

CITY OF LOS ANGELES

CALIFORNIA

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June 27, 2010

REF: ASB-185-11

Honorable Members of the City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, CA 90012

Attn: Information Technology and Government Affairs Committee

Subject: **YWCA PRIVATE LINE FRANCHISE APPLICATION AND
RECOMMENDATION OF APPROVAL - COUNCIL FILE NO. 11-0937**

Dear Councilmembers:

Recommendation

The Information Technology Agency (ITA) has reviewed YWCA's application for a private line telecommunications franchise and recommends approval of that application.

Background

A private line telecommunications facility is an encroachment permit that provides for the interconnection between two points in the public rights-of-way, utilized solely for signal transmission and not to serve any customer within the City.

On February 18, 2010, YWCA submitted a letter to ITA requesting the approval for the installation and maintenance of a private line telecommunications franchise. YWCA is requesting approval of the construction, placement and private use of two (2) 20-ft. conduits for voice, data and video transmission in the City's rights-of-way on 1020 South Olive Street at 1031 South Hill Street in the City of Los Angeles. The conduits will connect the private computer and security systems of the existing facility on Hill Street to the new YWCA Job Corps Center on Olive Street. The new Job Corps Center will consolidate the program's housing and service facilities, which are currently scattered through six sites in downtown Los Angeles.

Fiscal Impact

Fiscal impact is negligible. Approval and implementation of this private line telecommunications franchise will generate \$2,500 in application fees and \$200 in annual franchise fees over the next 10 years for a total of \$4,900 during the ten year term of the franchise.

Honorable Members of the City Council
June 27, 2011
Page 2

If you have any questions, please contact Mark Wolf at (213) 978-3311 or William Imperial at (213) 922-8383.

Sincerely,



Randi Levin
General Manager

Attachment

cc: Georgia Mattera, Mayor's Office
Mike Dundas, City Attorney's Office
Karen Kalfayan, Office of the Chief Legislative Analyst
Mandana Khatibshahidi, Office of the Chief Legislative Analyst
Jacob Wexler, Office of the Chief Administrative Officer
Mark Wolf, ITA
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CARMEN A. TRUTANICH
City Attorney

REPORT NO. R 1 1 - 0 2 1 0
JUN 0 3 2011

REPORT RE:

**DRAFT ORDINANCE GRANTING A PRIVATE LINE FRANCHISE
TO THE YWCA OF GREATER LOS ANGELES**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

Pursuant to your request, this Office has prepared and now transmits for your consideration the attached draft ordinance, approved as to form and legality. This draft ordinance grants a private line franchise (Franchise) to the YWCA of Greater Los Angeles (YWCA or Franchisee). The Information Technology Agency (ITA) is also submitting a report regarding this matter.

Background

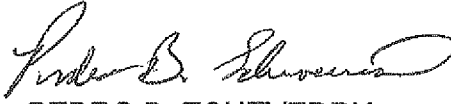
The draft ordinance permits Franchisee to construct two (2) four (4) inch conduits for voice, data and video transmission in the public rights-of-way between two buildings located at 1020 South Olive Street and 1031 South Hill Street. The franchise fee to be paid for the period of the franchise is \$2,000.00 for the ten-year term of the franchise, in addition to the required performance bond in the amount of \$13,000.00. This Franchise will expire on June 30, 2021.

The Honorable City Council
of the City of Los Angeles
Page 2

If you have any questions regarding this matter, please contact Deputy City Attorney Michael Dundas at (213) 978-8147. He or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 
PEDRO B. ECHEVERRIA
Chief Assistant City Attorney

PBE:MD:lee
Transmittal

ORDINANCE NO. _____

An ordinance granting a franchise to the YWCA of Greater Los Angeles (YWCA) to install and maintain a private line telecommunications facility in the public rights-of-way between 1020 South Olive Street and 1031 South Hill Street, in the City of Los Angeles.

