

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Motion Authorizing the City Manager to Provide Notice to the Ronald Wastewater District that the City is Exercising Its Rights for a Two-year Extension of the First Amendment to the 2002 Interlocal Operating Agreement, the 2017 Wastewater Utility Operating Services Agreement, and the 2017 Franchise Granted by Ordinance No. 800 and to Execute the Second Amendment to Paragraph 4.2 of the 2002 Interlocal Operating Agreement

DEPARTMENT: City Attorney's Office

PRESENTED BY: Margaret King, City Attorney

ACTION: ☐ Ordinance ☐ Resolution ☒ Motion
 ☐ Discussion ☐ Public Hearing

PROBLEM/ISSUE STATEMENT:

The City of Shoreline has three (3) agreements with the Ronald Wastewater District (Ronald) that are expiring in 2019. On October 22, 2002, the City and Ronald entered into an Interlocal Operating Agreement (IOA). On June 12, 2017, the City Council adopted the First Amendment to the 2002 IOA which allowed for a two-year extension of the IOA, with an option for the City to extend for an additional two years upon prior written notice to Ronald. This amendment expires on June 22, 2019.

On October 2, 2017, the City and Ronald entered into a Wastewater Utility Operating Services Agreement (WUOSA). This agreement also grants the City the right to extend for an additional two years upon prior written notice. This agreement expires on October 23, 2019.

On October 16, 2017, the City Council adopted Ordinance No. 800, granting a franchise to Ronald for the operation of a sanitary sewer system within the City's public rights-of-way. This Ordinance grants the City the right to extend for an additional two years upon prior written notice. This agreement expires on June 22, 2019.

Given that the expiration of these three agreements occur within a few months of one another, staff believed it efficient to request the City Council's authorization to provide timely notice for extensions of these agreements. Tonight, staff is seeking Council authorization for the City Manager to provide notice to Ronald Wastewater District that the City is exercising its option for a two-year extension of the First Amendment to the IOA, the WUOSA, and Ronald's Franchise Agreement. Staff is also seeking Council authorization for the City Manager to enter into a Second Amendment to the 2002 IOA so that the IOA can be amended to provide for two additional years (2020 and 2021) of Interlocal Operating Fees.

RESOURCE/FINANCIAL IMPACT:

These Notices of Extension and Second Amendment are not anticipated to impact the budget except for those duties and/or responsibilities that were budgeted for that will remain with the Ronald Wastewater District.

RECOMMENDATION

Staff recommends that the City Council move to authorize the City Manager to provide notice to the Ronald Wastewater District that the City is exercising its option for a two-year extension of the First Amendment to the 2002 IOA in a form similar to that provided in Attachment E-1, a two-year extension of the WUOSA in a form similar to that provided in Attachment E-2, and a two-year extension of the Franchise granted under Ordinance No. 800 in a form similar to that provided in Attachment E-3, and to execute a Second Amendment to the 2002 IOA as provided in Attachment F.

Approved By: City Manager **DT** City Attorney **JA-T**

BACKGROUND

On October 22, 2002, the City of Shoreline and the Ronald Wastewater District (Ronald) entered into a 15-year Interlocal Operating Agreement (IOA) for the provision of sanitary sewer services (Attachment A). At the end of this 15-year term, the mutual goal was for the City to fully assume the entirety of Ronald. However, continued litigation, as well as additional county administrative processes related to the assumption, have impacted the timing of the assumption as contemplated by the 2002 IOA, requiring an extension of the final assumption date so as to assure that the transition of the District to the City occurs in an orderly fashion.

On June 12, 2017, the City Council adopted the First Amendment to the 2002 IOA (Attachment B) which extended the term of the IOA and also allows for a two-year extension upon at least three months prior notice. Specifically, Section 2.2 provides:

The City, at its sole option, may no less than three (3) months prior to the end of the term of this First Amendment extend this First Amendment for an additional two (2) years by providing written notice to the District.

With the First Amendment expiring on June 22, 2019, an additional extension is needed, and the City must provide notice to Ronald no later than March 22, 2019. In addition, a Second Amendment to Section 4.2 of the 2002 IOA is required to provide for the Interlocal Operating Fee in the extension years of 2020 and 2021.

On October 16, 2017, the City Council adopted Ordinance No. 800, granting a franchise to Ronald for the operation of a sanitary sewer system within the City's public rights-of-way (Attachment C). This Ordinance grants the City the right to extend for an additional two years upon prior written notice. Specifically, Section 12.2 provides:

The City, at its sole option, may no less than three (3) months prior to the end of the term of this Franchise extend this Franchise for an additional two (2) years by providing written notice to Ronald.

With this Franchise expiring at 11:59 pm PST on June 22, 2019, an extension is needed and the City must provide notice to Ronald no later than March 22, 2019.

On October 23, 2017, the Wastewater Utility Operating Services Agreement (WUOSA), which set the roles and responsibilities of the parties regarding the City's performance of services and functions in operating and maintaining the wastewater system and utility, became effective (Attachment D). Section 3.2 allows for a two-year extension upon at least two (2) months prior written notice. Specifically, Section 3.2 provides:

The City, acting in its sole discretion at least two (2) months prior to the end of the two-year term of the Agreement, may extend this Service Agreement for an additional two (2) years by providing written notice to the District.

With the WUOSA expiring on October 23, 2019, an extension is needed. While the notice is not required until no later than August 23, 2019, staff believes it is efficient to provide notice of the City's intent to extend the WUOSA at this time.

DISCUSSION

A draft of the Notices of Extension of the City's three agreements with Ronald are provided in Attachments E-1, E-2, and E-3 and the Second Amendment to the 2002 IOA is provided in Attachment F, all included with this staff report. The reasoning for an additional extension of these three agreements is the same as for the extension of the 2002 IOA. The Second Amendment to the 2002 IOA provides for the Interlocal Operating Fee in the extension years of 2020 and 2021, which will be set at an annual amount of \$964,000 and \$993,000 respectively. The Second Amendment to the 2002 IOA will also need to be reviewed and executed by the Ronald Board of Commissioners.

As the City Council is aware, numerous steps have been taken to achieve the assumption of Ronald, including but not limited to, the joint development of transition plans, the filing and refiling of notice of intentions with boundary review boards in King and Snohomish Counties, and the City defending its authority to assume the entirety of Ronald in various court proceedings. The City's actions in regards to the boundary review boards, in both King and Snohomish Counties, and the courts have resulted in the need for additional time to effectuate an orderly, seamless transition of governance of Ronald, which has long been the goal of the City so as to ensure no disruption in this public service for the community.

RESOURCE/FINANCIAL IMPACT

These Notices of Extension and Second Amendment are not anticipated to impact the budget except for those duties and/or responsibilities that were budgeted for that will remain with the Ronald Wastewater District.

RECOMMENDATION

Staff recommends that the City Council move to authorize the City Manager to provide notice to the Ronald Wastewater District that the City is exercising its option for a two-year extension of the First Amendment to the 2002 IOA in a form similar to that provided in Attachment E-1, a two-year extension of the WUOSA in a form similar to that provided in Attachment E-2, and a two-year extension of the Franchise granted under Ordinance No. 800 in a form similar to that provided in Attachment E-3, and to execute a Second Amendment to the 2002 IOA as provided in Attachment F.

ATTACHMENTS

Attachment A – 2002 Interlocal Operating Agreement
Attachment B – First Amendment to 2002 Interlocal Operating Agreement
Attachment C – Ordinance No. 800 Granting Ronald a Right-of-Way Franchise
Attachment D – 2017 Wastewater Utility Operating Services Agreement
Attachment E-1 – Notice of the City's Intent to Exercise Its Option to Extend the First Amendment to the 2002 Interlocal Operating Agreement
Attachment E-2 – Notice of the City's Intent to Exercise Its Option to Extend the 2017 Wastewater Utility Operating Services Agreement

Attachment E-3 – Notice of the City's Intent to Exercise Its Option to Extend the Right-
of-Way Franchise Granted by Ordinance No. 800
Attachment F – Second Amendment to the 2002 Interlocal Operating Agreement



**City Clerk's Office
Receiving #
1956
F-02-004
Ronald Wastewater
District**

ORIGINAL

RESOLUTION NO. 197

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON AUTHORIZING AN INTERLOCAL OPERATING AGREEMENT RELATING TO PROVISION OF SANITARY SEWER SERVICES

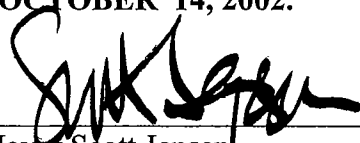
WHEREAS, City and Ronald Wastewater District are authorized under chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 35.13A.070 to contract for the coordinated exercise of powers and sharing of resources for the efficient delivery of services to their residents; and

WHEREAS, the City and District have negotiated a Franchise and concomitant Interlocal Operating Agreement to coordinate the provision of sanitary sewer services in the City of Shoreline; now therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON THAT

1. The City Manager is authorized to execute the INTERLOCAL OPERATING AGREEMENT BETWEEN THE CITY OF SHORELINE AND RONALD WASTEWATER DISTRICT RELATING TO SANITARY SEWER SERVICES WITHIN SHORELINE'S CITY LIMITS attached hereto as Exhibit 1.

ADOPTED BY THE CITY COUNCIL ON OCTOBER 14, 2002.



Mayor Scott Jepsen

ATTEST:



Sharon Mattioli, CMC
City Clerk

ORIGINAL

CITY OF SHORELINE	
Clerk's Receiving	
No:	1956
Date:	10/22/02

Exhibit 1

INTERLOCAL OPERATING AGREEMENT BETWEEN THE CITY OF SHORELINE AND RONALD WASTEWATER DISTRICT RELATING TO SANITARY SEWER SERVICES WITHIN SHORELINE'S CITY LIMITS

THIS AGREEMENT is made and entered into this 22nd day of October, 2002, by and between the city of Shoreline, a Washington Non-Charter Optional Municipal Code City (the "City") and Ronald Wastewater District, a Special Purpose Municipal Corporation (the "District").

WHEREAS, the City is the local government with authority and jurisdiction with respect to the territory within its corporate boundaries; and

WHEREAS, the District provides sanitary sewer service to properties located in the District and properties lying in the City's corporate boundaries and also to properties not located in the District or the City; and

WHEREAS, the City does not own or operate a sanitary sewer system; and

WHEREAS, the District and the City agree that the District has provided its service area, including the area now located within the City of Shoreline, with sanitary sewer service for over 42 years and that the District has the skills, assets, willingness and ability to provide the entire City with sanitary sewer service; and

WHEREAS, the City desires to assure its residents of continued unified sanitary sewer service which will comply with federal, state and local law, which will protect the public's health, safety, and welfare, and will provide uniform standards of service; and

WHEREAS, the City and the District have separately negotiated a 15 year Franchise Agreement to establish the terms and conditions under which the District is granted the authority to maintain its sanitary sewer system within the City's Rights of Way to be simultaneously executed and

WHEREAS, the City and District are authorized under chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 35.13A.070 to contract for the coordinated exercise of powers and sharing of resources for the efficient delivery of services to their residents, and the governing bodies of both parties have passed resolutions approving the execution of this Agreement;

12/15/19

NOW THEREFORE, in consideration of the terms and provisions contained herein, and the Franchise Agreement executed contemporaneously by the parties, the City and the District agree as follows:

Section 1. Purpose. It is the purpose of this Agreement to guide the activities, resources and efforts of the City and the District to provide the citizens of the entire City and the ratepayers served by the District with an efficient, high quality and well maintained sanitary sewerage wastewater system at a reasonable cost and to provide an orderly and predictable transition of the wastewater utility from District to City ownership.

Section 2. Term of Agreement. The term of this Interlocal Operating Agreement shall be fifteen (15) years from the date of its execution.

Section 3. City Responsibilities:

3.1 Franchise Grant to the District. The City shall grant a non-exclusive franchise to the District in the form attached hereto as Exhibit "A" for a concurrent term of 15 years and terminating on the termination date of this Agreement.

3.2 Assumption by the City. The City agrees that in consideration of the "Interlocal Operating Agreement Fee" to be paid by the District to the City as set forth herein in section 4 of this Agreement, and the other terms and conditions of this Agreement, it shall not, during the 15 year term of this Agreement and the concurrent Franchise Agreement granted to the District, attempt to exercise its statutory authority (RCW chapter 35.13A, as currently in effect or amended in the future) to assume jurisdiction over the District or any District responsibilities, property, facilities or equipment within the City's corporate limits, including future annexed areas.

3.3 Fees and Charges. The City shall not, during the term of this Agreement impose any new fees on the District for City costs and services addressed and compensated for in the Franchise Agreement or this Interlocal Operating Agreement, as herein below described.

3.4 Future Statute Authorizing a City Utility Tax on the District. In the event that the State of Washington Legislature should in the future authorize a City to impose a Utility Tax upon a District based upon the District's revenues, or upon any other basis, the payments hereinbelow provided as the District's contractual consideration for this Agreement shall be credited against such Utility Tax as the City may impose and the District shall be obligated to pay only the statutorily supported tax liability in excess thereof; provided however, this section shall not allow a credit against consideration of this Agreement for

generally applicable regulatory fees or revenue-generating charges or taxes that may be authorized by law as applicable to the District and adopted by the City during the term of this Agreement other than a utility tax. For purposes of this section "utility tax" refers a city tax on business activities subject to the tax imposed by chapter 82.16 RCW.

