicable provisions of the San Diego Charter, the San Diego Municipal Code, the California Constitution, the California Public Utilities Code, the California Labor Code, the Federal Power Act and orders and decisions of the California Public Utilities Commission (CPUC) and Federal Energy Regulatory Commission (FERC).

(b) "City" means the City of San Diego, a municipal corporation of the State of California, in its present incorporated form or in any later reorganized, consolidated, enlarged, or reincorporated form.

(c) "City Manager" means the person defined in San Diego Charter sections 28, 260, and 265 as those provisions existed on the Effective Date or as those provisions may be hereafter amended, and the meaning shall include any person lawfully delegated rights or responsibilities by such person.

(d) "Claims" is defined in Section 8(a) of this Franchise.

(e) "Code" means the California Public Utilities Code.

(f) "CPUC" means the California Public Utilities Commission.

(g) "Effective Date" means the thirtieth day from and after the final passage of this Ordinance by the City Council pursuant to San Diego Charter Section 295.

(h) "Existing Pipeline" means the pipeline existing within the Franchise Area on the Effective Date installed pursuant to the Previous Franchise and described in the Exhibit A attached hereto.

(i) "Franchise" means the franchise and rights granted by the City Council to Franchisee by this Ordinance No. O- 22159 pursuant to San Diego Charter sections 103, 103.1, 104, and 105.

(j) "Franchise Acceptance" is defined in Section 4 of this Franchise.

(k) "Franchise Area" means the streets, rights of way, and public property within the City which are the subject of this Franchise and described in the Exhibit B attached hereto.

(l) "Franchisee" means Jet Infrastructure Holding IA (San Diego), LLC, a Delaware limited liability company.

(m) "Industry Best Practices" means the collective of the practices, methods, and acts engaged in or approved by a significant portion of the Petroleum Refined Products transportation industry in the western United States during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Industry Best Practices are not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the industry as a whole. Industry Best Practices include, but are not limited to, strict adherence to Federal Aviation Administration Advisory Circular 150/5230-4B, regulations relevant to Petroleum Refined Products in Title 8 of the California Code of Regulations, and any successor(s) thereto.

(n) "Indemnified Parties" is defined in Section 8(a) of this Franchise.

(o) "Petroleum Refined Products" means petroleum or biofuel products used in the propulsion of aircraft or motor vehicles and other petroleum substances.

(p) "Lay and Use" means to lay, construct, erect, install, operate, maintain, use repair, replace or remove.

(q) "Pipes and Appurtenances" means the pipes, mains, services, traps, vents, vaults, manholes, meters, communication circuits, appliances, attachments, appurtenances, and, without limitation to the foregoing, any other equipment or property located or to be located in, upon, along, across, under or over the Franchise Area, and used or useful for the purpose of the transmission and distribution of Petroleum Refined Products and for internal communication systems.

(r) "Prior Franchise" means that certain franchise acquired by Franchisee originally granted by City by Ordinance No. O-18735.

(s) "San Diego Charter" means the Charter of the City.

(t) "Second Pipeline" means the Pipes and Appurtenances necessary to Lay and Use a pipeline, other than the Existing Pipeline, within the Franchise Area.

(u) "Work" means any and all construction, installation, repair, maintenance, removal or relocation of any Pipes and Appurtenances or other improvements performed under this Franchise.

Section 3. Grant and Term of Franchise; Expiration; Holding Over; Non-Exclusivity.

(a) Grant of Franchise. The non-exclusive right, privilege, and franchise is hereby granted to Franchisee to:

(1) continue to Lay and Use the Existing Pipeline for transmitting and distributing Petroleum Refined Products for any and all lawful purposes;

(2) expand the internal diameter of the Existing Pipeline to no more than ten (10) inches; and

(3) Lay and Use Pipes and Appurtenances to install a Second Pipeline for transmitting and distributing Petroleum Refined Products for any and all lawful purposes. The internal diameter of the Second Pipeline shall not exceed ten (10) inches.

(b) Franchise Term. The term of this Franchise shall be for a period of twenty-five (25) years beginning on the day Franchisee files the signed Franchise Acceptance with the City Clerk pursuant to Section 4 of this Franchise. This Franchise shall expire prior to the end of the term if:

(1) Franchisee voluntarily surrenders or abandons the Franchise;

(2) the State of California or any municipal or public corporation duly authorized by law purchases by voluntary agreement or condemns and takes under the power of eminent domain all property used in the exercise of this Franchise and located within its territorial limits;

(3) the Franchise is forfeited for noncompliance with its terms by Franchise.

(c) Expiration. If Franchisee continues to operate its Pipes and Appurtenances upon expiration of this Franchise, then such holding over shall constitute a renewal of this Franchise on an annual basis, with the franchise fee during the holdover period to be paid in accordance with Section 5 of this Franchise. Either Party shall be entitled to terminate such holdover status upon one ninety (90) days prior written notice to the other party.

(d) Non-Exclusivity. The granting of this Franchise shall not be construed to prevent the City from granting any identical or similar franchise to any entity other than Franchisee.

(e) Effect of Franchise on Prior Franchise. This Franchise supersedes and replaces the Prior Franchise in all respects.

