

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Ordinance No. 468 Extending the Shoreline Water District Franchise
DEPARTMENT: City Manager's Office
PRESENTED BY: Bob Olander, City Manager, Ian Sievers, City Attorney

PROBLEM/ISSUE STATEMENT:

Staff is requesting a twelve month extension of the Shoreline Water District water system franchise in order to provide additional time to negotiate the terms of this agreement.

DISCUSSION:

An initial franchise to operate the water system owned by the Shoreline Water District, generally east of I-5, was granted by the City of Shoreline in June of 2001 through Ordinance No. 274. An automatic two-year extension was invoked in 2004 providing for the current expiration date of December 31, 2006. In December of 2006, the City adopted an extension of four months providing a new expiration date of April 30, 2007, to allow additional time to negotiate this agreement, however additional work remains.

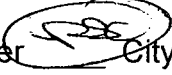
The proposed twelve month extension will provide City staff and the District additional time to find agreement on a few of the more intractable terms of the franchise.

FINANCIAL IMPACT:

Extension will have no financial impact; the 6% franchise fee the City receives from the District will continue under the extended franchise.

RECOMMENDATION

It is recommended that the City Council pass Ordinance No. 468 granting a twelve month extension to the existing franchise.

Approved By: City Manager  City Attorney ____

Attachment:
Proposed Ordinance No. 468

ORDINANCE NO. 468

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON,
EXTENDING THE FRANCHISE UNDER WHICH THE SHORELINE
WATER DISTRICT IS AUTHORIZED TO PROVIDE WATER WITHIN
THE CITY OF SHORELINE.**

WHEREAS, the City of Shoreline, by Shoreline City Ordinance No. 274, granted the Shoreline Water District a non-exclusive franchise for the operation of a water system within the City right-of-way effective June 19, 2001; and

WHEREAS, the franchise granted to the Shoreline Water District by the City in Ordinance No. 274 was automatically renewed on December 31, 2004 for an additional two years, providing a new expiration date of December 31, 2006; and

WHEREAS, the City of Shoreline adopted ordinance 455 to extend the term of the franchise by four months to allow additional time for negotiations; and

WHEREAS, additional time is needed to negotiate the terms of a new franchise;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE,
WASHINGTON, DO ORDAIN AS FOLLOWS:**

Section 1. Franchise Extension. The franchise granted pursuant to City Ordinance No. 274 and extended by Ordinance No. 455 to April 30, 2007 is extended through the earlier of April 30, 2008, or the effective date of a replacement franchise (whichever first occurs).

Section 2. Directions to City Clerk. The City Clerk is hereby authorized and directed to forward certified copies of this ordinance to the Grantee set forth in this ordinance. The Grantee shall have fifteen (15) days from receipt of the certified copy of this ordinance to accept in writing the extension of the franchise granted to the Grantee in this ordinance.

Section 3. Publication and Effective Date. In accord with state law, this ordinance shall be published in full and shall take effect five days after passage, publication, and acceptance by the Grantee.

PASSED BY THE CITY COUNCIL ON APRIL 23, 2007.

Mayor Robert L. Ransom

ATTEST:

APPROVED AS TO FORM:

Scott Passey, CMC
City Clerk

Ian Sievers, City Attorney

Date of Publication:
Effective Date:

ORDINANCE NO. 274

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON,
GRANTING SHORELINE WATER DISTRICT A NON-EXCLUSIVE
FRANCHISE TO CONSTRUCT, MAINTAIN, OPERATE, REPLACE AND
REPAIR A WATER SYSTEM WITHIN PUBLIC RIGHTS-OF-WAY OF
THE CITY OF SHORELINE, WASHINGTON.**

WHEREAS, RCW 35A.11.020 grants the City broad authority to regulate the use of the public right-of-way; and