3.4.1 Pass Through of Excess Utility Tax. In the event a Utility Tax on the District by the City is in the future authorized by law, the District shall pay such additional monies and may pass such additional tax liability on to the District's ratepayers as a separate billing item.

3.5 Requirement to Connect to Sanitary Sewer. The City shall, within the first year of this Agreement, study the adoption of rules and regulations related to the requirement that residences and other buildings or improvements located within the City not receiving sanitary sewer service (those using septic tanks or other on site systems), shall, under certain terms and conditions, be required to connect the sewer facilities located in or on such properties to the District's Sanitary Sewer System.

3.5.1. The City shall enforce such rules and regulations if adopted.

3.5.2 The District shall cooperate with the City in such enforcement action.

3.6 City's Option to Extend this Agreement The City, at its sole option, may no less than twelve (12) calendar months prior to the end of the term of this Agreement inform the District, in writing, of its desire to extend this Agreement for an additional five (5) years under terms and conditions as may be mutually agreed to by the Parties.

3.6.1 Should the City give such notice to the District and the District be interested in such a proposal, the Parties shall enter into Good Faith Negotiations to complete and execute a mutually acceptable extension Agreement, within six (6) months from the City's Notice.

3.7 Protection of District Employees upon Assumption by the City. The Parties agree that a fair and equitable transition of the employees of the District at the time of assumption by the City is critical to maintain the efficient operations of the wastewater services. The employees at the District represent a valuable asset to the City as they assume operations of the District. Therefore, in addition to compliance with RCW 35.13A.090, the City agrees to the following protections for employees of the District at the time of the transfer of the utility system:

3.7.1 All full-time regular non-probationary employees of the District at the time of assumption shall be offered the same or equivalent positions in the City's job classification system, which are consistent with the knowledge, skills, abilities, experience, and technical requirements of the District's employees.

3.7.2 The City agrees not to reduce the salary of a District transferred employee. However, the City reserves the right to freeze a District transferred employee's rate of compensation within a job classification until the City's rate of compensation is equal to or exceeds the transferred employee's rate of compensation.

3.7.3 City agrees it shall not lay off a transferred District employee for at least one year following the date of the transfer to City employment, however, the City reserves the right to terminate District transferred employee for cause.

3.7.4 Service credit for City purposes will be calculated based upon the initial full-time employment date of the transferred employee with Ronald Wastewater District.

3.7.5 Transferred employees will continue participation with the appropriate public employees' retirement system as provided for in RCW35.13A.090 (1).

3.7.6 The City currently allows employees retiring under the PERS Retirement System to purchase health insurance. The transferred employees will be able to participate in that benefit so long as this is still a benefit offered to City employees at the time of assumption of the District.

3.7.7 The City agrees to abide by the Washington Wastewater Collection Personnel Association certification requirements or equivalent for all sewer maintenance workers.

3.7.8 District agrees that an employment agreement for any employee shall not be extended beyond the City assumption date without review and approval of the City Manager.

3.7.9 The Parties recognize that all agreements with bargaining units will terminate upon transfer to the City.

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3.7.10 District agrees that at the time of transfer it shall pay off any accrued sick leave owed to transferred District employees, based on District sick leave policy then in effect.

3.7.11 The Parties agree that District employees transferred to the city shall not carry over more vacation accrual than allowed by City vacation leave policy then in effect, and the District shall pay off vacation in excess of the City's accrual limit upon transfer.

3.8 Obligations On Assumption:

3.8.1 City shall assume all liabilities and contractual obligations of the District or pay those obligations in full where required by contract, bond covenant or other agreements. The District will negotiate all new contracts and loan agreements during the term of this agreement including any mutually agreed upon extension so that the obligations of the District may be assumed by the City upon assumption of the District without cost or penalty. It is agreed that the district's Parity Revenue Bond covenants, as now written, can not, and will not change during this Agreement, therefore, any such Parity Revenue bond obligations of the District will require full defeasance or transfer of the obligation of the District according to the bond covenants at the time of the transfer of assets.

3.8.2 All District assets, personal, real and intangible property will be transferred to the City.

Section 4. The District Responsibilities. In consideration of the City's commitments above and the concomitant Franchise Agreement, the District shall:

4.1 Interlocal Operating Agreement Fee. In consideration of and compensation for the City's forbearance of its rights to assume the District under RCW 35.13A, as it now exists or may be amended, and the rights granted the District under this Agreement to operate its existing and future sewer facilities within the City's corporate limits, including any future annexed areas, the District agrees to pay the City an "Interlocal Operating Fee" pursuant to the payment schedule set forth herein.

4.2 Schedule of Payments. The schedule of payments shall be as follows:

Year	Amount
2002	\$500,000*
2003	\$550,000

16192

2004	\$600,000
2005	\$618,000
2006	\$637,000
2007	\$656,000
2008	\$676,000
2009	\$696,000
2010	\$717,000
2011	\$739,000
2012	\$761,000
2013	\$784,000
2014	\$808,000
2015	\$832,000
2016	\$857,000
2017	\$883,000

*In the year 2002, the \$500,000 Interlocal Agreement Fee will be paid in full by Ronald Wastewater District prior to December 31, 2002, less any previously paid fees paid during the year 2002 under the Seattle Public Utilities Franchise Agreement assumed by the District.

In all years subsequent to 2002 through 2016, the Interlocal Agreement Fee will be paid by the District to the City with quarterly payments being made on or before March 15, June 15, September 15, and December 15 of each year.

In the final year, 2017, the District's payment to the City will be pro-rated to the date of the Contract Termination.

The fee paid by the District under this section is a business expense that will not be separately identified on customer billings.

4.3 Storm Water and Water Supply System. The District shall not provide a storm water system or a water supply system within the City without the approval of the City being first obtained.

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4.4 Standard Sewer Billing Rate Structure. It shall be the goal of the District to perform a Comprehensive Sewer Rate and Cost of Service Analysis in order to develop a uniform rate schedule following the District's acquisition of the Seattle Public Utilities/Lake City Sewer District Sanitary Sewer System which study shall include but not be limited to the following:

4.4.1 The impact of the overall rate revenue requirements, which analysis shall reflect the impact of diverting the costs and revenue of sewer system customers within the City of Lake Forest Park, if and when service to those customers is taken over by the City of Lake Forest Park.

4.4.2 An evaluation of reasonable options and impacts of phasing in a blending of sewer rates, revising the sewer rates and costs of maintenance and operation, both pre and post Seattle Public Utilities/Lake City Sewer District acquisition of customer segments.

4.4.3 Develop a strategy to expedite a blending of sewer rates to a single set of rate structures that will have the least negative impact on all District ratepayers, now and in the future.

4.4.4 Attempt to create a level billing rate structure for each class of customer throughout the District and the City unless the level of service provided any segment of those properties served requires a "special benefit" surcharge.

4.5 Agreement to Annex. The District shall exercise its legislative authority to seek annexation of those areas which it serves which are not yet within its corporate boundaries and those areas which are within the City's corporate boundaries except areas served by the Highland Sewer District. The District shall proceed with the annexation process as soon as the City of Lake Forest Park exercises its right to annex those areas within its corporate boundaries, and which are presently served by the District's Sanitary Sewer System.

4.5.1 City's Cooperation With Annexation. The City shall promote, cooperate with, and use its best efforts to assist the District in the annexation process articulated in Section _____ of this agreement.

4.6 Seattle Public Utilities Service System Reliability. The District shall prepare plans to upgrade the systems acquired from Seattle Public Utilities to conform to the District's overall operational and maintenance standards.

4.7 Advisory Board. Members of the Board of Commissioners of the District in office at the time of this Agreement who wish to do so, may at their

option, sit as an advisory Board to the Shoreline City Council for a three (3) year period beyond the term of this Agreement.

- 4.8 Cooperation with Assumption and Dissolution. The District agrees to take no action to protest or challenge the assumption of the District following the term of this agreement or any extension thereof. By its execution of this Agreement below the District grants to the City a limited power of attorney to execute a joint petition to Superior Court for dissolution of the District pursuant to RCW 35.13A.080 when authorized by the City Council following the term of this Agreement provided the City is not in breach of this Agreement including terms that survive the term of the Agreement

Section 5. Mutual Responsibilities. In satisfaction of the intent of the parties, the City and District shall have the following responsibilities:

5.1 Common Goals and Interests. The parties shall agree to identify potentially desirable common activities and projects of mutual interest and benefit, which shall include, but not be limited to the following:

5.1.1 Common Vehicle and equipment storage facilities

5.1.2 Common vehicle and equipment maintenance

5.1.3 Emergency/after hours call center

5.1.4 Combined permitting/licensing offices

5.1.5 Joint but separate communications - emergency radio/telephone

5.1.6 Creation of a joint committee to discuss, evaluate and select cost-effective common programs relating to:

- i. Energy management
- ii. Equipment sharing
- iii. Information technology
- iv. Staff training, where possible
- v. Joint insurance programs

5.2 Inter-Agency Communications. A committee consisting of the City's City Manager and Public Work's Director, and the District's General Manager and Maintenance Manager will meet annually to evaluate projects which may be agreed upon to have a mutual benefit, and which may be jointly undertaken.

5.3 Capital Improvement Plan: Each of the Parties shall provide the other with a copy of their respective present Capital Improvement Plan to better facilitate the use of the streets, sidewalks and rights of way and the areas under them.

5.4 Coordination of City and District's Comprehensive Plans. The City's Manager and District's General Manager shall meet annually to coordinate activities related to their respective Comprehensive Plans and their respective Capital Improvement Plans. The parties shall address revisions to their respective Comprehensive Plans at the earliest opportunity to reflect the transition of wastewater service delivery by the City at the end of this Agreement.

5.5 Information and Document Exchange. The Parties shall exchange information and documents relating to the location of the facilities which they each operate within the affected rights of way.

5.6 Assumption Transition. No later than 24 months prior to the end of the term of this Agreement, the City and District shall negotiate in good faith the terms of final transition. Transition terms shall include plans that the City and the District agree to implement to ensure a smooth transition from District to City operations. These plans would include operational issues, financial issues, and employee transition issues. Transition terms shall include but not be limited to the following:

5.6.1 Defeasance or call of all bonded debt principal outstanding and interest owed if required by bond covenants.

5.6.2 Assumption of all indebtedness and other liabilities subject to the terms and conditions of related agreements and contracts.

5.6.3 Terms for application and future use of any cash reserves at the time of the transfer of the system then restricted as to use for system rehabilitation and replacement per District Resolution

5.6.4 District agrees to maintain its reserve funds in the same manner as current policy, and shall maintain adequate reserve levels subject to periodic review by the District's Board of Commissioners in establishing policies related to the financial needs of the District.

Section 6. Termination. In addition to all other rights and powers to remedy default including specific performance, both Parties reserve the right to revoke and terminate

this Agreement in the event of a substantial violation or breach of its terms and conditions.

Section 7. Indemnification. The parties shall indemnify and hold harmless each other and their respective officers, agents, and employees from all costs, claims or liabilities of any nature, including attorneys' fees, costs and expenses for or on account of injuries or damage by any persons or property resulting from the negligent activities or omissions of that Party or their respective agents or employees arising from the performance of this agreement.

Section 8. Definitions. The terms used in this Agreement, if not defined herein, shall have their meanings as defined in any other documents executed contemporaneously or in conjunction with this Agreement.

Section 9. Remedies. In addition to the remedies provided by law, this Agreement shall be specifically enforceable by any Party.

Section 10. Venues. In the event of litigation pertaining to this Agreement, the exclusive venues and places of jurisdiction shall be in King County, Washington.

Section 11. Alternative Dispute Resolution-Arbitration. Except as otherwise provided under applicable state law, any dispute, controversy or claim arising out of or in connection with, or relating to, this Agreement or any breach or alleged breach of this Agreement, shall be submitted to, and settled by, arbitration to be held in King County, Washington in accordance with the provisions of Chapter 7.04 of the Revised Code of Washington, as amended, and with respect to matters not covered in such statute, by the rules of the American Arbitration Association; provided, however, that in the event of any conflict between such statute and such rules, the provisions of the statute shall control; and provided further, that notwithstanding anything in such statute or rules to the contrary: (a) the arbitrator's decision and award shall be made according to the terms and provisions of this Agreement and the applicable law, and such award shall set forth findings of fact and conclusions of law of the arbitrator upon which the award is based in the same manner as is required in a trial before a judge of the Superior Court of the State of Washington; (b) the arbitrator shall award attorney's fees to the prevailing party; and (c) in any such arbitration, there shall be a single arbitrator and any decision made shall be final, binding and conclusive on the parties. The fees of the arbitrator shall be borne equally by the parties except that, in the discretion of the arbitrator, any award may include a party's share of such fee if the arbitrator determines that the dispute, controversy or claim was submitted to arbitration as a dilatory tactic.

Section 12. Binding. This Agreement shall inure to the benefit of and be binding upon the Parties, their successors and assigns.

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Section 13. Enforceability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

Section 14. Applicable Law: This Agreement shall be construed under the laws of the State of Washington.