WHEREAS, YWCA has requested permission of the City of Los Angeles (City) to encroach into portions of the public rights-of-way between 1020 South Olive Street and 1031 South Hill Street, in the City of Los Angeles, with a permanent installation consisting of a private line telecommunications facility;

WHEREAS, Los Angeles Administrative Code Section 13.62 requires that this permission be granted by franchise approved by the Council; and

WHEREAS, the following ordinance is adopted notwithstanding and as an exception to the other provisions of Division 13 of the Los Angeles Administrative Code.

NOW, THEREFORE,

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. GRANT OF AUTHORITY

1.1 Grant of Authority

Notwithstanding and as an exception to Division 13 of the Los Angeles Administrative Code, but in accordance with Los Angeles Administrative Code Section 13.62, and Charter Sections 240 and 390, the City hereby grants YWCA (Franchisee), a limited franchise to install and maintain a private line telecommunications facility (Facility), which will encroach into portions of the public rights-of-way between 1020 South Olive Street and 1031 South Hill Street, in the City, as further described below, subject to all of the terms and conditions set forth in this ordinance (Franchise).

1.2 Acceptance

Acceptance of the terms of this Franchise by the Franchisee shall be conclusively established by a writing reflecting those terms or by commencement of construction by the Franchisee or its agent or contractor. A replacement Franchise, as required by Section 2.11, shall not be issued, or deemed to have been issued, without this writing.

1.3 Encroachment Area

The area subject to encroachment by the Facility (Encroachment Area) to be constructed pursuant to this Franchise are those portions of the public rights-of-way between 1020 South Olive Street and 1031 South Hill Street, in the City, further bounded and described as follows:

A strip of land 2 feet in width being that portion of Midway Place, a 20 foot wide public right-of-way, as described in decree of condemnation for the opening and widening of Midway Place, through said block 69, in the City of Los Angeles, County of Los Angeles, State of California, recorded in book 4627 page 164, official records of said County, the centerline of said strip of land being more particularly described as follows:

Beginning at the intersection of the northwesterly line of said Midway Place and the northeasterly line of lot 8, block 69 of Ord's survey, as per map recorded in book 53 pages 66 et seq., of miscellaneous records, in the Office of the County Recorder of said County, thence south 37°48'08" west 24.12 feet along said northwesterly line to the true point of beginning; thence south 52°22'07" east 20.00 feet.

The sidelines of said strip of land shall be shortened or extended to terminate at the northwesterly and southeasterly lines of said Midway Place.

1.4 Facility Description

"Private Line Telecommunications Facility" or "Facility" means one (1) underground fiber optic conduit, two inches (2") in diameter and one (1) conduit four inches (4") in diameter containing 600 twisted pair copper cable, to be installed in the Encroachment Area connecting the buildings under the control of the Franchisee between 1020 South Olive Street and 1031 South Hill Street.

1.5 Limited Purpose

The authorized purpose of construction of the Private Line Telecommunications Facility is to provide a secure hard-wired telecommunications link between Franchisee's two buildings at 1020 South Olive Street and 1031 South Hill Street, which link would not be possible without permission to cross the City's public rights-of-way separating the two, or more, structures.

This Franchise shall endure only so long as the purpose remains valid. In the event any material fact justifying the limited purpose of the Franchise no longer exists, Council may revoke the Franchise in accordance with the procedures set forth in Section 8.1, below:

1.6 Limitations on Use

The privileges granted by this Franchise are limited to installation of a Facility to be used solely for the private telecommunications purposes of the Franchisee. These purposes include only voice, video, and data transmissions originating or terminating at one of the buildings mentioned in Section 1.5 or at another location contiguous to these buildings and under common ownership and use of the Franchisee.

Use of the Facility for telecommunications signal transmissions of any other type is expressly outside the scope of the authority granted by this Franchise. Use of the Facility for purposes outside the scope of the authority granted by this Franchise shall be deemed a material violation of this Franchise and the Franchise shall then be subject to revocation by the City Council in accordance with the procedures set forth in Section 8.1.

1.7 Effective Date

This Franchise shall become effective on the effective date of this Ordinance.