Section 4. Franchise Acceptance

No later than ten (10) days after the Effective Date, the Franchisee shall file with the City Clerk a written acceptance of the Franchise hereby granted in the form of the Franchise Acceptance attached hereto as Exhibit C (the "Franchise Acceptance"). The City Clerk shall file the Franchise Acceptance signed by Franchisee as Document No. OO-22159. For purposes of measuring the Franchise Term, the commencement date of this Franchise Term shall be the earlier of the tenth (10th) day after the Effective Date or the date Franchisee files the Franchise Acceptance with the City Clerk.

Section 5. Franchise Fee and Costs

(a) Franchise Fee. Franchisee shall, during the term of the Franchise, on or before each anniversary of the Effective Date, pay to City, an annual fee in the amounts set out in Exhibit D attached hereto.

(b) Publication. Franchisee shall also pay to City a sum of money sufficient to reimburse it for all publication expenses incurred by it in connection with the granting of this Franchise, such payment to be made within thirty (30) days after the City furnishes Franchisee with a written statement of such expenses.

(c) Administration. Franchisee shall reimburse City in the amount of amount of five thousand dollars ($5,000.00) for City's reasonable administrative expenses, including legal fees and costs, in preparing and approving the Franchise documents. Franchisee shall pay said

amount to City within thirty (30) days of the Effective Date of this Franchise, provided, however, that any amounts deposited by Franchisee with City prior to approval of this Franchise for reimbursement of City's reasonable administrative expenses shall be deducted from said amount.

(d) Permit Fees. Franchisee shall apply for all necessary permits associated with any proposed Work under this Franchise. In addition to the fees described herein, Franchisee shall pay all applicable permit fees, as they may be amended from time to time.

(e) Other Fees. Payments of compensation made by Franchisee to City pursuant to the provisions of this Section 5 are in addition to, and exclusive of, any and all authorized taxes and other fees, levies, or assessments now in effect or subsequently adopted in accordance with applicable laws.

Section 6. Compliance with Laws

(a) All facilities or equipment of Franchise that Franchisee shall Lay and Use pursuant to the provisions of the Franchise, shall be accomplished in accordance with Applicable Law and with the ordinances, rules, and regulations of the City now or as hereafter adopted or prescribed, and such rules or regulations as are promulgated under state law, or orders of the CPUC or other governmental authority having jurisdiction in the Franchise Area and/or over the Pipes and Appurtenances.

(b) Without limiting the general applicability of the foregoing Section 6(a), or diminishing in any way the significance or consequence of Franchisee's duty to comply with all laws, Franchisee shall specifically observe and fully comply with the ordinances and regulations of City as provided in Section 7 of the Franchise below.

(c) Consistent with Sections 5(a) and (b), all of Franchisee's operations shall comply with Good Utility Practices at all times.

Section 7. City Reserved Powers

The City reserves the right for itself to lay, construct, erect, install, use, operate, repair, replace, remove, relocate, regrade, or maintain below surface or above surface improvements of any type or description in upon, along, across, under or over the street within the Franchise Area. The City further reserves the right to relocate, remove, vacate, or replace the streets themselves. If the necessary exercise of the City's reserved rights conflicts with any Pipes and Appurtenances of Franchisee pursuant to the provisions of the Franchise, whether or not previously Laid or Used, Franchisee shall, without cost or expense to the City within one hundred eight (180) calendar days after a request in writing by the City Manager, subject to a day for day extension due to delays associated with permitting or regulatory approvals not caused by the Franchisee containing substantially complete designs for the portion of the work impacting Franchisee's Pipes and Appurtenances, begin the physical field construction of changing the location of all corresponding conflicting facilities or equipment using Industry Best Practices and in compliance with all Applicable Law.

Section 8. Indemnity; Defense; Insurance

(a) Indemnity. Franchisee, to the fullest extent permitted by law, shall defend with legal counsel reasonably acceptable to the City, indemnify, and hold harmless the City and its officers, agents, departments, officials, and employees (collectively, "Indemnified Parties") from and against all claims, losses, costs, damages, injuries (including death, and including injury to or death of an employee of Franchisee, any agent or employee of a subcontractor of any tier), expense and liability (collectively "Claims"), including court costs, litigation expenses and fees of expert consultants or expert witnesses incurred in connection therewith and costs of investigation, that arise out of, in whole or in part, any acts performed, rights exercised, or rights

or privileges granted under the Franchise, to or by Franchisee, any employee, agent or subcontractor of any tier. Franchisee's duty to defend, indemnify, and hold harmless shall not include (1) any Claims or liabilities arising from the sole negligence, or willful misconduct of the Indemnified Parties, or (2) any Claims or liabilities regarding the award, amendment, renewal or extension of the Franchise to Franchisee. Rights and remedies available to the City under this provision are cumulative to those provided for elsewhere in this Franchise and those allowed under Applicable Law. The provisions of this Section 8(a) shall survive the expiration or termination of this Franchise.

(b) Insurance. The insurance provisions herein shall not be construed to limit Franchisee's indemnity and defense duties set forth in this Franchise.

(1) Policies and Procedures.

(i) Franchisee shall procure the insurance described below, at its sole cost and expense, to provide coverage against claims for loss including injuries to persons or damage to property, which may arise out of or in connection with the performance of Work by Franchisee and its agents, representatives, officers, employees or subcontractors.

(ii) Insurance coverage for property damage resulting from Franchisee's operations is on a replacement cost valuation. The market value will not be accepted.