WHEREAS, RCW 35A.47.040 authorizes the City “to grant nonexclusive franchises for the use of public streets, bridges or other public ways, structures or places above or below the surface of the ground for ... facilities for public conveyances, for poles, conduits, tunnels, towers and structures, pipes and wires and appurtenances thereof for transmission and distribution of electrical energy, signals and other methods of communication, for gas, steam and liquid fuels, for water, sewer and other private and publicly owned and operated facilities for public service;” and

WHEREAS, the Council finds that it is in the best interests of the health, safety and welfare of residents of the Shoreline community to grant a non-exclusive franchise to the Shoreline Water District for the operation of a water system within the City right-of-way; NOW, THEREFORE,

**THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO
ORDAIN AS FOLLOWS:**

1. **Definitions.** The following terms contained herein, unless otherwise indicated, shall be defined as follows:
 - 1.1. **City:** The City of Shoreline, a municipal corporation of the State of Washington, specifically including all areas incorporated therein as of the effective date of this ordinance and any other areas later added thereto by annexation or other means.
 - 1.2. **Days:** Calendar days.
 - 1.3. **Director:** The City Manager or designee.
 - 1.4. **District:** Shoreline Water District, a municipal corporation organized under RCW 57.
 - 1.5. **Facilities:** All pipes, access ways, pump stations, storage facilities, equipment, and supporting structures, located in the City’s right-of-way, utilized by the District in the operation of activities authorized by this Ordinance. The abandonment by District of any facilities as defined herein shall not act to remove the same from this definition.
 - 1.6. **Permittee:** A person who has been granted a permit by the Permitting Authority, and District operating under Section 6.6 Blanket Permit of this agreement.

- 1.7. **Permitting Authority:** The head of the City department authorized to process and grant permits required to perform work in the City's right-of-way, or the head of any agency authorized to perform this function on the City's behalf. Unless otherwise indicated, all references to Permitting Authority shall include the designee of the department or agency head.
- 1.8. **Person:** An entity or natural person.
- 1.9. **Revenue:** This term as used herein shall refer to all revenue collected from District's customers with billing addresses that are within the corporate boundaries of the City, not including late fees.
- 1.10. **Right-of-way:** As used herein shall refer to the surface of and the space along, above, and below any street, road, highway, freeway, lane, sidewalk, alley, court, boulevard, parkway, drive, utility easement, and/or road right-of-way now or hereafter held or administered by the City of Shoreline.
2. **Franchise Granted.**
 - 2.1. Pursuant to RCW 35A.47.040, the City hereby grants to District, its successors and assigns, subject to the terms and conditions hereinafter set forth, a Franchise beginning on the effective date of this Ordinance.
 - 2.2. This Franchise shall grant District the right, privilege and authority, subject to the terms and conditions hereinafter set forth, to construct, operate, maintain, replace, and use all necessary equipment and facilities for a water system, in, under, on, across, over, through, along or below the public right-of-way located in the City of Shoreline, as approved under City permits issued by the Permitting Authority pursuant to this Franchise and City ordinances.
 - 2.3. This Franchise is granted upon the express condition that it shall not in any manner prevent the City from granting other or further franchises in, along, over, through, under, below or across any right-of-way. Such Franchise shall in no way prevent or prohibit the City from using any right-of-way or other City property or affect its jurisdiction over them or any part of them, and the City shall retain the authority to make all necessary changes, relocations, repairs, maintenance, establishment, improvement, dedication of the same as the City may deem fit, including the dedication, establishment, maintenance, and improvement of all new rights-of-way or other public properties of every type and description.
3. **Franchise Term.** The term of the Franchise granted hereunder shall be for the period commencing upon the effective date of this ordinance through December 31, 2004. This Franchise will automatically renew for an additional two-year period unless its termination is confirmed in writing by the City at least sixty days prior to December 31, 2004, or it is replaced by a substitute Franchise ordinance prior to that date.
4. **Franchise Fee.** In consideration of the right granted to District to occupy City rights-of-way for the purpose of operating a water utility within the City and as partial compensation for the City's costs to construct, maintain, repair, develop, and manage the right-of-way, District agrees:

- 4.1. To collect and distribute to the City a Franchise fee equal to 6% of Revenues generated from its operations within the City.
 - 4.1.1. This Franchise fee shall be collected beginning upon the effective date of this Franchise.
 - 4.1.2. Proceeds of the Franchise fee collected shall be distributed to the City no later than 30 days after the end of each calendar quarter (quarters ending at the end of March, June, September and December).
- 4.2. Should the District be prevented by judicial or legislative action from collecting a Franchise fee on all or a part of the revenues, District shall be excused from the collection and distribution of that portion of the Franchise fee.
- 4.3. Should a court of competent jurisdiction declare, or a change in law make the Franchise fee to be collected on behalf of the City invalid, in whole or in part, or should a court of competent jurisdiction hold that the collection of the Franchise fee by District is in violation of a pre-existing contractual obligation of District, then District's obligation to collect and distribute a Franchise fee to the City under this Section shall be terminated in accordance with and to the degree required to comply with such court action.
- 4.4. District agrees that the Franchise fee established by this Section is appropriate and that District will not be a party to or otherwise support legal or legislative action intended to result in judicial determinations or legislative action referred to in Sections 4.2 & 4.3 hereof.

5. City Ordinances and Regulations.

- 5.1. Nothing herein shall be deemed to direct or restrict the City's ability to adopt and enforce all necessary and appropriate ordinances regulating the performance of the conditions of this Franchise, including any reasonable ordinance made in the exercise of its police powers in the interest of public safety and for the welfare of the public. The City shall have the authority at all times to control, by appropriate regulations, the location, elevation, and manner of construction and maintenance of any facilities of District located within the City right-of-way. District shall promptly conform with all such regulations, unless compliance would cause District to violate other requirements of law.

6. Right-of-Way Management.

6.1. Excavation.

- 6.1.1. During any period of relocation or maintenance, all surface structures, if any, shall be erected and used in such places and positions within the right-of-way so as to interfere as little as possible with the safe and unobstructed passage of traffic and the unobstructed use of adjoining property. District shall at all times post and maintain proper barricades and comply with all applicable safety regulations during such period of construction as required by the ordinances of the City or state law, including RCW 39.04.180, for the construction of trench safety systems.

- 6.1.2. Whenever District excavates in any right-of-way for the purpose of installation, construction, repair, maintenance or relocation of its facilities, it shall apply to the City for a permit to do so in accord with the ordinances and regulations of the City requiring permits to operate in the right-of-way. In no case shall any such work commence within any right-of-way without a permit, except as otherwise provided in this Ordinance. During the progress of the work, District shall not unnecessarily obstruct the passage or use of the right-of-way, and shall provide the City with plans, maps, and information showing the proposed and final location of any facilities in accordance with Section 6.10 of this Ordinance.
- 6.2. Abandonment of District's Facilities. No facilities laid, installed, constructed, or maintained in the right-of-way by District may be abandoned by District without the prior written consent of the Director of a removal plan. All necessary permits must be obtained prior to such work.
- 6.3. Restoration after Construction.
- 6.3.1. District shall, after any installation, construction, relocation, maintenance, or repair of Facilities within the Franchise area, restore the right-of-way to at least the condition the same was in immediately prior to any such abandonment, installation, construction, relocation, maintenance or repair. All concrete encased monuments, which have been disturbed or displaced by such work, shall be restored pursuant to all federal, state and local standards and specifications. District agrees to promptly complete all restoration work and to promptly repair any damage caused by such work at its sole cost and expense.
- 6.3.2. If it is determined that District has failed to restore the right-of-way in accordance with this Section, the City shall provide District with written notice including a description of actions the City believes necessary to restore the right-of-way. If the right-of-way is not restored in accordance with the City's notice within fifteen (15) days of that notice, the City, or its authorized agent, may restore the right-of-way. District is responsible for all costs and expenses incurred by the City in restoring the right-of-way in accordance with this Section. The rights granted to the City under this Paragraph shall be in addition to those otherwise provided by this Franchise.
- 6.4. Bonding Requirement. District, as a public agency, is not required to comply with the City's standard bonding requirement for working in the City's right-of-way.
- 6.5. Emergency Work, Permit Waiver. In the event of any emergency where any facilities located in the right-of-way are broken or damaged, or if District's construction area for their facilities is in such a condition as to place the health or safety of any person or property in imminent danger, District shall immediately take any necessary emergency measures to repair or remove its facilities without first applying for and obtaining a permit as required by this Franchise. However, this emergency provision shall not relieve District from later obtaining any necessary permits for the emergency work. District shall apply for the required permits the next business day following the emergency work or as soon as practical given the nature and duration of the emergency.