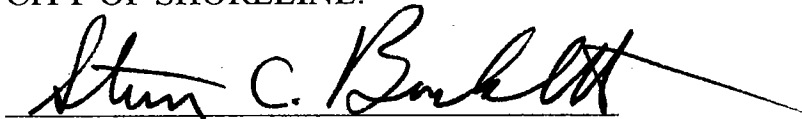
Section 15. Attorneys Fees. If either party employs an attorney to enforce any rights arising out of or relating to this Agreement, the prevailing party shall in such dispute be entitled to recover its reasonable attorneys' fees.

Section 16. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to its subject matter. It shall not be modified except by a written agreement signed by both parties. None of the provisions of this Agreement shall be deemed to have been waived by any act of acquiescence on the part of either Party, its agents, or employees, but only by an instrument in writing signed by an authorized officer of the Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision(s) or of the same provisions on another occasion.

Section 17. Survival. All of the provisions, conditions and requirements of Sections 3.7, 3.8, 4.7, 4.8, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 shall survive the fifteen (15) year term of this Agreement.

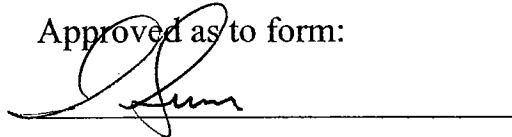
Section 18. Effective Date and Term of Contract. This agreement shall be in full force and effect and binding upon the parties hereto upon the execution of the Agreement and shall continue in full force and effect fifteen (15) years from the effective date.

CITY OF SHORELINE:



Steven C. Burkett, City Manager

Approved as to form:



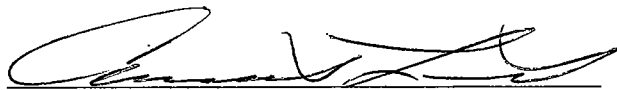
Ian R. Sievers, City Attorney

RONALD WASTEWATER DISTRICT:



President, Board of Commissioners

Attest:

A handwritten signature in black ink, appearing to be "C. Smith", written over a horizontal line.

Secretary, Board of Commissioners

RETURN NAME & ADDRESS

City of Shoreline, City Attorney's Offi
17500 Midvale Avenue N.
Shoreline, WA 98133-4905

CONFORMED COPY
201312090393 13 PGS
12/09/2013 3:27pm \$44.00
SNOHOMISH COUNTY, WASHINGTON

Please print neatly or type information

Document Title(s)

Interlocal Operating Agreement Between the City of Shoreline and Ronald
Wastewater District Relating to Sanitary Sewer Services Within Shoreline's City

Reference Number(s) of related documents:

9507270570, 9502160343

Additional Reference #'s on page ____

Grantor(s) (Last, First, and Middle Initial)

BSRE Point Wells LP

Additional Grantors on page ____

Grantee(s) (Last, First, and Middle Initial)

City of Shoreline

Additional Grantees on page ____

Legal Description (abbreviated form: i.e. lot, block, plat or section, township, range,
quarter/quarter)

Section 35, Township 27 N, Range 03 East

Complete legal on page ____

Assessor's Property Tax Parcel/Account Number

27033500303800, 27033500304100, 27033500303000

Additional parcel #'s on page ____

The Auditor/Recorder will rely on the information provided on this form. The
responsibility for the accuracy of the indexing information is that of the document
preparer.

*I am requesting an emergency nonstandard recording for an additional fee as provided in
RCW 36.18.010. I understand that the recording processing requirements may cover up or
otherwise obscure some part of the text of the original document.

Signature of Requesting Party

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
06/11/04

PRODUCER USI Northwest of Washington 1001 Fourth Avenue, Suite 1800 Seattle, WA 98154 206 695-3100	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED Ronald Wastewater District P.O. Box 33490 Shoreline, WA 98133	INSURERS AFFORDING COVERAGE INSURER A: American Casualty Company of Reading INSURER B: INSURER C: INSURER D: INSURER E:	NAIC # 20427

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR PD Ded:5,000 GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	2048417840	01/01/04	01/01/05	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	\$1,000,000 \$300,000 \$5,000 \$1,000,000 \$2,000,000 \$2,000,000
A		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	2048417790	01/01/04	01/01/05	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	\$1,000,000 \$ \$ \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN EA ACC AUTO ONLY: AGG	\$ \$ \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE AGGREGATE	\$ \$ \$ \$
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	2048417840 WA STOP GAP ONLY	01/01/04	01/01/05	<input type="checkbox"/> WC STATUTORY LIMITS <input checked="" type="checkbox"/> OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	\$1,000,000 \$1,000,000 \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Covering "All Operations" of the named insured, subject to all policy conditions, limitations and exclusions.

CERTIFICATE HOLDER

City of Shoreline
 Attn: Debbie Tarry
 17544 Midvale Ave. N.
 Shoreline, WA 98133-4921

RECEIVED
 JUN 14 2004
 FINANCE

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Debbie R. Henderson

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



FAX

DATE: July 14, 2004

NUMBER OF PAGES (including cover sheet): 3

FROM: Beau Sinkler, Administrative Assistant III for Debbie Tarry, Finance Director
City of Shoreline Finance Department
17544 Midvale Ave N., Shoreline, WA 98133-4921
Phone # (206) 546-0790 Fax # (206) 546-7870

TO: **ATTENTION: KATHY** 425-277-7242

Dear Kathy:

Per your phone conversation with Debbie, attached is the Certificate of Liability for the Ronald Wastewater District.

If you have any questions, please call Debbie at 206-546-0787.
Thanks!

Beau Sinkler
Finance Department, City of Shoreline
206 546 0790
fax: 206-546-7870

ebs0400

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO 2169
CONNECTION TEL 914252777242
SUBADDRESS
CONNECTION ID
ST. TIME 07/14 09:56
USAGE T 01'34
PGS. SENT 3
RESULT OK



FAX

DATE: July 14, 2004

NUMBER OF PAGES (including cover sheet): 3

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City of Shoreline Finance Department
17544 Midvale Ave N., Shoreline, WA 98133-4921
Phone # (206) 546-0790 Fax # (206) 546-7870

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If you have any questions, please call Debbie at 206-546-0787.

Thanks!

Beau Sinkler

7b-24

ACORD™ CERTIFICATE OF LIABILITY INSURANCEDATE (MM/DD/YY)
05/24/02

PRODUCER

USI Northwest
20415 NW 72d Ave. South Suite 300
Kent, WA 98032

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED

~~Ronald Wastewater District~~
P.O. Box 33490
Shoreline, WA 98133

INSURER A: Transcontinental Insurance Company

INSURER B: Continental Casualty Co

INSURER C:

INSURER D:

INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Per Project Agg <input checked="" type="checkbox"/> Stop Gap GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	248417840	01/01/02	01/01/03	EACH OCCURRENCE \$1,000,000 FIRE DAMAGE (Any one fire) \$300,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	248417790	01/01/02	01/01/03	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
	OTHER				

RECEIVED
MAY 28 2002
FINANCE

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

The certificate holder is added as primary & non-contributory additional insured as respects work performed by the named insured on behalf of the certificate holder per attached form G-17957-F.

CERTIFICATE HOLDER

ADDITIONAL INSURED; INSURER LETTER:

CANCELLATION

City of Shoreline
17544 Midvale Ave N.
Shoreline, WA 98133-4921

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Diana L. Phillips

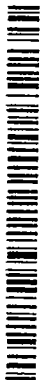
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
CONTRACTOR'S BLANKET ADDITIONAL INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. WHO IS AN INSURED (Section II)** is amended to include as an insured any person or organization (called additional insured) whom you are required to add as an additional insured on this policy under:
1. A written contract or agreement; or
 2. An oral contract or agreement where a certificate of insurance showing that person or organization as an additional insured has been issued; but the written or oral contract or agreement must be:
 1. Currently in effect or becoming effective during the term of this policy; and
 2. Executed prior to the "bodily injury," "property damage," "personal injury" or "advertising injury."
- B. The insurance provided to the additional insured is limited as follows:**
1. That person or organization is only an additional insured with respect to liability arising out of:
 - a. Your premises;
 - b. "Your work" for that additional insured; or
 - c. Acts or omissions of the additional insured in connection with the general supervision of "your work."
 2. The Limits of Insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever is less. These Limits of Insurance are inclusive and not in addition to the Limits of Insurance shown in the Declarations.
 3. Except when required by contract or agreement, the coverage provided to the additional insured by this endorsement does not apply to:
 - a. "Bodily injury" or "property damage" occurring after:
 - (1) All work on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured at the site of the covered operations has been completed; or
 - (2) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as part of the same project.
 - b. "Bodily injury" or "property damage" arising out of acts or omissions of the additional Insured other than in connection with the general supervision of "your work."
 4. The insurance provided to the additional insured does not apply to "bodily injury," "property damage," "personal injury," or "advertising injury" arising out of an architect's, engineer's, or surveyor's rendering of or failure to render any professional services including:
 - a. The preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
 - b. Supervisory, or inspection activities performed as part of any related architectural or engineering activities.
- C. As respects the coverage provided under this endorsement, Paragraph 4.b. SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS is amended with the addition of the following:**
- 4. Other Insurance**
- b. Excess Insurance
- This insurance is excess over:
- Any other valid and collectible insurance available to the additional insured whether primary, excess, contingent or on any other basis unless a contract specifically requires that this insurance be either primary or primary and noncontributing. Where required by contract, we will consider any other insurance maintained by the additional insured for injury or damage covered by this endorsement to be excess and noncontributing with this insurance.

5002074894050030002826714701





FAX

DATE: June 11, 2004

NUMBER OF PAGES (including cover sheet): 3

FROM: Beau Sinkler, Administrative Assistant III for Debbie Tarry, Finance Director
City of Shoreline Finance Department
17544 Midvale Ave N., Shoreline, WA 98133-4921
Phone # (206) 546-0790 Fax # (206) 546-7870

TO: **ATTENTION:** **AL**
Phone #: Fax #: 206-546-8110

Dear Al,

Per your phone conversation with Debbie this morning, attached is your last year's Certificate of Liability for the Ronald Wastewater District. We look forward to receiving your current certificate soon!

Many thanks!

Beau Sinkler
Finance Department, City of Shoreline
206 546 0790
fax: 206-546-7870

ebs0400

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO 2124
CONNECTION TEL 92065468110
SUBADDRESS
CONNECTION ID
ST. TIME 06/11 09:18
USAGE T 02'19
PGS. SENT 3
RESULT OK



FAX

DATE: June 11, 2004

NUMBER OF PAGES (including cover sheet): 3

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Many thanks!

7b-28

Beau Sinkler



F-17

Receiving # 1956.01

Related Contract #(s) 1956

CONTRACT AMENDMENT/CHANGE ORDER FORM

DESCRIPTION	Originator:	Margaret King	Routed by:	Darcy Forsell
	Department/Division:	City Attorney's Office	Date:	6/20/17
	Name of Consultant/Contractor:	Ronald Wastewater District		
	ORIGINAL CONTRACT TITLE: First Amendment of Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline City Limits			
Original Description of Services: Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline City Limits				

CONTRACT CONTENT	Type of Contract: <input checked="" type="checkbox"/> (A) Amendment # 1 <input type="checkbox"/> (C) Change Order #	
	Type of Change: <input checked="" type="checkbox"/> Contract Time <input type="checkbox"/> Scope of Work <input type="checkbox"/> Contract Amount ... <input type="checkbox"/> Other (specify below)	
	Original ... 10/23/17	This Amendment/CO Amount: \$
	Previous Extensions: ...	Previous Amendments/COs: \$
	This Extension: 2 years	Original Contract Amount: \$
	Projected Final Completion: 06/1/2019	New Contract Total: \$ 0.00
Amendment/Change Order Details: Due to opposition of Assumption in Snohomish County portion of Ronald Wastewater service, the interlocal operating Agreement is amended to provide for the City to implement part of the assumption by the 2017 target date & for the City to take jurisdiction overall of the District after conclusion of administrative Proceedings & litigation opposing the assumption.		

FINANCIAL DETAILS	This Change Order/Amendment: \$ 0.00 (Amount Verification)			
	Org Key - Obj #	Amount:	Org Key - Obj #	Amount:
	J/L # - Task #		J/L # - Task #	
	Org Key - Obj #	Amount:	Org Key - Obj #	Amount:
	J/L # - Task #		J/L # - Task #	
	Org Key - Obj #	Amount:	Org Key - Obj #	Amount:
	J/L # - Task #		J/L # - Task #	
	Are there sufficient funds in the current budget to cover this contract? <input type="radio"/> Yes <input type="radio"/> No			
	Remarks:			

SIGNATURE	Authorization Level: Click here to select	Last Council Action Date:
	<input checked="" type="checkbox"/> 1. Project Manager	<input checked="" type="checkbox"/> 6. City Council (if required)
	<input type="checkbox"/> 2. Risk Management/Budget	<input checked="" type="checkbox"/> 7. City Manager
	<input type="checkbox"/> 3. City Attorney	<input checked="" type="checkbox"/> 8. City Clerk
	<input checked="" type="checkbox"/> 4. Consultant/Contractor	<input checked="" type="checkbox"/> 9. Originating Department
5. (Click to select or overwrite)		6/12/17 DT 6/20/17 JW 6/26/2017

**FIRST AMENDMENT OF INTERLOCAL OPERATING AGREEMENT BETWEEN
THE CITY OF SHORELINE AND RONALD WASTEWATER DISTRICT RELATING
TO SANITARY SEWER SERVICES WITHIN SHORELINE'S CITY LIMITS**

THIS FIRST AMENDMENT OF INTERLOCAL OPERATING AGREEMENT ("First Amendment") is made and entered into this 22nd day of June, 2017 ("Effective Date") by and between the City of Shoreline, a Washington Non-Charter Optional Municipal Code City (the "City") and Ronald Wastewater District, a special purpose municipal corporation (the "District").