Section 2. GENERAL CONDITIONS

2.1 Non-Exclusivity

Nothing in this Franchise shall affect the right of the City to grant to any person a Franchise, consent or right to occupy and use the streets or public rights-of-way, or any part of the streets or public rights-of-way, for the construction, operation or maintenance of a communications facility within all or a portion of the encroachment area or anywhere else in the City.

2.2 Non-User

If the Franchisee fails to complete construction of the Facility within six months of the date this ordinance is adopted by City Council, the authority granted by this Franchise shall terminate, except that the Franchisee may request an extension of time to complete construction.

2.3 Priority of Public Works

Nothing in this Franchise shall abrogate the right of the City to perform any public work or public improvement of any description, including, without limitation, all work authorized by applicable law. In the event that the Facility interferes with the construction, operation, maintenance or repair of any public work or public improvement, the Franchisee, after reasonable notice from the City, shall, at its own cost and expense, promptly protect, alter or relocate the Facility, or any part of the Facility, as reasonably directed by the City. In the event the Franchisee refuses or neglects to protect, alter, or relocate all or part of the Facility, the City shall have the

right, in connection with the performance of the public work or public improvement, to break through, remove, alter, or relocate all or any part of the Facility without any liability to the Franchisee, except the liability as is directly caused by the City's willful misconduct or negligence, and the Franchisee shall promptly pay to the City the costs incurred by the breaking through, removal, alteration, or relocation of the Facility.

2.4 No Waiver of Regulatory Authority

Except as expressly stated here, nothing in this Franchise shall be construed as a waiver of any code or ordinance of the City or the City's right to require the Franchisee or any person utilizing the Facility to secure all appropriate Franchises or authorizations for this use.

2.5 Compliance with Laws

The Franchisee shall comply with: (i) all applicable laws and all requirements of the State of California, the FCC, and any other federal or State agency or authority of competent jurisdiction; (ii) all local laws, rules, regulations, and all orders or other directives of the City issued pursuant to the police powers of the City; and (iii) all rules, regulations, and all other directives of the City issued pursuant to this Franchise.

2.6 Material Violation

Failure to comply with the requirements set forth in Sections 1.6, 3.1, 3.2, and 5.1 shall constitute a material violation of the Franchise. In the event that the Franchisee fails to comply with one of the above referenced sections, then, in accordance with the procedures provided in Section 8, the City Council may revoke the franchise granted here and terminate this Franchise.

2.7 Conflict with Other Installations

No privilege or exemption is granted or conferred by this Franchise except those specifically prescribed herein. Any privilege claimed under this Franchise by the Franchisee in any street shall be subordinate to any prior lawful occupancy of the street.

2.8 Authorization of Additional Franchise Facilities

Franchisee shall not install additional conduits or lines, replace conduits or lines, or construct or install facilities other than those contemplated in Section 1.3, without prior authorization from the City. Franchisee may seek this authorization by filing an application with the City as set forth in Los Angeles Administrative Code Section 13.11, *et seq.* Upon receipt of the application from the City Clerk, the Information Technology Agency (ITA) shall report to the City Council a recommendation relative to the application. Facilities constructed, installed or replaced pursuant to any authorization by the City Council shall be subject to all the provisions of this Franchise and to any

additional conditions relating to construction, specifications, operation and the utilization of facilities or other conditions as may be prescribed by the authorization.

2.9 Term

The term of this Franchise shall run up through and including June 30, 2021.

2.10 Rights Upon Termination

The termination, expiration, or revocation of this Franchise shall not operate as a waiver or release of any obligation of the Franchisee or any other person, as applicable, arising pursuant to this Franchise prior to its termination. All these obligations shall survive the termination, expiration, or revocation of this Franchise.

2.11 Renewal

The Franchisee shall apply for a replacement Franchise at least 12 months prior to the expiration date of this Franchise. In the event that the Franchisee fails to apply for a replacement franchise at least 12 months prior to the expiration date of this Franchise, the City may retroactively impose new Compensation rates retroactively to the date of expiration of the Franchise.