- 6.6. Blanket Permit. The terms “Minor Activities” and “Blanket Activities” shall be defined in a specifically negotiated Blanket Permit Definitions, a copy of which has been filed with the City Clerk and identified by Clerk’s Receiving Number _____. Permittee shall be authorized to perform Minor Activities without a City permit of any kind and Blanket Activities under the terms and conditions of this Section. All other activities will require a separate permit in accordance with City ordinances.
- 6.6.1. The Permittee shall pay the City a permit inspection/processing fee in the amount set out in Blanket Permit Definitions.
- 6.6.2. The Permittee shall provide a monthly list of permit construction activity by the 10th of the following month listing the previous month’s activity authorized under this Section.
- 6.6.3. The Permittee shall provide payment of inspection fees for the monthly activity on a monthly basis. No statement will be provided by the City.
- 6.6.4. For each separate use of the right-of-way under this Section, and prior to commencing any work on the right-of-way under this Section, the Permittee shall:
- 6.6.4.1. Fax or otherwise deliver to the Permitting Authority, at least twenty-four (24) hours in advance of entering the right-of-way, a City Inspection Request Form, as provided by the Permitting Authority, which shall include at a minimum the following information: Franchise ordinance number, street address nearest to the proposed work site; parcel number and description of work to be performed.
- 6.6.4.2. Fax or deliver to the Permitting Authority a notice of completion in the form provided by the Permitting Authority within twenty-four (24) hours after completing work.
- 6.6.5. In the event the Permittee fails to comply with any of the conditions set forth in this Section, the City is authorized to immediately terminate the Permittee’s authority to operate under this Section by providing Permittee written notice of such termination and the basis therefore.
- 6.6.6. The City reserves the right to alter the terms and conditions of Subsection 6.6. and of Blanket Permit Definitions by providing thirty (30) days written notice to the Permittee. Any change made pursuant to this Paragraph, including any change in the inspection fee stated in Blanket Permit Definitions, shall thereafter apply to all subsequent work performed pursuant to this Section. Further, the City may terminate the Permittee’s authority to work in the City’s right-of-way under the terms of this Section at any time without cause by providing thirty (30) days written notice to the Permittee. Notwithstanding any termination, the Permittee will not be relieved of any liability to the City.
- 6.7. Safety.
- 6.7.1. The District, in accordance with applicable federal, state, and local safety rules and regulations shall, at all times, employ ordinary care in the installation, maintenance, and repair utilizing methods and devices commonly accepted in

their industry of operation to prevent failures and accidents that are likely to cause damage, injury, or nuisance to persons or property.

- 6.7.2. All of District's facilities in the right-of-way shall be constructed and maintained in a safe and operational condition.