WHEREAS, on October 22, 2002, the City and the District entered the *Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline's City Limits* (the "2002 Interlocal Operating Agreement"); and

WHEREAS, the purpose of the 2002 Interlocal Operating Agreement is to guide the activities, resources and efforts of the City and the District to provide the citizens of the entire City and the ratepayers served by the District with an efficient, high quality and well maintained sanitary sewerage wastewater system at a reasonable cost and to provide an orderly and predictable transition of the wastewater utility from District to City ownership; and

WHEREAS, the 2002 Interlocal Operating Agreement provided for a 15-year term to complete the transition and the assumption process, which caused the District and the City to work toward the mutual goal of having the City fully "assume" and incorporate the entire District into the City by October 23, 2017 (the "2017 Target Date"); and

WHEREAS, the parties continue to perform the 2002 Interlocal Operating Agreement in good faith and intend to complete the orderly transition of the wastewater utility, including assumption proceedings before the Boundary Review Board of both King County and Snohomish County where the District is located, but entities in Snohomish County have questioned and challenged the District's and the City's right to provide sewer service to its entire service area including the Point Wells Service Area; and

WHEREAS, the recent and continuing actions of third parties to oppose the District's service and corporate boundaries in Snohomish County and the City's planned assumption of the entire District located in both King and Snohomish County, consistent with the 2002 Interlocal Operating Agreement, have the effect of frustrating the parties' goal to complete the assumption of the District by the 2017 Target Date; and

WHEREAS, as a result, an amendment to the 2002 Interlocal Operating Agreement is necessary and appropriate to provide for the City to implement part of the assumption by the 2017 Target Date, for the District to continue to exercise its rights, powers and functions during the transition, and for the City to take jurisdiction over all of the District after conclusion of administrative proceedings and litigation opposing the assumption; and

WHEREAS, the City and District are authorized under chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 35.13A.070 to contract for the coordinated exercise of powers and

sharing of resources for the efficient delivery of services to their residents, and the governing bodies of both parties have approved the execution of this Agreement;

NOW THEREFORE, in consideration of the foregoing recitals, which are incorporated herein as is if fully set forth below, and the terms and provisions contained herein, the City and the District agree as follows:

Section 1. Prior Agreement and Intent of Amendment. The City and the District agree to amend the 2002 Interlocal Operating Agreement as expressly set forth herein. Except as expressly set forth herein, the 2002 Interlocal Operating Agreement, as amended, will remain in full force and effect for the term and duration of this First Amendment.

1.1 All terms and provisions of the 2002 Interlocal Operating Agreement are incorporated herein and, specifically and without limitation, sections 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 of the 2002 Interlocal Operating Agreement also apply to this First Amendment.

1.2 This First Amendment and the 2002 Interlocal Operating Agreement constitute the entire agreement between the parties with respect to its subject matter.

Section 2. Term of First Amendment.

2.1 This First Amendment shall be in full force and effect and binding upon the parties hereto upon its execution ("Effective Date") and shall continue in full force and effect two (2) years from the effective date, unless terminated sooner pursuant to its terms or written agreement of the parties.

2.2 The City, at its sole option, may no less than three (3) months prior to the end of the term of this First Amendment extend this First Amendment for an additional two (2) years by providing written notice to the District.

Section 3. Actions as of the 2017 Target Date. The City and the District agree that the following actions or steps will now be taken and accomplished on or before the 2017 Target Date, notwithstanding any reference to assumption or transfer of system in the 2002 Agreement:

3.1 All District employees will transfer to City employment consistent with paragraph 3.7 of the 2002 Interlocal Operating Agreement.

3.2 All District contracts with vendors (not including professional services contracts and other appropriate contracts) will be transitioned or transferred to the City by assignment, renewal, or other appropriate mechanism.

3.3 The District and the City will have entered a Wastewater Utility Operating Services Agreement (the "Services Agreement") to provide, without limitation, for the following:

3.3.1 The District to contract with the City for all services and functions in operating, maintaining, and improving the sanitary sewer system.

3.3.2 The District to contract with the City for all administrative services and functions, including utility billing, customer service, and account management; provided, however, that the District may retain an independent contractor(s) to support the Board.

3.3.3 City use of District facilities and real estate.

3.3.4 Coordination and pursuit of capital projects or public works projects that are identified in the District's Capital Improvement Plan.

3.3.5 Coordination and performance of the District's utility relocation agreement with Sound Transit.

3.3.6 Provide for notice and communication regarding any Major Action, as defined below.

3.3.7 Other matters necessary and appropriate to include in a utility operating service agreement under the circumstances.

3.4 With regard to schedule for completion of the Services Agreement identified in paragraph 3.3 above, the parties intend to negotiate the proposed Services Agreement by July 31, 2017 and to approve and sign the final Services Agreement by September 15, 2017.

3.5 The City will act to extend the term of the franchise, granted to the District under paragraph 3.1 the 2002 Interlocal Operating Agreement, consistent with the term of this First Amendment.

3.6 The District and the City may provide for additional items in the Services Agreement including, but not necessarily limited to, seeking the approval of King County, pursuant to RCW 57.20.135, to designate the City as the treasurer for the District. In that event, the District agrees to take such actions to allow for such approvals, including approving and signing all documentation reasonable and necessary to seek and obtain the transfer of the treasury function. In the event that the City is designated as the District's treasurer, the City and District will prepare a separate memorandum of agreement on the subject.

Section 4. District Status and Operating Procedure After the 2017 Target Date.

4.1 The District Board of Commissioners will continue to exist, meet, and exercise its rights, privileges, powers, and functions as to levying and collecting special assessments, rates, charges, service charges, and connection fees; to pay invoices and contractual obligations; to carry out the provisions of its comprehensive plan; and to hold, manage, and protect all District property, funds, and assets.

4.2 The District agrees to coordinate with the City regarding the proposal, timing, and consideration of any potential District Board actions relating to capital expenditures, new public works projects, incurring debt, new contracts in excess of \$50,000.00 in total cost, customer sewer rates and charges, or the wastewater flow and treatment agreement with the City of Edmonds ("Major Actions"); provided, however, that District Board action relating to existing projects, sewer system

maintenance and repairs in the normal course of business, response to conditions that interrupt customer service, or emergencies do not constitute a Major Action(s).

4.3 Except as may be provided in the Services Agreement, the District will include a prominent notice of any Major Action on the agendas for two (2) regular meeting of the District Board of Commissioners before the District Board may take action to approve the Major Action.

Section 5. Interlocal Operating Agreement Fee. Paragraph 4.2 of the 2002 Interlocal Operating Agreement is amended to provide the following schedule of payments:

Year	Amount
2017	\$883,000
2018	\$909,000
2019	\$936,000

Section 6. Dissolution Petition. Notwithstanding any provision to the contrary, the City, in its sole discretion, retains all rights under paragraph 4.8 of the 2002 Interlocal Operating Agreement to execute and file a joint petition for dissolution after authorization by the City Council.

CITY OF SHORELINE


Debbie Tarry, City Manager

Approved as to form:


Margaret King, City Attorney

RONALD WASTEWATER DISTRICT:


Gretchen A. Atkinson
President, Board of Commissioners

Attest:



Chris J. Eggen

Secretary, Board of Commissioners

ORIGINAL**ORDINANCE NO. 800****AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, GRANTING RONALD WASTEWATER DISTRICT A NON-EXCLUSIVE FRANCHISE TO CONSTRUCT, MAINTAIN, OPERATE, REPLACE AND REPAIR A SANITARY SEWER SYSTEM WITHIN PUBLIC RIGHTS-OF-WAY OF THE CITY OF SHORELINE, WASHINGTON.**

WHEREAS, pursuant to its authority in RCW 35A.11.020 and RCW 35A.47.040, on October 14, 2002, the Shoreline City Council passed Ordinance No. 306 granting the Ronald Wastewater District (hereinafter "Ronald") a non-exclusive franchise to construct, maintain, operate, replace, and repair a sanitary sewer system within public rights-of-way of the City of Shoreline during the term of which the City would not assume Ronald; and

WHEREAS, the term of the Franchise is 15 years from the effective date; the Franchise is currently set to expire on October 22, 2017; and

WHEREAS, on October 22, 2002, the City and Ronald entered into an Interlocal Operating Agreement (hereinafter, "2002 IOA") that, among other things, provided for an orderly and predictable transition of Ronald to City ownership; the 2002 IOA also provided for a 15 year term; and

WHEREAS, on June 12, 2017, by motion, the City Council approved the First Amendment to the 2002 IOA and, on June 13, 2017, Ronald's Board of Commission did the same; extending the term of the 2002 IOA by two (2) years; and

WHEREAS, included within the First Amendment to the 2002 IOA was the development of a Wastewater Utility Operating Services Agreement under which certain operations and functions of Ronald would be performed by the City; and

WHEREAS, the City now desires to enter into a new Franchise agreement with Ronald consistent and concurrent with the term of the amended 2002 IOA and reflecting the intent of the services agreement that will be executed subsequent to the adoption of this Ordinance; and

WHEREAS, the Council finds that it is in the best interests of health, safety and welfare of residents of the Shoreline community to grant a non-exclusive franchise to the Ronald Wastewater District for the operation of a sanitary sewer system within the City Right-of-way;

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

Section 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. Ronald: Ronald Wastewater District, a municipal corporation organized under Title 57 RCW and governed by its Board of Commissioners.
- 1.5. Facilities: All pipes, access ways, pump stations, storage facilities, equipment, and appurtenances thereto, located in the City's Right-of-way, utilized by Ronald in the operation of its activities. The abandonment by Ronald 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 Ronald operating under Section 4.6 Blanket Permit of this agreement.
- 1.7. Permitting Authority: The City department authorized to process and grant permits (permitting authority) required to work in the City's Right-of-way, or 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. 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.
- 1.10. Ronald Service Area: All the territory located within the corporate boundaries of Ronald Wastewater District, plus those areas lying outside of the corporate boundaries of the District where the District's sanitary sewer system and appurtenances are now or may in the future be located or where the District is providing wastewater utility service to customers.
- 1.11. Wastewater System: Ronald's sanitary sewer collection and conveyance system, which is generally comprised of wastewater pipes, mains, pump stations, grinder pumps, storage facilities, manholes, and appurtenances thereto, not including any wastewater treatment facilities, together with all i) contractual and other rights for wastewater treatment and disposal, and ii) easements, access rights, and other real property interests (not including fee simple).
- 1.12. Wastewater Utility: The Ronald Wastewater District enterprise that owns the

Wastewater System and related assets; provides sanitary sewerage services in the Ronald Service Area, including maintenance and operation of the Wastewater System, customer billing, customer service, vendor contracting, and other functions; and levies and collects rates and charges.

- 1.13 Wastewater Utility Operating Services Agreement: A services agreement entered into between the City and Ronald on October 20, 2017, setting for the roles and responsibilities of the City and Ronald regarding the City's performance of services and functions in operating and maintaining Ronald's Facilities and the provision of administrative and financial services and functions and Ronald's budgeting, reimbursement, and payment for the same.

Section 2. Franchise.

- 2.1. Pursuant to RCW 35A.47.040 the City hereby grants to Ronald, 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 Ronald 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 related to its a sanitary sewer system, in, under, on, across, over, through, along or below the Right-of-way for the purpose of its sanitary sewer utility facilities as approved under City permits issued by the Permitting Authority pursuant to the Franchise and City ordinances.
- 2.3. This ordinance is to be construed as granting permission to Ronald to go only upon any public right-of-way described herein. Permission to go upon any other property owned or controlled by the City must be sought from the City on a case by case basis.

Section 3. Non-Interference of Facilities.

- 3.1. Ronald's Facilities shall be located, relocated and maintained within the Right-of-way so as not to unreasonably interfere with the free and safe passage of pedestrian and vehicular traffic and ingress or egress to or from the abutting property and in accordance with the ordinances of the City and laws of the State of Washington. Nothing herein shall preclude Ronald from affecting temporary road closures as reasonably necessary during construction or maintenance of its Facilities provided Ronald receives prior City approval, which shall not be unreasonably withheld. Whenever it is necessary for Ronald, in the exercise of its rights under this Franchise, to make any excavation in the Right-of-way, Ronald shall, upon completion of such excavation, restore the surface of the Right-of-way to a condition that meets the specifications established within the City of Shoreline Engineering Development Guide and pre-approved plans and in accordance with standards of general applicability imposed by the City by

ordinance or administrative order.

Section 4. Right-of-Way Management.

4.1. Excavation.

4.1.1. 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. Ronald 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.

4.1.2. Whenever Ronald 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, Ronald 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 15 of this Ordinance.