Section 3. TRANSFERS AND HYPOTHECATIONS

3.1 Restrictions Against Transfers

This Franchise is a privilege to be held in personal trust by the Franchisee. Except as provided in Section 3, neither the Franchise nor any rights or obligations of the Franchisee in, or pursuant to, the Franchise, or the Facility, shall be transferred in part or as a whole, by assignment, trust, mortgage, lease, sublease, pledge or other hypothecation, and is not to be sold, transferred, leased, assigned, or disposed of in part or as a whole, either by forced sale, merger, consolidation, or otherwise, nor shall title thereto, either legal or equitable, or any right or interest therein, pass to or vest in any person or entity, nor shall a change in control of the Facility occur, either by act of the Franchisee, by operation of law or otherwise, without the consent of the City, which consent shall not be unreasonably withheld or delayed, and which shall be expressed by ordinance and then only under conditions as may be prescribed in the ordinance.

3.2 Effect of Unauthorized Action

The taking of any action described in Section 3.1 without the prior consent of the City shall be deemed a material violation of this Franchise and the Franchise shall then be subject to revocation by the City Council in accordance with the procedures set forth in Section 8.1.

3.3 Exceptions

Nothing contained in this section shall be deemed to prohibit, or require City approval, of any assignment, pledge, lease, sublease, mortgage, or other transfer or hypothecation of all or any part of the stock of (or other evidence of ownership in) or assets (not including the Franchise) of the Franchisee or the Facility, or any right or interest therein, for securing an indebtedness, provided that each assignment, pledge, lease, sublease, mortgage, or other transfer or hypothecation shall be subject to this Franchise, or applicable law.

3.4 Approval Procedure

Pursuant to Los Angeles Administrative Code Section 13.11, *et. seq.*, the Franchisee shall file, with the City Clerk, a written application for any action affecting this Franchise.

Franchisee shall promptly notify the General Manager of the Information Technology Agency (ITA), in writing, of any application filed with the City Clerk and requiring consent of the City. All correspondence to the General Manager of ITA shall be sent to:

Randi Levin, General Manager
Information Technology Agency
Room 1400, City Hall East
200 N. Main Street
Los Angeles, CA 90012

ITA shall complete its review of the petition as promptly as is reasonably possible and, thereafter, shall forward the petition and its recommendation to the City Council for final action.

Section 4. FACILITY REQUIREMENTS

4.1 Construction

Throughout the term of this Franchise, the Franchisee shall construct, install, operate, and maintain the Facility in a manner consistent with all laws, ordinances, and construction standards of the City.

Any change regarding construction of the Facility from the description set forth in Section 1.4 shall be subject to the approval of the City as set forth in Section 2.8. The Franchisee is aware that Franchisee's proposed use of the public rights-of-way requires approvals from various City departments including, but not limited to, the Department of Public Works and the Department of Water and Power. This Franchise does not exempt the Franchisee from the necessity of obtaining any permits required by any City Office or Department.

4.2 Plans

The Franchisee shall file with ITA prints, plans and maps showing the proposed and as-built location of each conduit, pole, or other portion of the Facility to be installed (and, if using existing poles or conduits, the location of each pole attachment or conduit to be entered), and the location of each manhole or other opening installed to gain access to the Facility and or its components.

4.3 Quality of Work

All work involved in the construction, operation and maintenance, repair and removal of the Facility shall be performed with due diligence and using materials of good and durable quality.

4.4 Safety

The Franchisee shall, at its own cost and expense, take all necessary efforts to prevent accidents at its work sites, including the placing and maintenance of proper guards, fences, barricades, and security personnel and, at night, suitable and sufficient lighting.

No less than 24-hours advance notice shall be provided to ITA prior to commencing construction activities.