6.8. Dangerous Conditions, Authority for City to Abate.

- 6.8.1. Whenever Facilities or the operations of the District cause or contribute to a condition that appears to endanger any person or substantially impair the lateral support of the adjoining right-of-way, public or private property, the Director may direct the District, at no charge or expense to the City, to take actions to resolve the condition or remove the endangerment. Such directive may include compliance within a prescribed time period.
- 6.8.2. In the event the District fails or refuses to promptly take the directed action, or fails to fully comply with such direction, or if emergency conditions exist which require immediate action to prevent imminent injury or damages to persons or property, the City may take such actions as it believes are necessary to protect persons or property and the District shall be responsible to reimburse the City for its costs.

6.9. Relocation of System Facilities.

- 6.9.1. District agrees and covenants to protect, support, temporarily disconnect, relocate or remove from any right-of-way its facilities without cost to the City, when so required by the City to facilitate the completion of or as a result of a public project, provided that District shall in all such cases have the privilege to temporarily bypass, in the authorized portion of the same right-of-way and upon approval by the City, any facilities required to be temporarily disconnected or removed. As used in this Section, the term "public project" is a project included in any City adopted six-year Capital Improvement Program.
- 6.9.2. All Facilities utilized for providing water service within District's service area and within the right-of-way shall be considered owned, operated and maintained by District.
- 6.9.3. If the City determines that a public project necessitates the relocation of District's existing facilities, the City shall:
 - 6.9.3.1. As soon as possible, but not less than sixty (60) days prior to the commencement of such project, provide District with written notice requiring such relocation; and
 - 6.9.3.2. Provide District with copies of any plans and specifications pertinent to the requested relocation and a proposed temporary or permanent relocation for District's facilities.
 - 6.9.3.3. After receipt of such notice and such plans and specifications, District shall complete relocation of its facilities at no charge or expense to the City at least ten (10) days prior to commencement of the project.

- 6.9.4. District may, after receipt of written notice requesting a relocation of its facilities, submit to the City written alternatives to such relocation. The City shall evaluate such alternatives and advise District in writing if any of the alternatives are suitable to accommodate the work that necessitates the relocation of the facilities. If so requested by the City, District shall submit additional information to assist the City in making such evaluation. The City shall give each alternative proposed by District full and fair consideration. In the event the City ultimately determines that there is no other reasonable alternative, District shall relocate its facilities as provided in this Section.
- 6.9.5. If the City requires the relocation of Facilities within five (5) years of their installation or the subsequent relocation of Facilities within five (5) years from the date of relocation of such Facilities pursuant to this Section, then the City shall bear the entire cost of such subsequent relocation.
- 6.9.6. The provisions of Section 6.9 shall in no manner preclude or restrict District from making any arrangements it may deem appropriate when responding to a request for relocation of its Facilities by any person other than the City, where the improvements to be constructed by said person are not or will not become City-owned, operated or maintained, provided that such arrangements do not unduly delay or increase the cost of a planned City construction project.
- 6.10. District's Maps and Records. As a condition of this Franchise, and without charge to the City, District agrees to provide the City with as-built plans, maps, and records that show the vertical and horizontal location of its facilities within the right-of-way, measured from the center line of the right-of-way, using a minimum scale of one inch equals one hundred feet (1"=100'). Maps shall be provided in Geographical Information System (GIS) or other digital electronic format used by the City and, upon request, in hard copy plan form used by District. This information shall be provided between one hundred twenty (120) and one hundred eighty (180) days of the effective date of this Ordinance and shall be updated upon reasonable request by the City.

7. Planning Coordination.

- 7.1. Growth Management. The parties agree, as follows, to participate in the development of, and reasonable updates to, the each other's planning documents:
 - 7.1.1. For District's service within the City limits, District will participate in a cooperative effort with the City of Shoreline to develop a Comprehensive Plan Utilities Element that meets the requirements described in RCW 36.70A.070(4).
 - 7.1.2. District will participate in a cooperative effort with the City to ensure that the Utilities Element of Shoreline's Comprehensive plan is accurate as it relates to District's operations and is updated to ensure it continued relevance at reasonable intervals.
 - 7.1.3. District shall submit information related to the general location, proposed location, and capacity of all existing and proposed Facilities within the City as

requested by the Director within a reasonable time, not exceeding sixty (60) days from receipt of a written request for such information.