(iii) Franchisee shall maintain the insurance as required by this Franchise and at all times thereafter when it is correcting, removing, or replacing Work in accordance with this Franchise. Franchisee's duties under this Franchise, including its indemnity obligations, are not limited to the insurance coverage required by this Section 8(b) of the Franchise.

(iv) If Franchisee maintains broader coverage or higher limits than the minimums shown below, City requires and shall be entitled to the broader coverage or the higher limits maintained by Franchisee. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to City.

(v) Franchisee is not entitled to any additional payment from the City to cover Franchisee's insurance. Franchisee shall not begin any Work under this Franchise until it has provided, and the City has approved, all required insurance.

(vi) Policies of insurance shall provide that the City is entitled to 30 days advance written notice of cancellation or non-renewal of the policy or 10 days advance written notice for cancellation due to non-payment of premium. Maintenance of specified insurance coverage is a material element of Franchisee's duties under the Franchise. Franchisee's failure to maintain or renew coverage and to provide evidence of renewal during the term of the Franchise may be treated by the City as a material breach of the Franchise and subject the Franchise to termination pursuant to Section 14(b).

(2) Types of Insurance

(i) General Liability Insurance.

(a) Commercial General Liability Insurance shall be written on the current version of the ISO Occurrence form CG 00 01 07 98 or an equivalent form providing coverage at least as broad.

(b) The policy shall cover liability arising from premises and operations, XCU (explosions, underground, and collapse), independent contractors, products/completed operations, personal injury and advertising injury, bodily injury, property

damage, and liability assumed under an insured's contract (including the tort liability of another assumed in a business contract).

(c) There shall be no endorsement or modification limiting the scope of coverage for either "insured vs. insured" claims or contractual liability. Franchisee shall maintain the same or equivalent insurance during the entire term of this Franchise and for at least 10 years following the expiration or earlier termination of the Franchise.

(d) All costs of defense shall be outside the policy limits.

Policy coverage shall be in liability limits of not less than the following:

General Annual Aggregate Limit	Limits of Liability
Other than Products/Completed Operations	$10,000,000
Products/Completed Operations Aggregate Limit	$10,000,000
Personal Injury Limit	$5,000,000
Each Occurrence	$5,000,000

(ii) Commercial Automobile Liability Insurance.

(a) Franchisee shall provide a policy or policies of Commercial Automobile Liability Insurance written on the current version of the ISO form CA 00 01 12 90 or later version or equivalent form providing coverage at least as broad in the amount of $1,000,000 combined single limit per accident, covering bodily injury and property damage for owned, non-owned, and hired automobiles ("Any Auto").

(b) All costs of defense shall be outside the limits of the policy.

(iii) Workers' Compensation Insurance and Employers Liability Insurance.

(a) In accordance with the provisions of California Labor Code Section 3700, Franchisee shall provide, at Franchisee's expense, Workers' Compensation Insurance and Employers Liability Insurance to protect Franchisee against all claims under applicable state workers' compensation laws. The City, its elected officials, and employees will not be responsible for any claims in law or equity occasioned by Franchisee's failure to comply with this requirement.

(b) Statutory Limits shall be provided for Workers' Compensation Insurance as required by the state of California, and Employer's Liability Insurance with limits of no less than $1,000,000 per accident for bodily injury or disease.

(c) By signing and returning the Franchise Acceptance, Franchisee certifies that Franchisee is aware of the provisions of California's Workers' Compensation laws, including Labor Code Section 3700, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance, and that Franchisee will comply with these provisions before commencing any Work.

(iv) Contractors Pollution Liability Insurance.

(a) Franchisee shall procure and maintain at Franchisee's expense, or require Franchisee's subcontractors, as described below, to procure and maintain Contractors Pollution Liability Insurance applicable to any Work being performed, with a limit no less than $2,000,000 per claim or occurrence and $4,000,000 aggregate per policy period of one year.

(b) All costs of defense shall be outside the limits of the policy.

(c) Franchisee shall obtain written approval from the City for any insurance provided by Franchisee's subcontractor instead of Franchisee.

(d) For approval of a substitution of Franchisee's or Franchisee's subcontractor's insurance, Franchisee shall certify that all activities for which the Contractors Pollution Liability Insurance will provide coverage will be performed exclusively by the subcontractor providing the insurance. The deductible shall not exceed $25,000 per claim unless the City has provided prior, written approval.

(e) Occurrence based policies shall be procured before any Work commences. Claims Made policies shall be procured before any Work commences, shall be maintained for the entire period Work is performed, and shall include a 12-month extended Claims Discovery Period applicable to this Franchise or the existing policy or policies that shall continue to be maintained for 12 months after the completion of such Work without advancing the retroactive date.

(v) Contractors Hazardous Transporters Pollution Liability Insurance.

(a) Franchisee shall procure and maintain at Franchisee's expense or require Franchisee's subcontractor, as described below, to procure and maintain, Contractors Hazardous Transporters Pollution Liability Insurance applicable to any Work being performed, including contractual liability coverage to cover liability arising out of transportation of hazardous or toxic, materials, substances, or any other pollutants by Franchisee or any subcontractor in an amount no less than $2,000,000 limit per occurrence and $4,000,000 aggregate per policy period of one year.

(b) All costs of defense shall be outside the limits of the policy.

(c) Franchisee shall obtain written approval from the City from any insurance provided by a subcontractor instead of Franchisee.