4.5 Street Work

In connection with the construction, operation, maintenance, repair, or removal of the Facility, the Franchisee shall, at its own cost and expense, protect any and all existing structures belonging to the City. The Franchisee shall obtain the prior approval of the City before altering any water main, sewage or drainage facility, or any other municipal structure in any public way or street. Any alteration shall be made by the Franchisee, at its sole cost and expense, and in a manner reasonably prescribed by the City. The Franchisee shall also be liable, at its own cost and expense, to replace or repair and restore to as close to its prior condition as is reasonably possible and in a manner reasonably specified by the City, any public way, street or any municipal structure involved in the construction of the Facility that may become disturbed or damaged as a result of any work by, or on behalf of, the Franchisee pursuant to this Franchise.

The Franchisee shall, at its own expense, protect, support, temporarily disconnect, relocate in the same street or public way, or remove from any street or public way, any Facility when required by the Board of Public Works, or by any other governmental agency acting in a governmental capacity, by reason of traffic conditions, public safety, street vacation, freeway construction, or any public improvement or structure. The privileges and obligations as to abandonment of the Facility in place,

provided in Section 4.6, shall apply when a governmental agency requires a permanent removal or relocation of the Facility.

Upon failure of the Franchisee to commence, pursue or complete any repair or restoration work required of it by law or by the provisions of this Franchise in any street or public right-of-way, the City, at its option and according to law, may cause the work to be done and the Franchisee shall pay to the City the cost of the work in the itemized amounts reported by the City to the Franchisee, within 30 days after receipt of the itemized report.

4.6 Removal or Abandonment

In the event the use of the Facility is permanently discontinued, or upon termination, expiration or revocation of this Franchise, the City shall have the right to require the Franchisee to remove, at the Franchisee's own expense, all portions of the Facility from the Encroachment Area. The Franchisee shall promptly remove all portions of the Facility involved, other than any portions that the Board of Public Works may authorize to be abandoned in place. Facilities to be abandoned in place shall be abandoned in the manner, as the Board of Public Works shall prescribe. Upon abandonment of any Facility in place, the Franchisee shall submit to the City, an instrument satisfactory to the City Attorney and ITA, transferring to the City the ownership of the Facility.

4.7 Completion and Performance Bond

The Franchisee shall obtain, maintain and file with ITA, on or before the effective date of this ordinance, a performance bond or other instrument approved by the City Attorney and issued by a corporate surety or financial institution authorized to do business in the State of California. The bond or other instrument shall guarantee the compliance with any one or more of the provisions of this Franchise and the safeguarding against damage to public or private property and the restoration of any damaged property. The bond or other instrument shall be maintained in addition to any the Department of Public Works' required General Improvement Performance Bond. The performance bond or other instrument shall be maintained in the amount of \$13,000 throughout the term of the Franchise.

If, at any time during the term of this Franchise, the condition of the corporate surety or financial institution shall change in a manner as to render the performance bond or other instrument unsatisfactory to the City, the Franchisee shall replace the bond or other instrument with a bond or other instrument of like amount and similarly conditioned, issued by a corporate surety or financial institution satisfactory to the City.

The bond or other instrument shall contain the following provisions: "It is hereby understood and agreed that this bond may not be cancelled by the surety or financial institution nor the intention not to renew be stated by the surety or financial institution

until 60 days after receipt by the City, by registered mail, of written notice of the intent to cancel or not to renew."

The bond or other instrument shall further provide that: "There shall be recoverable by the City, jointly and severally from the principal and surety, any and all damages, losses or costs suffered by the City resulting from: (i) any loss or damage to any municipal structure during the course of construction of the Facility; and (ii) the removal of all or any part of the Facility from the public right-of-ways and streets."