7.1.4. District will update information provided to the City under this Section whenever there are major changes in District's system plans for Shoreline.

7.1.5. The City will provide information relevant to the District's operations within a reasonable period of written request to assist the District in the development or update of its Comprehensive Water System Plan. Provided that such information is in the City's possession, or can be reasonably developed from the information in the City's possession.

7.2. System Development Information. District will assign a representative whose responsibility shall be to coordinate with the City on planning for CIP projects including those that involve undergrounding. At a minimum, such coordination shall include the following:

7.2.1. By February 1st of each year, District shall provide the City Manager or his designee with a schedule of its planned capital improvements, which may affect the right of way for that year;

7.2.2. District shall meet with the City, other franchisees and users of the right-of-way, according to a schedule to be determined by the City, to schedule and coordinate construction; and

7.2.3. All construction locations, activities, and schedules shall be coordinated, as required by the City Manager or his designee, to minimize public inconvenience, disruption, or damages.

7.3. Emergency Operations. The City and District agree to cooperate in the planning and implementation of emergency operations response procedures.

8. Indemnification.

8.1. District hereby releases, covenants not to bring suit, and agrees to indemnify, defend and hold harmless the City, its elected officials, employees, agents, and volunteers from any and all claims, costs, judgments, awards, attorney's fees, or liability to any person, including claims by District's own employees to which District might otherwise be immune under Title 51 RCW, arising from personal injury or damage to property allegedly due to the negligent or intentional acts or omissions of District, its agents, servants, officers or employees in performing activities authorized by this Franchise. This covenant of indemnification shall include, but not be limited by this reference, claims against the City arising as a result of the acts or omissions of District, its agents, servants, officers or employees except for claims for injuries and damages caused by the sole negligence of the City. If final judgment is rendered against the City, its elected officials, employees, agents, and volunteers, or any of them, District shall satisfy the same. The City may appear in any proceeding it deems necessary to protect the City's or the public's interests.

8.2. Inspection or acceptance by the City of any work performed by District at the time of completion of construction shall not be grounds for avoidance of any of these

covenants of indemnification. Said indemnification obligations shall extend to claims that are not reduced to a suit and any claims that may be settled prior to the culmination of any litigation or the institution of any litigation.

- 8.3. In the event District refuses to undertake the defense of any suit or any claim, after the City's request for defense and indemnification has been made pursuant to the indemnification clauses contained herein, and District's refusal is subsequently determined by a court having jurisdiction (or such other tribunal that the parties shall agree to decide the matter), to have been a wrongful refusal on the part of District, then District shall pay all of the City's costs and expenses for defense of the action, including reasonable attorneys' fees of recovering under this indemnification clause as well as any judgment against the City.
- 8.4. Should a court of competent jurisdiction determine that this Franchise is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of District and the City, its officers, employees and agents, District's liability hereunder shall be only to the extent of District's negligence. This waiver has been mutually negotiated by the parties.
- 8.5. The City hereby releases and agrees to indemnify, defend and hold harmless the District, its elected officials, employees, agents, and volunteers from any and all claims, costs, judgments, awards or liability to any person arising from District's compliance with Section 4 hereof. This indemnification is contingent upon District's compliance with Section 4.4 hereof.