4.2. Abandonment of Ronald's Facilities. Ronald shall not abandon any of its Facilities within the Right-of-way without the prior written consent of the City

4.3. Restoration after Construction.

4.3.1. Ronald shall, after any installation, construction, relocation, maintenance, or repair of Facilities within the Right-of-way, restore the Right-of-way to at least the same condition existing prior to any such 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. Ronald agrees to promptly complete all restoration work and to promptly repair any damage caused by such work at its sole cost and expense.

4.3.2. If it is determined that Ronald has failed to restore the Right-of-way in accordance with this Section, the City shall provide Ronald with written notice, which shall include 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 and Ronald shall be responsible for all reasonable 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 Subsection shall be in addition to those otherwise provided by this Franchise.

- 4.4. Bonding Requirement. Ronald, 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.
- 4.5. Emergency Work, Permit Waiver. In the event of an emergency where any Facilities located in the Right-of-way are broken or damaged, or if Ronald'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, Ronald shall immediately take 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 Ronald from later obtaining necessary permits for the emergency work. Ronald shall apply for the required permits the next business day following the emergency work or as soon as practical thereafter given the nature and duration of the emergency.
- 4.6. Blanket Permit. The terms "Minor Activities", "Blanket Activities", and "Major Activities" are defined in the "Blanket Permit for Activity Within The Public Right-of-Way," which is incorporated by reference and shown in Exhibit A to this Ordinance. Permittee shall be authorized to perform Blanket Activities under the terms and conditions of the Blanket Permit. All other activities except those activities determined to be "Minor Activities" or activities performed or managed by the City will require a separate permit in accordance with City ordinances.
 - 4.6.1 The Permittee shall pay the City a permit inspection/processing fee in the amount set out in the Blanket Permit.
 - 4.6.2 The Permittee shall provide a monthly list of Blanket Permit construction activity by the 10th of the following month listing the previous month's activity authorized under this Section.
 - 4.6.3 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:
 - (1) At least twenty- four (24) hours in advance of entering the Right-of-way, email or otherwise deliver to the Permitting Authority a City Inspection Request Form, as provided by the Permitting Authority. Said form 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.
 - (2) Within twenty-four (24) hours after completing the work, email or

deliver to the Permitting Authority a notice of completion in the form provided by the Permitting Authority.

- 4.6.4 The City reserves the right to alter the terms and conditions of this Subsection and of the Blanket Permit by providing thirty (30) days written notice to the Permittee. Any change made pursuant to this Subsection shall thereafter apply to all subsequent work performed pursuant to this Subsection.
- 4.6.5 In the event the Permittee fails to comply with any of the conditions set forth in this Subsection, the City may provide written notice of termination to operate under this Subsection to Permittee, stating with specificity, the basis for the termination of the Permittee's authority.
- 4.7. Safety.
 - 4.7.1. Ronald, 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 of its Facilities utilizing methods and devices commonly accepted in the sanitary sewer industry to prevent failures and accidents that are likely to cause damage, injury, or nuisance to persons or property.
 - 4.7.2. Ronald will make all reasonable effort to construct and maintain its Facilities in the Right-of-way in a safe and operational condition.
- 4.8. Dangerous Conditions, Authority for City to Abate.
 - 4.8.1. Whenever Facilities or the operations of Ronald 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 City may direct Ronald, 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.
 - 4.8.2. In the event Ronald fails or refuses to promptly take the action, or if emergency conditions exist which require immediate action to prevent imminent injury or damage to persons or property, the City may take such action as it believes necessary and Ronald shall reimburse the City for its actual costs incurred.
- 4.9 Work Performed or Managed by the City. Whenever the City is performing or managing work in the Right-of-Way on Ronald's Facilities on behalf of Ronald under the terms of the Wastewater Utility Operating Services Agreement, the City shall not be required to obtain a permit for such work within the Right-of-way.

Section 5. Relocation of System Facilities.

- 5.1. Whenever the City causes the grading or widening of the Right-of-way or undertakes construction of any water or storm drainage line, lighting, signalization, sidewalk improvement, pedestrian amenities, or other public street improvement (for purposes other than those described in Section 5.3 below) and such project requires the relocation of Ronald's then existing Facilities lying within that portion of the Right-of-way, or an area affected by such city projects, the City shall:
- (1) Provide Ronald, at least one hundred twenty (120) days prior to the commencement of such project written notice that a project is expected which will or may require relocation of a portion of Ronald's Facilities; and
 - (2) Provide Ronald, at least sixty (60) days, with reasonable plans and specifications for such grading, widening, or construction and a proposed new location within or adjacent to the Right-of-way for Ronald's Facilities.
- 5.2. After receipt of such notice and the plans and specifications, Ronald shall relocate such Facilities within the Right-of-way as to accommodate such street and utility improvement project ten (10) days prior to commencement of the project unless there is agreement to a different schedule for coordinating completion of relocation of Facilities, provided, however, Ronald may, after receipt of written notice requesting a relocation of its Facilities, submit to the City written alternatives to such relocations of its Facilities and the time schedule. The City shall within a reasonable time evaluate such alternatives and advise Ronald in writing whether one or more of the alternatives is suitable to accommodate work that would otherwise necessitate relocation of the Facilities. If so requested by the City, Ronald shall submit such additional information as is reasonably necessary to assist the City in making such evaluation. The City shall give each alternative full and fair consideration. In the event the City ultimately reasonably determines that there is no other reasonable or feasible alternative, then Ronald shall relocate its Facilities as otherwise provided in this Section 5. The City shall cooperate with Ronald to designate a substitute location for its Facilities within the Right-of-way. The cost of relocating such Facilities existing within the present limits of the City shall be paid as follows:
- (1) if the relocation occurs within five (5) years after Ronald initially constructed such Facility, then the relocation shall be at the City's sole cost;
 - (2) if the relocation occurs more than five (5) years after Ronald initially constructed such Facility, then the relocation shall be at Ronald's sole cost.

- 5.3. Obligations under this Section 5 shall not apply whenever any person or entity, other than the City, requires the relocation of Ronald Facilities to accommodate the work of such person or entity within the Right-of way, or whenever the relocation of Ronald's Facilities within the Right-of-way is necessary to satisfy any requirement or condition of a City permit or approval issued on a land use action (including, without limitation, any condition or requirement imposed pursuant to any contract or in conjunction with approvals or permits for zoning, land use, construction or development) for the benefit of any person or entity other than the City. However, in the event the City reasonably determines (and promptly notifies Ronald in writing of such determination) that the primary purpose of imposing such condition or requirement upon such person or entity which necessitates such relocation is to cause the construction of an improvement on the City's behalf and in a manner consistent with City approved improvement plans (as described in subsection 5.1 above) within a segment of the Right-of-way then Ronald shall require only those costs and expenses incurred by Ronald in integrating and connecting such relocated Facilities with Ronald's other Facilities to be paid to Ronald by such person or entity, and Ronald shall otherwise relocate its Facilities within such segment of the Right-of-way in accordance with the provisions of Subsection 5.1 above.

The provisions of this Subsection 5.3 shall in no manner preclude or restrict Ronald from making any arrangements it may deem appropriate when responding to a request for relocation of its Facilities by any person or entity other than the City, where the facilities to be constructed by such person or entity are not or will not become City owned, operated or maintained facilities, provided that such arrangements do not unduly delay a City construction project.

- 5.4 Any cost or expense in connection with the location or relocation of any Facilities existing under benefit of easement or other rights not arising under this Franchise, shall be borne fifty percent (50%) by the City, and fifty percent (50%) by Ronald.

Section 6. Compliance with Codes and Regulations.

- 6.1. The rights, privileges and authority herein granted are subject to and governed by this ordinance and all other applicable ordinances and codes of the City of Shoreline, as they now exist or may hereafter be amended. Nothing in this ordinance limits the City's lawful power to exercise its police power to protect the safety and welfare of the general public. Any location, relocation, erection or excavation by Ronald shall be performed by Ronald in accordance with applicable federal, state and city rules and regulations, including the City Public Works Policies and Pre-approved Plans, and any required permits, licenses or fees, and applicable safety standards then in effect or any Memorandum of Understanding with Ronald.
- 6.2. Upon written inquiry, Ronald shall provide a specific reference to either the

federal, state or local law or the Washington Utilities and Transportation Commission (WUTC) order or action establishing a basis for Ronald's actions related to a specific franchise issue.

- 6.3 In the event that any territory served by Ronald is annexed to the City after the effective date of this Franchise, such territory shall be governed by the terms and conditions contained herein upon the effective date of such annexation.

Section 7. System Development Information

- 7.1. Ronald will assign a representative whose responsibility shall be to coordinate with the City on planning for Capital Improvement Plan projects including those that involve under grounding. At a minimum, such coordination shall include the following:
- (1) Ronald 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.
 - (2) All construction locations, activities, and schedules shall be coordinated, as required by the City Manager or designee, to minimize public inconvenience, disruption, or damages.
 - (3) For the purpose of planning, Ronald and the City shall provide each other with a copy of their respective current adopted Capital Improvement Plan annually and upon request by the other party.

Section 8. Planning Coordination. The parties agree, as follows, to participate in the development of, and reasonable updates, to each other's planning documents.

- 8.1. For Ronald's service within the City limits, Ronald 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).
- 8.2. Ronald will participate in a cooperative effort with the City to ensure that the Utilities Element of the City's Comprehensive plan is accurate as it relates to Ronald's operations and is updated to ensure its continued relevance at reasonable intervals.
- 8.3. Ronald shall submit information related to the general location, proposed location, and approximate 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.
- 8.4. Ronald will update information provided to the City whenever there are major changes in Ronald's system plans for the City.

- 8.5. Ronald will provide information relevant to its operation within the City within a reasonable period of time after a written request to assist the City in its need to develop and update its Comprehensive Plan - Utilities Element, provided that such information is in Ronald's possession or can be reasonably developed from information in Ronald's possession.
- 8.6. The City will provide information relevant to Ronald's operations within a reasonable period of time following a written request to assist Ronald in the development or update of its Comprehensive Sewage 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.

Section 9. Indemnification by Ronald and Shoreline.

- 9.1 Ronald 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 Ronald's own employees to which Ronald 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 Ronald, 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 Ronald, 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, Ronald shall satisfy the same. The City may appear in any proceeding it deems necessary to protect the City's or the public's interests.
- 9.2 The City hereby releases, covenants not to bring suit, and agrees to indemnify, defend and hold harmless Ronald, 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 City's own employees to which City 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 City, its agents, servants, officers or employees in performing construction, maintenance or other city activities within the Rights-of-way. This covenant of indemnification shall include, but not be limited by this reference, claims against Ronald arising as a result of the acts or omissions of City, its agents, servants, officers or employees except for claims for injuries and damages caused by the sole negligence of Ronald. If final judgment is rendered against Ronald, its elected officials, employees, agents, and volunteers, or any of them, City shall satisfy the same. Ronald may appear in any proceeding it deems necessary to protect Ronald's interests or the interests of its ratepayers.

- 9.3 In the event any such claim or demand be presented to or filed with either party, such party shall promptly notify the other thereof, which party shall have the right, at its election and at its sole cost and expense, to settle and compromise such claim or demand. In the event any suit or action be begun against either party based upon any such claim or demand, such party shall likewise promptly notify the other party thereof, which party shall have the right, at its election and its sole cost and expense, to settle and compromise such suit or action, or defend the same at its sole cost and expense, by attorneys of its own election.
- 9.4 Inspection or acceptance by one party of any work performed by the other 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.
- 9.5 In the event either refuses to undertake the defense of any suit or any claim, after a request for defense and indemnification has been made pursuant to the indemnification clauses contained herein, and such 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, such party shall pay all of the other party's costs and expenses for defense of the action, including reasonable attorney's fees or recovering under this indemnification clause as well as any judgement against the party.
- 9.6 Should a court of competent jurisdiction determine that this Franchise is subject to RCW 4.24.115, then, in 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 Ronald and the City, its officers, employees and agents, each party's liability hereunder shall be only to the extent of its negligence. This waiver has been mutually negotiated by the parties.

Section 10. Insurance. During the term of this Franchise and as pursuant to the terms of the Wastewater Utility Operating Services Agreement:

- 10.1. The City shall procure and maintain liability coverage related to the operation of the Wastewater Utility and for use of Ronald property and equipment damage..
- 10.2. Ronald shall procure and maintain property coverage for Ronald property and liability relating to the actions of the District Board of Commissioners.
- 10.3. Ronald shall waive subrogation against the City only for damage covered by Ronald's property insurance.
- 10.4. For the purpose of avoiding any uninsured exposure for Ronald, the City expressly waives all immunity and limitation of liability under the Industrial

Insurance Act, Title 51 RCW, for any claims for personal or bodily injury brought by a City employee against Ronald. This waiver was the result of mutual negotiations of the City and Ronald.

- 10.5. The City and Ronald will coordinate insurance coverage to make sure that no gaps in coverage exist. Specifically, the City and Ronald will meet and confer in a timely fashion with the Washington State Risk Management Pool and the Washington Cities Insurance Authority to plan and obtain adequate insurance coverage for all necessary and appropriate Wastewater Utility and Wastewater System property, activities, events, and contingencies.

Section 11. Default / Enforcement.