(d) To obtain City approval of a subcontractor's insurance coverage in lieu of the Franchisee's insurance, Franchisee shall certify that all activities under the Contractor's Hazardous Transporters Pollution Liability Insurance will be performed exclusively by the subcontractor providing the insurance. The deductible shall not exceed $25,000 per claim without prior approval of the City.

(e) Occurrence based policies shall be procured before any Work commences. Claims Made policies shall be procured before the Work commences, shall be maintained for the duration of any Work done pursuant to this Franchise, and shall include a 12-month extended Claims Discovery Period applicable to such Work or the existing policy or policies that shall continue to be maintained for 12 months after the completion of such Work without advancing the retroactive date.

(vi) Railroad Protective Liability Insurance. Exclusions relating to performance of operations within the vicinity of any railroad, bridge, trestle, roadbed, tunnel, underpass, or cross shall be deleted from all policies to which they may apply. Alternatively, Franchisee may provide separate Railroad Protective Liability insurance providing coverage, including endorsements, equivalent to that required for the CGL described herein.

(vii) Architects and Engineers Professional Insurance (Errors and Omissions Insurance).

(a) Franchisee shall keep, or require all of Franchisee's employees, contractors, or subcontractors, who provide professional engineering services for any Work that requires such professional engineering services, Professional Liability coverage with a limit of $1,000,000 per claim and $2,000,000 annual aggregate in full force and effect.

(b) Franchisee shall ensure the following: (a) the policy retroactive date is on or before the date of commencement of any Work that requires professional engineering services to be completed, including the design phase of any such Work; and (b) the policy will be maintained in force for a period of 3 years after final completion of such Work and Franchisee agrees that for the time period specified in this section, there will be no changes or endorsements to the policy that affect the specified coverage. If professional engineering services are to be provided solely by a contractor or subcontractor, Franchisee shall certify this to the City in writing, and shall agree in writing to require the contractor or subcontractor to procure Professional Liability coverage in accordance with the requirements set forth above.

(3) Rating Requirements. Except for the State Compensation Insurance Fund, all insurance required by this Contract shall be carried only by responsible insurance companies with a rating of, or equivalent to, at least "A-, VI" by A.M. Best Company, that are authorized by the California Insurance Commissioner to do business in the state of California, and that have been approved by the City.

(i) Non-Admitted Carriers. The City will accept insurance provided by non-admitted, "surplus lines" carriers only if the carrier is authorized to do business in the state of California, and is included on the List of Approved Surplus Lines Insurers (LASLI list). All policies of insurance carried by non-admitted carriers shall be subject to all of the requirements for policies of insurance provided by admitted carriers described in this Contract.

(4) Evidence of Insurance. Franchisee shall furnish the City with original Certificates of Insurance, including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause), prior to the Effective Date and no less than 30 days prior to Franchisee's commencement of any Work under this Franchise,

as applicable. In addition, The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements, required by these specifications, at any time.

(5) Policy Endorsements.

(i) Commercial General Liability Insurance.

(a) Additional Insured. To the fullest extent permitted by law and consistent with the limiting provisions set forth at California Civil Code Section 2782, California Insurance Code Section 11580.04, and any applicable successor statutes limiting indemnification of public agencies that bind the City, the policy or policies shall be endorsed to include as an Additional Insured the City and its respective elected officials, officers, employees, agents, and representatives, with respect to liability arising out of: Ongoing operations performed by Franchisee or on Franchisee's behalf, Franchisee's products, Franchisee's work, e.g., Franchisee's completed operations performed by Franchisee or on Franchisee's behalf, or. premises owned, leased, controlled, or used by Franchisee.

(b) Primary and Non-Contributory Coverage. The policy shall be endorsed to provide that the coverage with respect to operations, including the completed operations, if appropriate, of the Named Insured is primary to any insurance or self-insurance of the City and its elected officials, officers, employees, agents and representatives. Further, it shall provide that any insurance maintained by the City and its elected officials, officers, employees, agents and representatives shall be in excess of Franchisee's insurance and shall not contribute to it.

(c) Project General Aggregate Limit. The policy or policies shall be endorsed to provide a Designated Construction Project General Aggregate Limit that

will apply only to a given Work, or require such endorsement from Franchisee or Franchisee's subcontrators. Only claims payments which arise from such Work shall reduce the Designated Construction Project General Aggregate Limit. The Designated Construction Project General Aggregate Limit shall be in addition to the aggregate limit provided for the products-completed operations hazard.

(ii) Workers' Compensation Insurance and Employers Liability Insurance.

(a) Waiver of Subrogation. The policy or policies shall be endorsed to provide that the insurer will waive all rights of subrogation against the City and its respective elected officials, officers, employees, agents, and representatives for losses paid under the terms of the policy or policies and which arise from Work performed by the Named Insured for the City.

(b) Workers' Compensation Insurance for Work In, Over, or Alongside Navigable Waters. In addition to the Workers' Compensation Insurance required under the General Conditions of this Contract, Franchisee shall provide additional insurance coverage for claims brought under the Longshore and Harbor Workers' Compensation Act, the Jones Act, general maritime law, and any other applicable federal or state laws, relating to Franchisee's Work in, over, or alongside navigable waters.

(iii) Contractors Pollution Liability Insurance Endorsements.