9. Insurance.

- 9.1. District shall procure and maintain for the duration of the Franchise, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the exercise of the rights, privileges and authority granted hereunder to District, its agents or employees. A combination of self-insurance and excess liability insurance may be utilized by District. District shall provide to the City an insurance certificate and proof of self-insurance, if applicable, evidencing the required insurance and a copy of the additional insured endorsements, for its inspection prior to the commencement of any work or installation of any Facilities pursuant to this Franchise, and such insurance shall evidence the following required insurance:
 - 9.1.1. Automobile Liability insurance for owned, non-owned and hired vehicles with limits no less than \$2,000,000 Combined Single Limit per accident for bodily injury and property damage; and
 - 9.1.2. Commercial General Liability insurance policy, written on an occurrence basis with limits no less than \$1,000,000 combined single limit per occurrence and \$2,000,000 aggregate for personal injury, bodily injury and property damage. Coverage shall include premises, operations, independent contractors, products-completed operations, personal injury and advertising injury. There shall be no endorsement or modification of the Commercial General Liability insurance excluding liability arising from explosion, collapse or underground property

damage. The City shall be named as an additional insured under District's Commercial General Liability insurance policy.

- 9.1.3. Excess Liability in an amount of \$5,000,000 each occurrence and \$5,000,000 aggregate limit. The City shall be named as an additional insured on the Excess Liability insurance policy.
- 9.2. Payment of deductible or self-insured retention shall be the sole responsibility of District.
- 9.3. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, or employees. In addition, the insurance policy shall contain a clause stating that coverage 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. District's insurance shall be primary. Any insurance, self insurance, or insurance pool coverage maintained by the City shall be excess of District's insurance and shall not contribute with it. Coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the City.
- 9.4. District shall require all its subcontractors to carry insurance consistent with this Section 9, and shall provide evidence of such insurance to the City upon request.

10. **Enforcement.**

- 10.1. In addition to all other rights and powers retained by the City under this Franchise, the City reserves the right to revoke and terminate this Franchise and all rights and privileges of the District in the event of a substantial violation or breach of its terms and conditions.
- 10.2. A substantial violation or breach by a District shall include, but shall not be limited to, the following:
 - 10.2.1. An uncured violation of any material provision of this Franchise, or any material rule, order or regulation of the City made pursuant to its power to protect the public health, safety and welfare;
 - 10.2.2. An intentional evasion or knowing attempt to evade any material provision of this Franchise or practice of any fraud or deceit upon the system customers or upon the City;
 - 10.2.3. Failure to provide the services specified in the Franchise;
 - 10.2.4. Misrepresentation of material fact during negotiations relating to this Franchise or the implementation thereof;
 - 10.2.5. A continuous and willful pattern of grossly inadequate service;
 - 10.2.6. An uncured failure to pay fees associated with this Franchise
- 10.3. No violation or breach shall occur which is without fault of the District or the City, or which is as a result of circumstances beyond the District's or the City's reasonable control. Neither the District, nor the City, shall be excused by economic hardship nor

by nonfeasance or malfeasance of its directors, officers, agents or employees; provided, however, that damage to equipment causing service interruption shall be deemed to be the result of circumstances beyond a District's or the City's control if it is caused by any negligent act or unintended omission of its employees (assuming proper training) or agents (assuming reasonable diligence in their selection), or sabotage or vandalism or malicious mischief by its employees or agents. A District, or the City, shall bear the burden of proof in establishing the existence of such conditions.