- 11.1. The City reserves the right to revoke and terminate this Franchise and all rights and privileges of Ronald in the event of a substantial violation or material breach of its terms and conditions.
- 11.2. A substantial violation or material breach by Ronald shall include, but shall not be limited to, the following:
- (1) An uncured violation of any material provision of this Franchise, or any material rule, order or regulation of the City which would endanger the public health, safety and welfare;
 - (2) The practice of any fraud or deceit upon the Ratepayers served by the Wastewater Utility.
 - (3) The practice of any fraud or deceit upon the City.
 - (4) Misrepresentation of material facts in the negotiation of this Franchise or its implementation.
 - (5) The negligent failure or unreasonable refusal to provide the sanitary sewer services specified in the Franchise.
 - (6) A continuous and willful pattern of grossly inadequate service.
 - (7) An uncured failure to pay the fee associated with this Franchise.
- 11.3. No violation or breach of this Franchise shall occur which is without fault of either Ronald or the City, unless they are the result of circumstances beyond Ronald's or the City's reasonable control, such as Acts of God or unrelated third parties.

Neither Ronald, nor the City, shall be excused by economic hardship or by nonfeasance or malfeasance of its elected officials, officers, agents or employees.

Damage to equipment causing service interruption shall be deemed to be the result of circumstances beyond Ronald'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, vandalism or malicious mischief by its employees or agents. Ronald, or the City,

shall bear the burden of proof in establishing the existence of such conditions.

- 11.4. Except in the case of termination of this Franchise pursuant to Subsection 11.2(4), the City, or Ronald, prior to any termination or revocation of this Franchise, shall provide the other with detailed written notice describing 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, or demonstrate to the other's satisfaction that a violation or breach has not occurred or does not exist, or submit a plan that is satisfactory to the other to correct the violation or breach. If, at the end of said 60-day period, the party giving such notice reasonably believes that a substantial violation or material breach is continuing and that the party in breach is not taking satisfactory corrective action, the noticing party may, by written notice to the other party, declare that the party in breach is in default. 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 the City Hearing Examiner, as provided by the City's development regulations.

The City Hearing Examiner's decision may be appealed by either party to the King County Superior Court within thirty (30) days following the date of the decision rendered.

- 11.5. The City may, in its discretion and without waiving its rights under Subsection 11.4 above, provide, in writing, for an extension of the period for Ronald to remedy any violation or breach of the Franchise terms or take such corrective action specified in the Notice and come into compliance with its obligations under this Franchise, so as to avoid its termination or revocation.
- 11.6 Any violation continuing for a period greater than 60 days may be remedied by the City at Ronald's expense, unless Ronald is diligently and in good faith proceeding with corrective action and its failure to complete corrective action is caused by unavoidable delays or events beyond its control.

Section 12. Franchise Term.

12.1 The term of the Franchise granted hereunder shall remain in full force and effect and binding upon the parties until 11:59 pm PST on June 22, 2019, unless terminated sooner pursuant to its terms or by written agreement of the parties.

12.2 The City, at its sole option, may no less than three (3) months prior to the end of the term of this Franchise extend this Franchise for an additional two (2) years by providing written notice to Ronald.

Section 13. Non-Exclusive Franchise. This Franchise is not and shall not be deemed to be an exclusive Franchise. This Franchise shall not in any manner prohibit the City

from granting other and further franchises under, over, upon, and along the Right-of-way which do not interfere with Ronald's existing sanitary sewer system and its rights under this Franchise. This Franchise shall not prohibit or prevent the City from using the Right-of-way or affect the jurisdiction of the City over the same or any part thereof.

Section 14. Franchise Fee.

14.1. In consideration for the rights granted Ronald under this Franchise and the parties concomitant Interlocal Operating Agreement to occupy City Right-of-way for the purpose of operating a sanitary sewer utility within the City dated October 23, 2002, as amended by the First Amendment to the Interlocal Operating Agreement dated June 22, 2017, and as may be further amended, and as compensation for the City's recovery of actual administrative expenses incurred by the City that are directly related to receiving and approving permits, licenses, cost of inspections, this Franchise and inspecting plans for construction within the Right-of-way, Ronald agrees to pay the City a franchise fee of \$3,000.00 annually in addition to those fees identified in the Blanket Permit, Subsection 4.6, and the fees identified in Section 5 Interlocal Operating Agreement Fee of the First Amendment to the Interlocal Operating Agreement dated June 22, 2017. Proceeds of the franchise fee collected shall be distributed to the City no later than 30 days after the end of each calendar year.

Section 15. Records. As a condition of this Franchise, and without charge to the City, Ronald agrees to provide the City with available 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'). If available as a standard format maintained by Ronald, 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 Ronald. 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.

Section 16. Survival. All of the provisions, conditions and requirements of Subsections 4.1 Excavation, 4.2 Abandonment Of Ronald's Facilities, 4.3 Restoration After Construction, 4.8 Dangerous Conditions, Authority For City To Abate, Section 5 Relocation of System Facilities, and Section 9 Indemnification, of this Franchise, shall be in addition to any and all other obligations and liabilities Ronald may have to the City at common law, by statute, or by contract, and shall survive the City's Franchise to Ronald for the use of the areas mentioned in Section 2 herein, and any renewals or extensions thereof. This Ordinance shall further be binding upon the heirs, successors, executors, administrators, legal representatives and assigns of Ronald and all privileges, as well as all obligations and liabilities of

Ronald shall inure to its heirs, successors and assigns equally as if they were specifically mentioned wherever Ronald is named herein.

Section 17. 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.

Section 18. 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 Section shall not act to require City approval of any Ronald action to mortgage or otherwise encumber its facilities, or other action related to corporate financing, financial reorganization, or refinancing activity.

Section 19. 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:

President of the Board of Commissioners	City Manager
Ronald Wastewater District	City of Shoreline
PO Box 33490	17500 Midvale Avenue N
17505 Linden Avenue N	Shoreline WA 98133
Shoreline WA 98133-0490	

Section 20. 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.

Section 21. 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.

Section 22. 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.

Section 23. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney,

the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this Ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

Section 24. Effective Date and Directions to City Clerk. A summary of this Ordinance, consisting of its title, shall be published in the official newspaper of the City. This Ordinance shall take effect and be in full force five days after publication. The City Clerk is directed to forward a certified copy of this Ordinance Ronald to accept in writing the terms of the Franchise.

Section 25. Ronald Acceptance of Franchise. Ronald shall have no rights under this Franchise as granted by this Ordinance, nor shall Ronald be bound by the terms and conditions of this Franchise unless Ronald shall, within thirty (30) days after the effective date of this Ordinance, file with the City its written acceptance of this Franchise as granted by this Ordinance, in a form acceptable to the City Attorney.

PASSED BY THE CITY COUNCIL ON OCTOBER 16, 20017.


Christopher Roberts, Mayor

ATTEST:


Jessica Simulcik Smith
City Clerk

APPROVED AS TO FORM:


Margaret King
City Attorney

Date of Publication: October 19, 2017
Effective Date: October 24, 2017

**BLANKET PERMIT
FOR ACTIVITY WITHIN THE PUBLIC RIGHT-OF-WAY**

The City hereby grants a Blanket Permit to Ronald, which shall commence upon the effective date of the Franchise approved under Ordinance No. 800 and remain in effect so long as the Franchise remains in effect, except where terminated earlier as provided herein. This Blanket Permit is subject to the following conditions:

1. This permit only authorizes those activities described in Section 8 as "Blanket Activities." It does not authorize "Major Activities" as described in Section 9, which require a separate Right-of-Way Permit. "Minor Activities" as described in Section 7 do not require either a Blanket Permit or Right-of-Way Permit.
2.
 - a. Ronald shall pay the City the permit fee identified in the City's Fee Schedule (Shoreline Municipal Code Section 3.01) for Right-of-way utility blanket permits per each use of the City right-of-way. The permit fee is a flat fee based on average administrative costs and inspection fees required to process each use of this Blanket Permit.
 - b. The City shall bill Ronald for the Blanket Permit activities with the regular monthly City Right-of-Way Permit invoicing.
 - c. Ronald shall provide payment of permit fees for the previous monthly activity upon receipt of invoice but no later than thirty (30) days after receiving a bill.
 - d. In the event the above stated inspection fee is changed during the term of this Blanket Permit, the new amount shall thereafter apply to all subsequent inspections made pursuant to this Permit.
3. For each separate use of the Right-of-way under this Blanket Permit, and prior to commencing any work on the Right-of-way under this Blanket Permit, Ronald shall:
 - a. Email or deliver the City Inspection Request Form at least 24 hours in advance which shall include the following information: blanket permit number, street address nearest to the proposed work site; parcel number and description of work to be performed.
 - b. Email or deliver the City's Right-of-Way Inspection Division notice of completion within 24 hours after completing the work.
4. Ronald shall hold the City and its officers, agents and employees harmless from all costs, claims or liabilities of any nature including attorney's fees, costs and expenses for or on account of injuries or damages sustained by any persons or property resulting from the negligent activities or omissions of Ronald, its agents or employees pursuant to this Agreement, or on account of any unpaid wages or other remuneration for services; and if a suit as described above be filed, Ronald shall appear and defend the same at its own cost and expense, and if judgment be rendered or settlement made requiring payment by the City, Ronald shall pay the same.
5. Ronald shall immediately restore and repair to the City's standards all Right-of-way which is in any way damaged or disturbed by Ronald. Ronald shall comply with all applicable laws and regulations when performing any work pursuant to this Permit.

6. In the event Ronald fails to comply with any of the conditions set forth in this Blanket Permit, the City is authorized to immediately terminate this Blanket Permit by providing Ronald written notice of such termination. Further, the City may terminate this Blanket Permit at any time without cause by providing thirty (30) days written notice to Ronald. Notwithstanding any termination, Ronald will not be relieved of any liability to the City.
7. "Minor Activities" are normal maintenance activities performed by the City in the Right-of-Way on Ronald's Facilities on behalf of Ronald under the terms of the Wastewater Utility Operating Services Agreement or other activities which do not disrupt the City road or traffic patterns within the City Right-of-way.

Examples of "Minor Activities" include:

- Utility locate processing
 - Routine flushing, rodding, inspections
 - Telespection of sewer lines
 - Grade adjustments on manhole castings as result of asphalt overlays
 - Manhole casting maintenance in gravel shoulder
8. "Blanket Activities" cause some disruption to the Right-of-way and possibly to traffic patterns but not to the degree where significant City involvement is required during the plan review and inspection processes. These activities require a Blanket Permit. All "Blanket Activities" require email or other written notification a minimum of 24 hours in advance, with the exception of emergency repairs. (Email or other written notification within the 24 hours after said emergency).

Examples of "Blanket Activities" include:

- Sewer line repair in pavement less than 55 square feet
 - Sewer line repair in gravel shoulder 55 square feet or more
 - Road repair related to failure overtop sewer line or within sewer trench less than 55 square feet
 - Emergency clearing of sewer line blockages
9. "Major Activities" are major sewer related projects within the Right-of-way which involve removal of road surface, trench excavation, etc., and any disruption of traffic flow within the Right-of-way. These activities shall require a standard Right-of-Way Permit Application and plan submittal for each project. A Blanket Permit does not authorize these activities.

Examples of "Major Activities" include:

- Open cutting of pavement 55 square feet or more
- All mainline extensions
- Installation of all new laterals
- Any activities that disrupt traffic flow in arterials (full lane closure or more)



F-17

 Receiving # 8937
 (Obtain from City Clerk)

CONTRACT ROUTING FORM

DESCRIPTION	Originator: John Norris	Routed by: Jessica Simulcik Smith
	Department/Division: City Clerk's Department/CMO	Date: 10/20/2017
	Name of Consultant/Contractor: City of Shoreline	
	Contract Title: Operating Services Agreement between City of Shoreline and Ronald Wastewater District	

CONTRACT CONTENT	Type of Contract:	<input type="checkbox"/> (GR) Grants	<input checked="" type="checkbox"/> (I) Intergovernmental Agreement	<input type="checkbox"/> (L) Lease Agreement
		<input type="checkbox"/> (S) Purchase of Services	<input type="checkbox"/> (W) Public Works	<input checked="" type="checkbox"/> (O) Other
	Bid/RFP Number:			
	Effective Date: 10/23/2017		Completion Date: Expires 10/23/2019	
	Has the original boilerplate language been modified? <input type="radio"/> Yes <input type="radio"/> No			
	If yes, specify which sections have been modified:			
Description of services:				

FINANCIAL DETAILS	Total Amount of Contract:				(Amount Verification): \$ 0.00			
	Org Key - Obj #		Amount:		Org Key - Obj #		Amount:	
	J/L # - Task #				J/L # - Task #			
	Org Key - Obj #		Amount:		Org Key - Obj #		Amount:	
	J/L # - Task #				J/L # - Task #			
	Org Key - Obj #		Amount:		Org Key - Obj #		Amount:	
	J/L # - Task #				J/L # - Task #			
	Are there sufficient funds in the current budget to cover this contract? <input type="radio"/> Yes <input type="radio"/> No							
	Remarks:							

FORMS	For Public Works / Small Works Contracts:				For Service Contracts:			
	<input type="checkbox"/> Selection Form	<input type="checkbox"/> Business License	<input type="checkbox"/> Selection Form	<input type="checkbox"/> Business License				
	<input type="checkbox"/> Contractor Responsibility Form	<input type="checkbox"/> Certificate of Insurance	<input type="checkbox"/> Certificate of Insurance					
	<input type="checkbox"/> Contract Bond/In Lieu of Form	<input type="checkbox"/> W-9 Form	<input type="checkbox"/> W-9 Form					

SIGNATURE	Authorization Level: City Manager			
	<input type="checkbox"/> 1. Project Manager	<input checked="" type="checkbox"/> 6. City Council (if required)	motion 10/2/2017	
	<input type="checkbox"/> 2. Risk Management/Budget/Grants	<input checked="" type="checkbox"/> 7. City Manager		
	<input checked="" type="checkbox"/> 3. City Attorney	<input checked="" type="checkbox"/> 8. City Clerk	JW 10/20/2017	
	<input checked="" type="checkbox"/> 4. Consultant/Contractor	<input type="checkbox"/> 9. Originating Department		
	<input type="checkbox"/> 5. Click to select or overwrite			

**WASTEWATER UTILITY OPERATING SERVICES AGREEMENT BETWEEN
THE CITY OF SHORELINE AND RONALD WASTEWATER DISTRICT**

THIS WASTEWATER UTILITY OPERATING SERVICES AGREEMENT ("Services Agreement" or the "Agreement") is made and entered into this 23rd day of October, 2017 by and between the City of Shoreline, a Washington Non-Charter Optional Municipal Code City (the "City" or "Shoreline") and Ronald Wastewater District, a special purpose municipal corporation (the "District" or "Ronald"). The City and the District are each a "Party" and are collectively the "Parties" to this Agreement.