(a) Additional Insured. To the fullest extent permitted by law and consistent with the limiting provisions set forth at California Civil Code Section 2782, California Insurance Code Section 11580.04, and any applicable successor statutes limiting indemnification of public agencies that bind the City, the policy or policies shall be endorsed to

include as an Additional Insured the City and its respective elected officials, officers, employees, agents, and representatives, with respect to liability arising out of: ongoing operations performed by Franchisee or on Franchisee's behalf; Franchisee's products; Franchisee's work, e.g., Franchisee's completed operations performed by Franchisee or on Franchisee's behalf; or premises owned, leased, controlled, or used by Franchisee.

(b) Primary and Non-Contributory Coverage. The policy or policies shall be endorsed to provide that the insurance afforded by the Contractors Pollution Liability Insurance policy or policies is primary to any insurance or self-insurance of the City and its elected officials, officers, employees, agents and representatives with respect to operations including the completed operations of the Named Insured. Any insurance maintained by the City and its elected officials, officers, employees, agents and representatives shall be in excess of Franchisee's insurance and shall not contribute to it.

(c) Severability of Interest. For Contractors Pollution Liability Insurance, the policy or policies shall provide that Franchisee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability and shall provide cross-liability coverage.

(iv) Contractors Hazardous Transporters Pollution Liability Insurance Endorsements.

(a) Additional Insured. To the fullest extent permitted by law and consistent with the limiting provisions set forth at California Civil Code Section 2782, California Insurance Code Section 11580.04, and any applicable successor statutes limiting indemnification of public agencies that bind the City, the policy or policies shall be endorsed to include as an Additional Insured the City and its respective elected officials, officers, employees,

agents, and representatives, with respect to liability arising out of: ongoing operations performed by Franchisee or on Franchisee's behalf; Franchisee's products; Franchisee's work, e.g., Franchisee's completed operations performed by Franchisee or on Franchisee's behalf; or premises owned, leased, controlled, or used by Franchisee.

(b) Primary and Non-Contributory Coverage. The policy or policies shall be endorsed to provide that the insurance afforded by the Contractors Pollution Liability Insurance policy or policies is primary to any insurance or self-insurance of the City and its elected officials, officers, employees, agents and representatives with respect to operations including the completed operations of the Named Insured. Any insurance maintained by the City and its elected officials, officers, employees, agents and representatives shall be in excess of Franchisee's insurance and shall not contribute to it.

(c) Severability of Interest. For Contractors Hazardous Transporters Pollution Liability Insurance, the policy or policies shall provide that Franchisee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability, and shall provide cross-liability coverage.

(6) Deductibles and Self-Insured Retentions. Franchisee shall disclose deductibles and self-insured retentions to the City at the time the evidence of insurance is provided. The City may require Franchisee to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City.

(7) Reservation of Rights. The City reserves the right, from time to time, to review Franchisee's insurance coverage, limits, deductibles, and self-insured retentions to determine if they are acceptable to the City.

(8) Notice of Changes to Insurance. Franchisee shall notify the City, in writing, 30 days prior to any material change to the policies of insurance required by under this Franchise. This written notice is in addition to the requirements of Section 8(b)(1)(vi).

(9) Excess Insurance. Policies providing excess coverage shall follow the form of the primary policy or policies, including, all endorsements.

Section 9. Construction; Installation; Repair

(a) Use of Streets. Any Work performed under the authority of this Franchise shall be done with the least possible hindrance to the use of the streets in the Franchise Area for the purposes of travel. As soon as such Work is completed, all portions of such streets that have been excavated or damaged thereby, shall be placed in as good condition as the same were before the commencement of such Work to the satisfaction of the City Manager. In the event that Franchisee fails or neglects to make such street repair, replacement or restoration Work, then thirty (30) days after written notice therefore has been given by the City to the Franchisee, City may perform such Work, or cause such work to be performed, at Franchisee's cost. Franchisee shall reimburse the City for all such costs within thirty (30) days of written invoice, plus the current rate of overhead charged by the City for all reimbursable Work. Franchisee shall pay to the City, on demand, the cost of all repairs to public property made necessary by any operations of the Franchisee under this Franchise. For the avoidance of doubt, if Franchisee's operations cause the need for a repair to a street, sidewalk, curb or gutter, which because of a change in Applicable Law must be built to new standards, Franchisee shall repair or build the street,

sidewalk, curb or gutter to such new standards. Franchisee may make repairs to streets, sidewalks, curbs and gutters itself at its own cost in accordance with City specifications if the same can be done without undue inconvenience to the public use of the streets.

(b) Tunneling and Boring. When practical, where it is necessary to lay any underground pipes through, under or across any portion of a paved or macadamized street, the same, shall be done by a tunnel or bore, so as not to disturb the foundation of such paved or macadamized street.

(c) Street Coverings. All street coverings or openings of traps, vaults, and manholes shall be constructed flush with the surface of the streets; provided, however, that vents for underground traps, vaults and manholes may extend above the surface of the streets if such vents are located in parkways, between the curb and the property line, and are not, in the reasonable opinion of the City Manager, hazardous to the public.

(d) Permits. Franchisee shall not perform any Work under this Franchise without first obtaining a permit from the City and any and all other governmental entities with jurisdiction over such Work; provided that in cases of emergencies affecting the public health and safety or the preservation of life and property, Franchisee shall apply for such permits no later than the next business day.