If the Franchisee fails: (i) to make any payment required by this Franchise within the time fixed herein; (ii) to pay to the City, within ten working days after receipt of written notice, any taxes or liens relating to the Facility that are due and unpaid; (iii) to pay to the City within ten working days after receipt of written notice from the General Manager, any damages, claims, costs or expenses, which the City has been compelled to pay or incur by reason of any material act or violation by the Franchisee; or (iv) to comply, within ten working days after receipt of written notice from the General Manager, with any material provision of this Franchise, which the General Manager reasonably determines can be remedied by an expenditure of an amount from the bond or other instrument; then the General Manager may order the withdrawal of the amount from the performance bond or other instrument for payment to the City, provided that, prior to each withdrawal: (A) the Franchisee shall be afforded an opportunity to cure any of the failures within 30 days after written notice from the General Manager that the withdrawal is to be made, or (B) if the cure cannot be reasonably accomplished within the 30 days, then the Franchisee shall have a reasonable time to cure, provided that the Franchisee commences the cure within that 30- day period and diligently pursues the cure to completion.

Throughout the term of this Franchise, the Franchisee shall maintain the performance bond or other instrument in the amount specified in this Section. Within ten business days after receipt of notice from the General Manager that any amount has been withdrawn from the performance bond or other instrument, as provided in this Section, the Franchisee shall restore the bond to the then applicable amount specified in this Section, provided, however, that the restoration obligation shall be suspended during the period of any judicial challenge by the Franchisee to the propriety of the withdrawal from the bond. If it is determined that the withdrawal by the City was improper, the City shall restore to the performance bond or other instrument an amount equal to the improperly withdrawn amount.

No action, proceeding, or exercise of a right with respect to the completion and performance bond or other instrument shall affect any other right which may be held by the City; and the faithful performance by and the liability of the Franchisee pursuant to this Franchise shall not be limited by the acceptance of the bond or other instrument required by this Section 4.7.

Section 5. PAYMENT OBLIGATIONS

5.1 Compensation

In order to compensate the City for the burden of private occupation of its public rights-of-way, the increased maintenance and repair expenses associated with private occupation of the public rights-of-way, and the increased costs of supervision thereof, a fee for the use and occupation of the public rights-of-way by the Franchisee is hereby imposed. Before commencement of construction of the Facility, the Franchisee shall tender the first annual rights-of-way use fee payment to the City in a form and amount specified below. The Franchisee shall continue to pay the annual rights-of-way use fee periodically during the term of this Franchise. Failure to comply with any of the payment obligations set forth in this Section is a material violation of the Franchise and shall render the Franchise revocable, in accordance with the procedure set forth in this Franchise.

The rights-of-way use fee shall be in addition to and shall not constitute an offset or credit against any and all taxes or other fees or charges which the Franchisee shall be required to pay to the City, or to any State or federal agency or authority, as required herein or by law; the payment of taxes, fees or charges shall not constitute a credit or offset against the rights-of-way use fee, all of which shall be separate and distinct obligations of the Franchisee. No tax, fees or charges shall be used as offsets or credits against the rights-of-way use fee.

5.2 Linear Foot Formula

For underground occupation, the Franchisee shall pay an amount based on the street space required for the Facility at the rate of \$5.00 per linear foot, per year, per conduit, assuming the maximum cross-sectional diameter of each conduit is six inches or less. For overhead occupation, the Franchisee shall pay an amount based on the air space required for the Facility at the rate of \$1.25 per linear foot per year, per wire or cable.

5.3 Annual Payment

The first annual rights-of-way use fee shall be due upon the effective date of this ordinance and annually thereafter on July 1.

In the event that the City must pro-rate the fees due for the first annual payment, the portions of the rights-of-way use fee previously accrued under the prior ordinance shall also be due. For example, assuming this ordinance becomes effective on April 1, the Franchisee would owe the first annual fee on the following July 1 in addition to the pro-rated fee, which had accrued for the months of April, May and June (*i.e.*, the total due for the first payment would be 125% of the annual Franchise fee).

The annual Franchise payment amount shall be calculated as follows:

$$20 \text{ linear feet} \times 2 \text{ conduits} \times \$5.00 = \$200.00$$

Any annual payment made after the due date shall accrue interest at an annual rate of 8%.

5.4 Option to Pay Lump Sum

In lieu of making the above annual payments specified in section 5.3 above, the Franchisee may, at its option, elect to prepay the sum of \$2,000.00 in one payment, within 30 days of the effective date of this Franchise.