WHEREAS, on October 22, 2002, the City and the District entered into an agreement entitled *Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline's City Limits* (the "2002 Interlocal Operating Agreement"); and

WHEREAS, the 2002 Interlocal Operating Agreement provided for 1) grant of franchise to Ronald for operation of a sewer system within the City's corporate limits, which franchise rights apply solely within Shoreline's city limits, 2) an orderly transition of the Wastewater Utility and City assumption of all District assets, liabilities and contractual obligations, and employees, including those within Snohomish County; and

WHEREAS, while the title and Section 3.2 of the 2002 Interlocal Operating Agreement refer to the City's assumption of Ronald within the City's corporate limits, other provisions of the 2002 Interlocal Operating Agreement refer to "properties not located in the District or the City," and the City and the District have always interpreted the 2002 Interlocal Operating Agreement as providing for the City's full assumption of all of Ronald's assets, liabilities and contractual obligations, and employees not only within the City's corporate limits but also within Snohomish County; and

WHEREAS, on June 22, 2017, the City and the District entered into an amended document entitled *First Amendment of Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline's City Limits* (the "First Amendment"); and

WHEREAS, the First Amendment is conditional on the City and the District negotiating and entering into a Wastewater Utility Operating Services Agreement that provides, among other things, for City operation and maintenance of the sanitary sewer system, use of District property, for City performance of certain administrative and financial functions, coordination of planning and projects, and for the District, by and through its Board of Commissioners, to continue to own and govern the Wastewater System and District assets; and

WHEREAS, the City and District are authorized under chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 35.13A.070 to contract for the coordinated exercise of powers and sharing of resources for the efficient delivery of services to their residents, and the governing bodies of both parties have approved the execution of this Agreement;

NOW THEREFORE, in consideration of the foregoing recitals, which are incorporated herein as is if fully set forth below, and the terms and provisions contained herein, the City and the District agree as follows:

Section 1. Purpose of Agreement and Definitions.

The purpose of this Services Agreement is to set forth the roles and responsibilities of the Parties regarding Shoreline's performance of services and functions in operating and maintaining the Wastewater System and the Wastewater Utility and provision of administrative and financial services and functions and Ronald's budgeting, reimbursement, and payment for the same. The context of the Agreement is that the District exercises legislative duties as the Parties work toward final assumption. In this Agreement, the following terms have the following meanings, whether singular or plural.

1.1 "2002 Interlocal Operating Agreement" means the *Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline's City Limits*, effective October 22, 2002.

1.2 "City" or "Shoreline" means the City of Shoreline, a non-charter optional municipal code city incorporated under the laws of the State of Washington.

1.3 "Designated Representative" means the person named by each Party's Service Agreement Manager to serve as the point of contact and to facilitate and coordinate communications, meetings, schedules, the exchange of information, and related tasks.

1.4 "District" or "Ronald" means the Ronald Wastewater District, a municipal corporation organized under Title 57 RCW and governed by its Board of Commissioners.

1.5 "Effective Date" means October 23, 2017, which is the date this Services Agreement enters into force and effect.

1.6 "Financial Administration" means the process of performing daily, weekly, and monthly reconciliations as appropriate to ensure proper booking of District revenues, making disbursements on behalf of District and transmitting disbursement requests to King County, and providing disbursement reports to the District for formal approval of the Board of Commissioners in a timely fashion.

1.7 "First Amendment" means a document entitled *First Amendment of Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline's City Limits*, dated June 22, 2017.

1.8 "GFC" means the District's General Facilities Charge, which is a capital charge for connecting to the Wastewater System.

1.9 "Major Action" means an action or approval by the Ronald Board of Commissioners as set forth in Section 4.2 of the First Amendment.

1.10 “Major Proactive Vehicle Maintenance or Repairs” means maintenance or repairs of Wastewater Utility vehicles and equipment that are identified in advance of the maintenance or repair needing to occur, and exceed the approved maintenance and repair budget for the vehicle or cost more than \$2,000 per incident.

1.11 “Major Reactive Vehicle Maintenance or Repairs” means maintenance or repairs of Wastewater Utility vehicles and equipment that are identified after the vehicle has already stopped operating properly, and exceed the approved maintenance and repair budget for the vehicle or cost more than \$2,000 per incident.

1.12 “Minor Vehicle Maintenance or Repairs” means maintenance or repairs of Wastewater Utility vehicles and equipment that are within the approved maintenance and repair budget for the vehicle and costing \$2,000 or less per incident.

1.13 “O&M” means operations and maintenance.

1.14 “Real Estate” means all real property owned in fee by Ronald and held as an asset of the Wastewater Utility.

1.15 “Ronald Service Area” means all the territory located within the corporate boundaries of Ronald Wastewater District, plus those areas lying outside of the corporate boundaries of the District where the District’s sanitary sewer system and appurtenances are now or may in the future be located or where the District is providing wastewater utility service to customers.

1.16 “Service Agreement Manager” means each Party’s identified lead with responsibility for administering and overseeing this Agreement.

1.17 “WCIA” means the Washington City Insurance Association, which currently provides insurance coverage, services, and products to the City.

1.18 “WSRMP” means the Water and Sewer Risk Management Pool, which currently provides insurance coverage, services, and products to the District.

1.19 “Wastewater System” means the District’s sanitary sewer collection and conveyance system, which is generally comprised of wastewater pipes, mains, pump stations, grinder pumps, storage facilities, manholes, and appurtenances thereto, not including any wastewater treatment facilities, together with all i) contractual and other rights for wastewater treatment and disposal, and ii) easements, access rights, and other real property interests (not including fee simple).

1.20 “Wastewater Utility” means the District enterprise that owns the Wastewater System and related assets; provides sanitary sewerage services in the Ronald Service Area, including maintenance and operation of the Wastewater System, customer billing, customer service, vendor contracting, and other functions; and levies and collects rates and charges.

Section 2. Exhibits to Agreement and Referenced Documents.

2.1 The following exhibits are attached to and incorporated into this Agreement.

Exhibit A: Ronald Contracts to be retained by the District.

Exhibit B: Ronald Contracts to be assigned to the City.

2.2 List of Referenced Documents in this Services Agreement:

District Comprehensive Code of Rules and Regulations Governing the Operation, Control and usage of the District's Sewage Collection Facilities

District Financial and Customer Service Policies

District Developer Extension Manual

District 2016 Operations and Maintenance Manual

District Service Area Map

District 2010 Comprehensive Sewer Plan

District Adopted Rate Schedule

Section 3. Term and Termination.

3.1 This Services Agreement will take effect on the Effective Date, and it will continue in force and effect for a period of two (2) years, unless terminated sooner pursuant to its terms or written agreement of the Parties.

3.2 The City, acting in its sole discretion at least two (2) months prior to the end of the two-year term of the Agreement, may extend this Service Agreement for an additional two (2) years by providing written notice to the District.

3.3 The Parties intend for this Services Agreement to be coextensive with the First Amendment. In the event that the City files a dissolution petition under section 4.8 of the 2002 Interlocal Operating Agreement or Section 6 of the First Amendment, then this Agreement will terminate on the date such a dissolution petition takes effect.

Section 4. Agreement Management and Communications.

4.1 This Agreement will be jointly managed and administered by the Parties' Services Agreement Managers:

Shoreline: the City Manager

Ronald: the President of the Board of Commissioners.

Ronald may change its Service Agreement Manager by action of the Board of Commissioners. The City and Ronald agree to work cooperatively with each other to achieve the mutually agreeable goals as set forth in this Agreement.

4.2 Within 30 days of this Agreement taking effect, each Services Agreement Manager will designate a Designated Representative and will provide notice to the other Party. The Parties intend for their Designated Representatives to serve as the initial point of contact, to handle communications, and to carry out a Party's business under this Agreement on a day-to-day basis and in the ordinary course, with elevation to the Services Agreement Manager as necessary and appropriate. An employee, independent contractor, or official may serve as a Designated Representative. At any time, a Party may change its Designated Representatives by providing notice to the other Party.

4.3 The Parties intend for all questions, requests, information transmission, and other communications to come from and go to their respective Designated Representatives. A Party's elected officials, staff, or agents will not engage directly with the other Party's officials, staff, or agents regarding operation of the Wastewater Utility or the Wastewater System, except through the Party's Designated Representative or Services Agreement Manager.

Section 5. Notices.

Unless otherwise provided herein, all notices and communications concerning this Agreement shall be in writing and addressed to the Designated Representative. Unless otherwise provided herein, all notices shall be either: (i) delivered in person, (ii) deposited postage prepaid in the certified mails of the United States, return receipt requested, (iii) delivered by a nationally recognized overnight or same-day courier service that obtains receipts, or (iv) delivered electronically to the other party's Designated Representative as listed herein.

Section 6. City and District Services Agreement Reporting and Engagement.

6.1 Each month, the City will provide the District Board of Commissioners two written reports with oral presentations by person(s) knowledgeable about the reports, as follows.

6.1.1 Wastewater Utility Financial Report. The Financial Report shall include an Assets, Liabilities, Revenues and Expenses Statement, a Cash Reconciliation Statement, a General Facilities Charge Recap, a Billing Adjustment Report, and a Voucher Report.

6.1.2 Wastewater Utility Operations and Maintenance Report. The O&M Report will outline levels of service provided and identify other maintenance and operational activities performed by the City. The O&M Report shall also include, as necessary and appropriate, information about budget, cost, repair, capital or other issues, including potential Major Actions.

6.1.3 The City will make best efforts to provide the Financial Report and the O&M Report to the District five (5) days before a District Board of Commissioners meeting at which the relevant subject is on the agenda. The Designated Representatives will coordinate meeting schedules and agendas and the respective reports.

6.2 On a quarterly basis at a regular District Board of Commissioners meeting, the City will provide an oral presentation with written update or summary materials regarding performance of services, operation of the Wastewater Utility, budget and financial administration, and other relevant topics.

Section 7. Wastewater Utility Services Provided by the City.

7.1 During the term of this Service Agreement, the District Board of Commissioners retains legislative authority over District assets and policy matters, including without limitation fixing and collecting rates and charges, holding and managing District property and assets, adopting and carrying out the District's comprehensive plan, changes to the District's Code of Rules and Regulations, and decisions on Major Actions.

7.2 During the term of this Service Agreement, the City will provide Wastewater Utility services on behalf of the District, including the following matters.

7.2.1 Operation and Maintenance of the Wastewater System. The City will operate, maintain, and repair the Wastewater System on behalf of the District in general conformance with Section 1 of the District's 2016 O&M Manual, including without limitation the following functions and tasks:

- a) Collection System
 - i. Manhole
 - ii. Grinder Pumps
 - iii. Lift Stations/Pump Stations
 - iv. Pipeline Cleaning and CCTV Inspection
 - v. Fats, Oils and Grease (F.O.G.) Program
 - vi. After hours and emergency response services.
- b) Planning and Development
 - i. Permit issuance
 - ii. Inspection of permitted work
 - iii. Mapping services (GIS)
 - iv. Recordable document creation
 - v. Certificate of Sewer Availability issuance
 - vi. Developer Extension Agreements. Utilizing the District's Developer Extension Manual, the following process will occur:

A. The City will develop a proposed extension agreement with the relevant developer(s) for District Board of Commissioners review; and

B. The District Board of Commissioners will take action to approve, deny, or otherwise dispose of any proposed extension agreement.

7.2.2 Wastewater Utility Billing and Customer Service. The City will perform the function of Wastewater Utility billing and customer service on behalf of the District. Specific functions include but are not limited to the following:

- a) The City will provide billing and customer support services for the Wastewater Utility on behalf of the District.
 - i. All billing will be based on the District's adopted schedule of rates and charges.
 - ii. The City will respond to all customer inquiries regarding rates and billing.
 - iii. The City will coordinate the delinquent collection process with the District's attorney.
- b) The City will maintain customer account information following District practices in place prior to this Agreement.