(e) Plans and Specifications. The City Manager shall have the right to give the Franchisee such directions for the location of any Pipes and Appurtenances as may be reasonably necessary to avoid sewers, natural gas pipes, conduits or other structures lawfully in or under the streets; and prior to any Work commenced by Franchisee, the Franchisee shall file with the City plans and specifications showing the location and Work thereof. In addition, Pipes and Appurtenances shall be designed and constructed in accordance with the latest revisions of the

"American National Standard Code for Pressure Piping ANSI/ASME B31.4", American Petroleum Institute Standard 1104; Code of Federal Regulations, Part 195, Title 49 U.S.C.; the Pipeline Safety Act of 1981 (California Government Section 51010, et seq. as enforced by the California State Fire Marshal); and other applicable standards and Codes, as applicable and whichever is the most stringent. City shall have the right to review Franchisee's plans and specifications for the construction of any Pipes and Appurtenances for proper purposes, and approve such plans and specifications.

(f) Bonds. Franchisee shall make such deposits of money or file such bonds at request of the City, with the City as may be required to ensure satisfaction and completion of any Work under this Franchise.

(g) Hazardous Waste. In the event of a release of hazardous waste, as that term is defined in Section 1004(3) of the Resource Conservation and Recovery Act (RCRA) (42 USC 6903(5)), by Franchisee or from any Pipes and Appurtenances, Franchisee shall immediately notify City, begin remedial Work and pay for all related remedial costs incurred by Franchisee and City.

Section 10. Relocation; Abandonment; Removal

(a) Relocation. Franchisee shall, at the request of the City, and at Franchisee's sole cost and expense, remove or relocate any Pipes and Appurtenances installed, used or maintained under this Franchise if and when made necessary by the lawful change in grade, alignment or width of any street, including the construction of any subway or viaduct by the City, or any other street improvement of any kind required by the City or the Port of San Diego. Franchisee shall remove or relocate its Pipes and Appurtenances to the nearest alternative location as reasonably established by the City Manager, and within such reasonable time frame as the City Manager

establishes. If Franchisee fails to relocate its Pipes and Appurtenances within the required time, the City may cause the Work to be done and shall keep an itemized account of the entire cost thereof, and Franchisee shall reimburse the City, or any other public entity, for its costs within ninety (90) days of Franchisee's receipt of the itemized account of costs. The City may consider Franchisee in default of this Franchise should Franchisee fail to comply with the notice, timing or direction to relocate its Pipes and Appurtenances.

(b) Abandonment & Removal. Franchisee shall notify the City within thirty (30) days prior to any determination made by Franchisee to abandon the use of any Pipes and Appurtenances or its intent either to abandon the Pipes and Appurtenances in place, or to remove all or a portion of the Pipes and Appurtenances. The Franchisee may thereafter, at the option of the City, abandon or remove the Pipes and Appurtenances in accordance with such terms and conditions consistent with the standards imposed by the City. For the avoidance of doubt, the reference to abandonment is defined under the California Office of the State Fire Marshal or associated federal code reference material in 49 CFR 195.

Section 11. Performance Bond

Prior to the commencement of any Work, Franchisee shall file and maintain a faithful performance bond in favor of the City in the sum of One Million dollars ($1,000,000.00) for such Work to guarantee that Franchisee shall well and truly observe, fulfill, and perform each and every term and condition of the Franchise. The bond shall be acknowledged by Franchisee as principal and by a corporation licensed by the Insurance Commissioner of the State of California to transact the business of a fidelity and surety insurance company as surety. In case of any breach of any condition of the Franchise causing actual provable damage to the City, up to the

whole amount of the sum named in the bond may be taken and shall be recoverable from the principal and sureties upon such bond.

Section 12. Transfer

(a) Franchisee shall not sell, transfer, or assign the Franchise or the rights and privileges granted thereby without the consent of the City Council, as set forth in San Diego Charter Section 103.

(b) Bankruptcy. Franchisee and the City acknowledge that if Franchisee becomes a debtor in bankruptcy under the bankruptcy laws of the United States ("Bankruptcy Code"), the Franchise shall be treated as an executory contract pursuant to Bankruptcy Code Section 365(c). Franchisee and the City further acknowledge that, as a non-assignable contract pursuant to applicable law, including San Diego Charter Section 103 and California Public Utilities Code Section 6203, the Franchise may not be assumed or assigned by the trustee or the debtor-in-possession without the consent of the City. In the event that the debtor-in-possession assumes the Franchise and the Franchise is sold pursuant to the Bankruptcy Code, it is the intent of the parties that the City shall have the right of first refusal to match the price of any buyer for the purchase of Franchisee's facilities and assets and may acquire Franchisee's facilities by matching any bona fide offer of purchase made in bankruptcy. Franchisee and City acknowledge that if the City files any petition for bankruptcy pursuant to Chapter 9 of the Bankruptcy Code, Franchisee's claims shall be treated consistently with the applicable provisions of that Chapter.

Section 13. Eminent Domain

Nothing in the Ordinance or the Franchise granted hereby shall be construed as in any way impairing the City's rights to acquire property of Franchise through the exercise of the City's power of eminent domain or through voluntary agreement between the City and

Franchisee. If the City chooses to exercise its power of eminent domain, it shall do so in accordance with the procedures provided by the general law of the State of California. The valuation of such property for condemnation purposes shall be made in accordance with such general law

Section 14. Forfeiture; Termination; Other Remedies

(a) Interpretation. The Franchise is granted upon each and every condition herein contained and shall be strictly construed against Grantee. Nothing shall pass by the Franchise granted to Grantee unless granted in plain and unambiguous terms. Each of the Franchise conditions is a material and essential condition to the granting of the Franchise.