5.5 Payment Terms

All payments by the Franchisee to the City pursuant to this Franchise shall be made payable to the City Treasurer and deposited with the General Manager of ITA whose address is set forth in Section 3.4. Acceptance of any payment made by the Franchisee pursuant to this Franchise shall not be construed as an acknowledgment that the amount paid is the correct amount due, nor shall acceptance of payment be construed as a release of any claim that the City may have for additional sums due and payable.

5.6 Revocation for Non-payment

In the event that any payment required by this Franchise is not actually received by the City on or before the applicable date fixed in this Franchise, then this Franchise shall be subject to revocation by the City Council as set forth in Section 8.1.

Section 6. OVERSIGHT AND REGULATION

6.1 Notices

Notice of a public meeting relating to this Franchise shall be posted not less than 72 hours prior to the meeting, and shall remain posted until after the meeting.

The Franchisee shall maintain an address on file with ITA and with the City Clerk. Notices to the Franchisee shall be addressed or delivered to the Franchisee at that address.

Notices to the City required by law or by this Franchise shall be delivered in person or by first class, receipted mail or certified mail as appropriate, to the City Clerk, Room 395, City Hall, 200 North Spring Street, Los Angeles, California 90012 and to the General Manager of ITA, whose address is set forth in Section 3.4, not less than ten business days prior to the day on which the party giving the notice shall commence any

activity which requires the giving of notice. In computing business days, Saturdays, Sundays and holidays recognized by the City shall be excluded.

All required notices shall be in writing.

6.2 Inspections

Upon reasonable notice to the Franchisee, the City may conduct any reasonably necessary inspection of the portion of the Facility sited in the public rights-of-way for the purpose of ensuring compliance with the terms of the Franchise. The Franchisee shall cooperate in providing access to all such portions of the Facility, and to any other location on private property necessary to access the Facility or otherwise effect the inspection. The reasonable costs of such inspections shall be borne by the Franchisee.

Section 7. LIABILITY AND INSURANCE

7.1 Indemnification of City

Except for the active negligence or willful misconduct of the City, or any of its boards, officers, agents, employees, assigns and successors in interest, Franchisee undertakes and agrees to defend, indemnify and hold harmless the City and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees and cost of litigation, damage or liability of any nature whatsoever, for death or injury to any person, including Franchisee's employees and agents, or damage or destruction of any property of either party to this Franchise or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this Franchise by the Franchisee. The provisions of this paragraph survive expiration or termination of this Franchise.

7.2 Insurance Requirement

During the term of this Franchise and without limiting the Franchisee's indemnification of the City pursuant to Section 7.1, the Franchisee shall provide and maintain, at its own expense, continuously during the terms specified below, a program of insurance as listed in Sections 7.3 through 7.5 covering installation or operation of the Facility, commencing no later than the effective date of this Franchise and subject to the following conditions:

The City shall be named as an additional insured in all insurance policies. The City shall be named Loss Payee as its interest may appear in all required property fidelity and surety coverage.

Evidence of insurance shall be submitted to the City Administrative Officer, Risk Management, for approval prior to commencement of any operations under this Franchise, which approval shall not be unreasonably withheld.

With respect to the interests of the City, this insurance shall not be cancelled, reduced in coverage or limits, or non-renewed except after 60 days written notice, by hand delivery or certified mail, has been given to the City Administrative Officer, 200 North Main Street, 12th Floor, Los Angeles, California 90012, Attention: Risk Management.

The appropriate City Special Endorsement forms, obtainable from the City Administrative Officer, are the preferred forms of evidence of insurance. Alternatively, the Franchisee may submit two certified copies, with original signatures, of the full policies containing the appropriate cancellation notice language and additional insured/loss payee language as specified in this Section.

7.3 General Liability

The Franchisee shall provide insurance with combined single limits of \$1,000,000.00 per occurrence for Bodily Injury and Property Damage during construction only. This insurance must include: premises and operations, completed operations, contractual liability, and independent contractors and, during the course of construction, collapse and underground hazards.