- 10.4. Except in the case of termination pursuant to Paragraph 10.2.4. of this Section, prior to any termination or revocation, the City, or the District, shall provide the other with detailed written notice of any substantial violation or material breach upon which it proposes to take action. The party who is allegedly in breach shall have a period of 60 days following such written notice to cure the alleged violation or breach, demonstrate to the other's satisfaction that a violation or breach does not exist, or submit a plan satisfactory to the other to correct the violation or breach. If, at the end of said 60-day period, the City or the District reasonably believes that a substantial violation or material breach is continuing and the party in breach is not taking satisfactory corrective action, the other may declare that the party in breach is in default, which declaration must be in writing. Within 20 days after receipt of a written declaration of default, the party that is alleged to be in default may request, in writing, a hearing before a "hearing examiner" as provided by the City's development regulations. The hearing examiner's decision may be appealed to any court of competent jurisdiction.
- 10.5. The City may, in its discretion, provide an additional opportunity for the District to remedy any violation or breach and come into compliance with this agreement so as to avoid the termination or revocation.
- 10.6. Any violation existing for a period greater than 30 days may be remedied by the City at the District's expense.
11. **Survival.** All of the provisions, conditions and requirements of Sections 6.1 Excavation, 6.2 Abandonment Of District's Facilities, 6.3 Restoration After Construction, 6.8 Dangerous Conditions, Authority For City To Abate, 6.9 Relocation Of System Facilities, and 8 Indemnification, of this Franchise shall be in addition to any and all other obligations and liabilities District may have to the City at common law, by statute, or by contract, and shall survive the City's Franchise to District for the use of the areas mentioned in Section 2 herein, and any renewals or extensions thereof. All of the provisions, conditions, regulations and requirements contained in this Franchise Ordinance shall further be binding upon the heirs, successors, executors, administrators, legal representatives and assigns of District and all privileges, as well as all obligations and liabilities of District shall inure to its heirs, successors and assigns equally as if they were specifically mentioned wherever District is named herein.
12. **Severability.** If any Section, sentence, clause or phrase of this Ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other Section,

sentence, clause or phrase of this Franchise Ordinance. The Parties may amend, repeal, add, replace, or modify any provision of this Franchise to preserve the intent of the parties as expressed herein prior to any finding of invalidity or unconstitutionality.

13. **Assignment.** This Franchise shall not be sold, transferred, assigned, or disposed of in whole or in part either by sale, voluntary or involuntary merger, consolidation or otherwise, without the written approval of the City. This paragraph shall not act to require City approval of any District action to mortgage or otherwise encumber its facilities, or other action related to corporate financing, financial reorganization, or refinancing activity.

14. **Notice.** Any notice or information required or permitted to be given to the parties under this Franchise may be sent to the following addresses unless otherwise specified:

District Manager
Shoreline Water District
P.O. Box 55367
Shoreline, WA 98155
Phone: (206) 362-8100
Fax: (206) 361-0629

City Manager
City of Shoreline
17544 Midvale Avenue N.
Shoreline, WA 98133-4921
Phone: (206) 546-1700
Fax: (206) 546-2200

15. **Non-Waiver.** The failure of either party to enforce any breach or violation by the other party of any provision of this Franchise shall not be deemed to be a waiver or a continuing waiver by the non-breaching party of any subsequent breach or violation of the same or any other provision of this Franchise.
16. **Alternate Dispute Resolution.** If the parties are unable to resolve disputes arising from the terms of this Franchise, prior to resorting to a court of competent jurisdiction, the parties shall submit the dispute to a non-binding alternate dispute resolution process agreed to by the parties. Unless otherwise agreed between the parties or determined herein, the cost of that process shall be shared equally.
17. **Entire Agreement.** This Franchise constitutes the entire understanding and agreement between the parties as to the subject matter herein and no other agreements or understandings, written or otherwise, shall be binding upon the parties upon execution and acceptance hereof.
18. **Directions to City Clerk.** The City Clerk is hereby authorized and directed to forward certified copies of this ordinance to the District set forth in this ordinance. The District shall have sixty (60) days from receipt of the certified copy of this ordinance to accept in writing the terms of the Franchise granted to the District in this ordinance.
19. **Publication Costs.** In accord with state law, this ordinance shall be published in full. The District shall reimburse the City for the cost of publishing this Franchise Ordinance within sixty (60) days of receipt of an invoice from the City.

20. **Effective Date.** This ordinance shall take effect and be in full force five day after publication.

PASSED BY THE CITY COUNCIL ON June 11, 2001.

Mayor Scott Jepsen

ATTEST:

APPROVED AS TO FORM:

Sharon Mattioli, CMC
City Clerk

Ian Sievers
City Attorney

Date of Publication: June 14, 2001
Effective Date: June 19, 2001