(b) Termination. If the Franchisee shall fail, neglect, or refuse to comply with any of the provisions or conditions of this Franchise, and shall not, within sixty (60) days after written demand for compliance, subject to a day for day extension due to delays associated with permitting or regulatory approvals not caused by the Franchisee, begin the work of compliance, or after such beginning shall not prosecute the same with due diligence to completion, then the City may, in its sole discretion, terminate this Franchise and declare the Franchise forfeited.

(c) Injunctive Relief. If Franchisee violates, or threatens to violate, the conditions of this Franchise, the City shall have the right to seek injunctive relief from such violation or threatened violation in a court of competent jurisdiction located in San Diego County, California.

Section 15. Authority for Grant of Franchise

Notwithstanding any other provisions, the Franchise is granted solely and exclusively under San Diego City Charter Sections 103, 103.1, 104, and 105.

Section 16. Notices

All notices, requests and demands hereunder must be in writing to be effective. All notices required to be given hereunder or by operation of law in connection with the performance or enforcement hereof shall be deemed given upon delivery if delivered personally (which includes notices delivered by messenger or overnight courier) or, if delivered by mail, shall be deemed given three days after being deposited by first class mail in any duly authorized United States mail depository, postage prepaid. All such notices shall be addressed as follows, or to such other address or addresses as the Parties may from time to time specify in writing:

CITY:	FRANCHISEE:
The City of San Diego Attention: Director, Economic Development 1200 Third Avenue, Suite 1400 San Diego, California 92101	JET Infrastructure IA (San Diego) LLC Attention: Chad Edinger, Officer 1805 Shea Center Drive, Suite 300 Highlands Ranch, Colorado 80129

Section 17. Independent Contractor

Nothing herein contained shall be deemed to create an agency, joint venture, or partnership between the City and Franchisee.

Section 18. Governing Law and Venue

The Franchisee and City understand and agree that the laws of the State of California shall govern the rights, obligations, duties and liabilities of the Parties to this Franchise and also govern the interpretation of this Franchise. In the event of any legal action to enforce or interpret this Franchise, the sole and exclusive venue shall be a court of competent jurisdiction located in San Diego County, California, and the City and Franchisee agree to and to hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394.

Section 19. Consent to Breach not Waiver

No term or provision of this Franchise shall be deemed waived and no breach excused, unless such a waiver or consent shall be in writing and signed by the City and Franchisee claimed to have waived or consented. Any consent by the City and Franchisee to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.

Section 20. Calendar Days

Any reference to the word "day" or "days" shall mean calendar day or calendar days respectively, unless otherwise expressly provided.

Section 21. Severability

If any term, covenant, or condition of the Franchise or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of the Franchise and their application shall not be affected thereby but shall remain in force and effect. The parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination, unless a court or governmental agency of competent jurisdiction holds that such provisions are not severable from all other provisions of the Franchise.

Section 22. Exhibits

There are four (4) exhibits attached to this Franchise as follows:

Exhibit A: Existing Pipeline Description

Exhibit B: Franchise Area Map

Exhibit C: Form of Franchise Acceptance

Exhibit D: Schedule of Annual Franchise Fees

Each exhibit is hereby incorporated into this Franchise by this reference.

Section 23. The Council dispenses with a full reading of this Ordinance before its passage because a written copy of this Ordinance was made available to the Council and the public before the date of its passage.

Section 24. This Ordinance will take effect and be in force on the thirtieth day from and after its final passage.

EXHIBIT A TO PETROLEUM REFINED PRODUCTS PIPELINE FRANCHISE

Existing Pipeline Description

Item	Description	Location
10-inch Diameter Receiving Pipeline		
1	Begin Pipeline – Harbor Manifold of SFPP, LP.	Southwest corner of Harbor Drive and Beardsley Street
2	End Pipeline – 10th Avenue Marine Terminal Tanks	West side of Harbor Drive at 10th Avenue
8-inch Diameter Delivery Pipeline		
3	Begin Pipeline – 10th Avenue Marine Terminal Tanks	West side of Harbor Drive at 10th Avenue
4	Exit 10th Avenue Terminal and proceed under Harbor Drive overpass	North side of Harbor Drive at west end of overpass
5	Proceed north on Harbor Drive to intersection of Harbor Drive and Pacific Highway	North side of Harbor Drive past the Convention Center until approximately Market Street, then switch to south side of Harbor Drive prior to turning north on Pacific Highway
6	Proceed north on Pacific Highway	Continue north along the west side of Pacific Highway, across the intersection of Pacific Highway and Laurel Street
7	End Pipeline subject to Franchise – Turn west into parking lot onto San Diego International Airport property north of runway before Palm Street	Enter Airport property unto parking lot approximately midway between Laurel Street and Palm Street