7.4 Automobile Liability

The Franchisee shall provide insurance with combined single limits of \$1,000,000.00 per occurrence, for Bodily Injury and Property Damage, including coverage for owned automobiles, non-owned automobiles, and hired automobiles. This coverage is required during construction only.

7.5 Worker's Compensation and Employer's Liability

By acceptance of this Franchise, the Franchisee certifies that it is aware of the provisions of California Labor Code Section 3700, *et seq.*, which requires every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with those provisions. A minimum limit of \$1,000,000 per employee is required for Employer's Liability with a Waiver of Subrogation in favor of the City. This coverage is required during construction only.

Section 8. TERMINATION AND RELATED RIGHTS

8.1 Revocation

In the event that the Franchisee violates or fails to comply with any material condition of this Franchise, including, but not limited to Sections 1.6, 3.1, 3.2 and 5.6,

the City Council shall exercise its right to revoke the Franchise in accordance with the following procedures:

(a) The General Manager of ITA shall notify the Franchisee, in writing, of an alleged failure to comply with a material provision of this Franchise. The Franchisee shall cure the alleged material breaches of the Franchise Agreement within 45 days after receipt of the notice. In the event the alleged failure cannot be reasonably cured within 45 days and provided the Franchisee commences to cure within 30 days and diligently pursues the cure to completion, the Franchisee can seek extension of the cure period by providing to the General Manager of ITA a written presentation explaining why the breach cannot be cured within 45 days and providing a date certain for completion of the cure.

(b) The General Manager of ITA shall investigate: whether a failure to comply with a material provision has occurred; whether the failure is excusable; and whether the failure has been cured or will be cured by the Franchisee.

(c) If the General Manager of ITA determines that a failure to comply with a material provision has occurred and that the failure is either not excusable or will not be cured by the Franchisee, then the General Manager of ITA shall so notify the City Clerk and the City Council in a written report.

(d) Within 60 days of receipt of a report from the General Manager of ITA, the City Council or its duly designated Committee shall notice a public hearing at which the Franchisee shall have the opportunity to respond to the claim that a material breach has occurred and to present facts and arguments in refutation or excuse of the alleged breach.

(e) After the conclusion of a public hearing, or at any time upon its own motion, the City Council or its duly designated Committee may determine to recommend or order revocation by the City Council. All final City determinations with respect to the revocation or termination of the Franchise must be made by the City Council as set forth in the Los Angeles Administrative Code.

8.2 Termination Defined

The termination of this Franchise and the termination of Franchisee's privileges under this Franchise shall become effective upon the earliest to occur of: (i) the revocation of the Franchise by action of the City Council, as provided in Section 8.1; (ii) the abandonment of the Facility, in whole or material part, as defined in Section 4.6, by the Franchisee, without the express, prior approval of the City; (iii) non-use of the Franchise privileges as set forth in Section 2.2; or (iv) the expiration of the term of the Franchise as set forth in Section 2.9.

8.3 Removal Upon Termination

Upon any termination of this Franchise, the Franchisee shall, at its own cost and expense, promptly remove that part of the Facility located in the streets and public rights-of-way and shall replace or repair and restore to serviceable condition each affected street, public way, and governmental structure therein, in a manner as may be reasonably specified by the City.

If the Franchisee fails to remove the Facility from the public rights-of-way within 90 days of a City request to do so, or fails to repair or restore any street in conformance with the manner specified by the City, the City shall be permitted to initiate and/or complete the work at the expense of the Franchisee.

In the event of any acquisition of the Facility by the City pursuant to Section 4.6, and subject to the requirements of applicable law, the City may lease, sell, operate, or otherwise dispose of all or any part of the Facility.

Sec. 9. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

JUNE LAGMAY, City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By Michael Dundas (PBE)
MICHAEL DUNDAS
Deputy City Attorney

Date June 3, 2011

File No. _____