EXHIBIT B TO PETROLEUM REFINED PRODUCTS PIPELINE FRANCHISE

Franchise Area Map

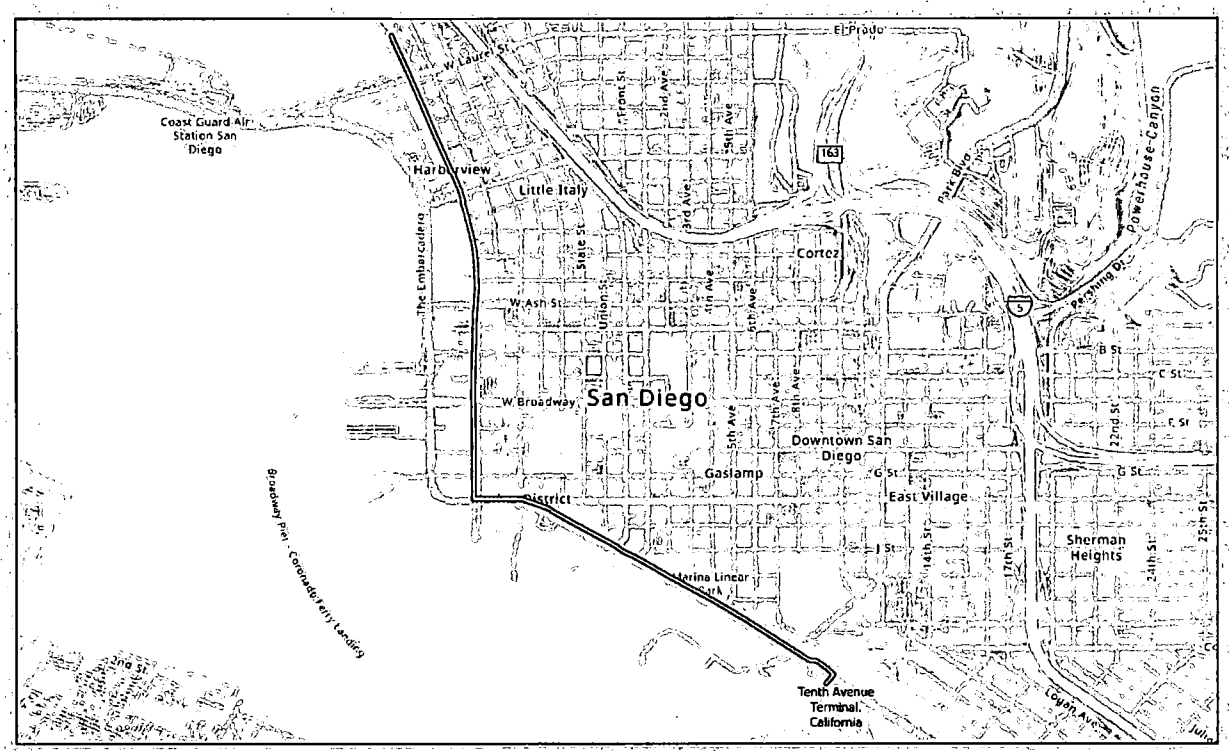


EXHIBIT C TO PETROLEUM REFINED PRODUCTS PIPELINE FRANCHISE

Form of Franchise Acceptance

JET INFRASTRUCTURE HOLDING IA (SAN DIEGO), LLC, a Delaware limited liability company ("Franchisee"), accepts the Franchise granted by the City of San Diego in Ordinance No. O-_____ (the "Franchise"). Franchisee agrees to accept and be legally bound by all terms and conditions of the Franchise. Franchisee warrants and represents that this Franchise Acceptance has been duly authorized and executed by an officer of Franchisee as of the date written below.

JET INFRASTRUCTURE HOLDING IA (SAN DIEGO), LLC,
a Delaware limited liability company

By _____

Name _____

Title _____

Date _____

EXHIBIT D TO PETROLEUM REFINED PRODUCTS PIPELINE FRANCHISE

Schedule of Annual Franchise Fees

Year	Annual Franchise Fee
1	$25,000
2	$25,750
3	$26,523
4	$27,318
5	$28,138
6	$28,982
7	$29,851
8	$30,747
9	$31,669
10	$32,619
11	$33,598
12	$34,606
13	$35,644
14	$36,713
15	$37,815
16	$38,949
17	$40,118
18	$41,321
19	$42,561
20	$43,838
21	$45,153
22	$46,507
23	$47,903
24	$49,340
25	$50,820
Beyond year 25	103% of the previous year's Annual Franchise Fee

APPROVED: HEATHER FERBERT, City Attorney

By _____
Andrew John Alfonso
Deputy City Attorney

AJA:nja
March 25, 2026
Or. Dept: Economic Development Department
Doc. No. 4376966_3

I certify that the Council of the City of San Diego adopted this Ordinance at a meeting held on NOV 10 2026.

DIANA J.S. FUENTES
City Clerk

By _____
Deputy City Clerk

Approved: 11/13/26 _____
(date) TODD GLORIA, Mayor

Vetoed: _____ _____
(date) TODD GLORIA, Mayor

#57

Passed by the Council of The City of San Diego on November 10, 2026, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	☒	☐	☐	☐
Jennifer Campbell	☐	☐	☒	☐
Stephen Whitburn	☒	☐	☐	☐
Henry L. Foster III	☐	☐	☒	☐
Marni von Wilpert	☐	☐	☒	☐
Kent Lee	☒	☐	☐	☐
Raul A. Campillo	☒	☐	☐	☐
Vivian Moreno	☒	☐	☐	☐
Sean Elo-Rivera	☒	☐	☐	☐

Date of final passage NOV 13 2026.

(Please note: When an ordinance is approved by the Mayor, the date of final passage is the date the approved ordinance was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By _____, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on OCT 26 2026, and on NOV 13 2026.

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By _____, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number **O-22159**