7.2.3 Financial Administration. The City will provide financial administration on behalf of the District. Specific functions include but are not limited to the following:

- a) The City will process payroll for the District Board of Commissioners and supporting staff, if any.
- b) The City will provide accounting support for the District Board of Commissioners and coordinate with the District's consulting accountant in the preparation and audit of the District Annual Financial Statement to ensure timely filing of financial statements.
- c) The City will coordinate with the State Auditor for the District's annual audit.

7.2.4 District Responsibilities in Financial Administration. During the term of this Services Agreement, the District retains control and responsibility of certain financial functions, including but not limited to the following:

- a) Continues as the fiduciary responsible for Wastewater Utility funds and the District's US Bank Account.

- b) Adopting an annual operating budget, in coordination with the City.
- c) Formal approval of the District's monthly voucher report monthly.
- d) The District maintains the direct relationship with King County, which will continue to serve as the Treasurer for the District.

Section 8. Wastewater Utility and Permit Payments.

8.1 In providing Wastewater Utility services, the City will accept, receive, and account for payments for sewer or wastewater rates, charges, or fees and other District revenues or incoming funds. The City will track and account separately for all Wastewater Utility payments and monies.

8.2 Specific streams of customer payments of Ronald rates and charges will be handled as follows:

8.2.1 Payments made online, through the Automated Clearing House ("ACH"), or by mail to Retail Lockbox will follow the current process and will be deposited directly in the District's US Bank Account or at King County Treasury.

8.2.2 Payments made for GFCs will be held by the City as a liability. The amounts will be separately accounted for and will be reconciled and credited against the District's quarterly payment, except for an individual GFC payment more than \$10,000. When a single GFC payment exceeds \$10,000, the City will transfer the payment amount to the District within 20 days of receipt.

8.2.3 Cash or check payments and wastewater permit payments made at City Hall will be held by the City as a liability. The amounts will be separately accounted for and will be reconciled and credited against the District's quarterly payment.

Section 9. Real Estate.

9.1 The District will continue to own all of its real property and improvements, including the District office and maintenance buildings, which are assets of the Wastewater Utility.

9.2 The City will use all District buildings for Wastewater Utility purposes. If the City uses some or all of a District property or building for other purposes, then the City will track, record, and account for such usage so as to keep the Wastewater Utility whole.

9.3 Routine Maintenance or Repairs

9.3.1 Routine maintenance or repairs of real property costing \$5,000 or less per incident will be a maintenance expense that the City will pay for and recover as a reimbursable service.

9.3.2 Routine maintenance or repairs of real property that are conducted will be communicated to the District as part of the Monthly Maintenance Report.

9.3.3 If the annual routine maintenance or repair budget is exceeded during the course of the year, the City will communicate with the District and follow the procedures herein for budget revision.

9.4 Non-Routine Maintenance or Repairs

9.4.1 Non-routine maintenance or repairs of real property costing \$5,000 or less will be performed by the City as a reimbursable service.

9.4.2 Maintenance or repairs of real property exceeding \$5,000 will be the responsibility of the District and would be paid for as a capital expenditure of the District. The City will coordinate with the District as needed to hire a contractor to complete the repair.

9.5 Emergency Maintenance or Repairs

9.5.1 If the City determines that emergency maintenance or repairs are needed that exceed the \$5,000 threshold, the City will commence repairs immediately and inform the District as soon as possible after the incident occurs.

Section 10. Wastewater System.

10.1 During the term of this Agreement, the District will continue to own the Wastewater System, which is an asset of the Wastewater Utility.

10.2 The City will undertake and perform all maintenance and repairs on the Wastewater System, except as expressly provided below.

10.2.1 Routine Maintenance or Repairs

- a) Routine maintenance or repairs of the Wastewater System costing \$10,000 or less per incident are a maintenance expense that the City would incur as a reimbursable service.
- b) Any routine maintenance or repairs of the Wastewater System that are undertaken will be communicated to the District as part of the Monthly Maintenance Report.

- c) If the annual routine maintenance or repair budget is exceeded during the course of the year, the City will communicate with the District and follow the procedures herein for budget amendment.

10.2.2 Non-routine Maintenance or Repairs

- a) Maintenance or repairs of the Wastewater System exceeding \$10,000 per incident will be identified by the City and communicated by the Designated Representative to the District as they occur.
- b) Maintenance or repairs of the Wastewater System exceeding \$10,000 are the responsibility of the District and will be paid for as a capital expenditure of the District. The City will coordinate with the District as needed to hire a contractor to complete the repair.

10.2.3 Emergency Maintenance or Repairs

- a) If the City determines that emergency repairs are needed that exceed the \$10,000 threshold, the City will commence repairs immediately and inform the District as soon as possible after the incident occurs.

Section 11. Vehicles and Equipment.

11.1 Ownership

11.1.1 All District vehicles, equipment, and personal property useful or necessary in operation of the Wastewater System will be transferred to the City from the District for Wastewater Utility use.

11.1.2 The City will own, use and maintain the vehicles and equipment as an asset of the Wastewater Utility. During the term of this Agreement, the vehicles will display the Ronald District logo.

11.2 Replacement

11.2.1 The District will fund the vehicle replacement costs of vehicles as they reach the end of their useful life.

11.3 Minor Vehicle Maintenance or Repairs

11.3.1 Minor Vehicle Maintenance or Repairs, if needed, will be the responsibility of the City.

11.3.2 If the annual Minor Vehicle Maintenance or Repair budget is exceeded during the course of the year, the City will communicate with the District and follow the procedures herein for a budget amendment.

11.4 Major Proactive Vehicle Maintenance or Repairs

11.4.1 The City will identify Major Proactive Vehicle Maintenance or Repairs that are needed and will communicate such needs and alternative solutions to the District.

11.4.2 Once communicated to the District, the District Board of Commissioners will review the proposed Major Proactive Vehicle Maintenance or Repairs and possible alternative solutions, and the Board of Commissioners will then decide whether to approve payment for the proposed maintenance or repair, to replace the vehicle altogether, or to adopt an alternative solution.

11.5 Major Reactive Vehicle Maintenance or Repairs

11.5.1 If Major Reactive Maintenance or Repairs are needed, the City will arrange for a rental/contract vehicle or equipment to temporarily replace the vehicle or equipment that is out of service and communicate to the District that a vehicle or equipment is currently not operable.

11.5.2 Once communicated to the District, the District Board of Commissioners will review the proposed Major Reactive Vehicle Maintenance or Repairs and possible alternative solutions, and the Board of Commissioners will then decide whether to approve payment for the proposed maintenance or repair, replace the vehicle altogether, or to adopt an alternative solution.

Section 12. Policies and Code Provisions.

12.1 The City will operate consistent with the District's Comprehensive Code of Rules and Regulations Governing the Operation, Control and usage of the District's Sewage Collection Facilities, the District's Developer Extension Manual, and the District's Customer Service Policies during the term of this Services Agreement.

12.2 The City will operate in general conformance with the District's 2016 Operations and Maintenance Manual during the term of this Services Agreement.

12.3 The City will operate the Wastewater Utility using the City's purchasing and procurement code and guidelines, unless Title 57 RCW requires otherwise.

12.4 The District will continue to follow District practices for procurement related to activities not covered under this Agreement (such as District professional service agreements, CIP, etc.).

Section 13. Regional Coordination and Mutual Aid.

The District is a signatory to or participant in mutual aid networks including the *Regional Coordination Framework for Disasters and Planned Events* (King County 2015), the *Regional Hazard Mitigation Plan* (King County 2014), and with regional wastewater utilities, and the District Wastewater Utility will continue to do so in coordination with the City under this Agreement.

Section 14. Existing Contracts.

The Parties will work together and cooperate to identify and review all existing contracts and agreements to which Ronald is a party and determine the appropriate disposition of contracts. The contracts listed in Exhibit A are to be retained by Ronald and managed by the District Board of Commissioners. The contracts listed in Exhibit B will be assigned or transferred to the City to be managed and performed under this Services Agreement, and the District will undertake to complete such contract assignment by December 1, 2017.

Section 15. Capital Improvement Plan and Engineering.

15.1 The District will continue to manage the Wastewater Utility's capital improvement plan ("CIP"). The District will manage capital projects, and the District intends to staff project management through the CHS Engineering contract. The District will be responsible for developing and adopting any amendments and updates to the CIP. The District will direct CHS Engineering to keep City engineering staff informed about District CIP projects, which the Designated Representatives will coordinate.

15.2 The District will have lead responsibility for funding all projects in the CIP. In the event bond financing is necessary and appropriate for improvements in the approved District CIP, the City will authorize, issue, and sell revenue bonds (the "City Bonds") and make a loan to the District to fund all or a portion of the CIP projects. The City Bonds will be payable from revenues of the District.

15.3 Prior to the date the City Bonds are issued, the City and the District will enter into an agreement regarding the loan and use of bond proceeds, the obligation of the District to pay debt service on the City Bonds during their term or until assumption occurs, and the tax requirements applicable to any tax-exempt City Bonds.

Section 16. Wastewater Comprehensive Plan.

16.1 The City will use the District's 2010 Comprehensive Sewer Plan.

16.2 The District will continue to work on and finalize the hydraulic analysis for the two Sound Transit station areas.

Section 17. Records Management and Information Technology.

17.1 The City will serve as custodian of all District and Wastewater Utility records and files and will maintain the same on behalf of the District.

17.2 The City will provide information technology support to the District, including email, telephone, and computer network support.

17.3 The City will maintain the District web site and will coordinate customer and public information content with the Ronald Board of Commissioners. The District web site will provide a link to the City's website or software for billing and payment.

Section 18. Public Disclosure Act and Records Requests.

In the event that either Party receives a request for public records relating to the Wastewater System, the Wastewater Utility, or the Ronald Wastewater District, the Parties agree that the City will take the lead role in responding to the request as a service task and responsibility. When a Party receives a public records request, the Party will promptly and without delay transmit the request to the Other Party's Designated Representative, and the Parties will coordinate and communicate in a timely manner to respond to the request. The City will be responsible for compliance with the Public Disclosure Act and liable for any non-compliance, except in the event that the District fails to timely transmit a request for public records or is otherwise at fault for non-compliance with the Public Disclosure Act.

Section 19. Services Agreement Budget and Reimbursement Payment.

19.1 District will reimburse the City for services based on the budgeted cost of operations. The District will pay the City 25% of the budgeted annual costs each quarter in advance.

19.2 The budget reimbursement for 2017 will cover the period October 23 to December 31, 2017 and will be equal to a prorated portion of the District's 2017 budget adjusted for any cyclical payments that are due during this time. For the 2017 budget period, the District will pay the budgeted amount to the City by October 23, 2017.

19.3 City Budget Adoption Process

19.3.1 The City will develop its Wastewater Operations Fund budget for 2018 in collaboration with the District through its Designated Representative with the intent to maintain budgeted costs as close to 2017 budget as possible.

19.3.2 The City will strive to maintain growth in maintenance and operations costs to less than the June-to-June percentage change of the consumer price index for the Seattle/Tacoma/Bremerton area ("CPI-U"). Personnel costs will grow consistent with City policy regarding cost of living adjustments ("COLA") and benefit increases.

19.3.3 The City will present a budget summary to the District Board of Commissioners prior to budget adoption in November. The summary will compare City proposed budgeted costs alone and including the projected District costs for the budgeted years being discussed so that the District can evaluate the total budget. An explanation will be provided if the maintenance and operation cost increases exceed the June-to-June percentage change of the CPI-U. A summary of salary and benefit changes will be provided (*i.e.* percentage increase for COLA and benefits or other changes that drove an overall increase).

19.4 City Budget Amendment Process

19.4.1 Budget amendments are not anticipated but may be necessary in the event that unanticipated costs are incurred in the operation of the Wastewater Utility.

19.4.2 The City will review any proposed amendments to the Wastewater Utility budget with the District Board of Commissioners prior to discussion and adoption.

19.4.3 In all proposed budget amendments, the City will provide adequate documentation to support the necessity of the amendment. In reviewing or acting on any proposed budget amendment, the District will take into consideration the explanation and reason(s) provided by the City to support the need for additional budget authority.

19.4.4 An individual budget amendment request exceeding \$5,000 requires approval by the District Board of Commissioners. An individual budget amendment request less than or equal to \$5,000 will be approved administratively by the City; provided, however, that approval by the District Board of Commissioners is required in the event such individual requests, in the aggregate, exceed \$50,000.00 in a calendar year.

19.4.5 All approved budget amendments will tracked and reported. Remaining quarterly payments will be recalculated to address the impacts of approved amendments.

19.5 Annual Reconciliation

The City will perform an annual reconciliation of direct operational costs comparing actual to budget following year end close. If the City has experienced any budget savings in direct operational costs the reconciliation will result in a credit adjustment (to the amount due to the city for the current year). This credit can be applied to a single quarter or spread over remaining quarters in the year at the discretion of the District Board of Commissioners.

Section 20. Insurance.

20.1 The City will carry liability coverage related to the operation of the Wastewater Utility and for use of property, and Equipment Damage.

20.2 District will maintain property coverage for District Property and liability relating to the actions of the District Board of Commissioners.

20.3 District will waive subrogation against the City only for damage covered by the District's property insurance.

20.4 For the purpose of avoiding any uninsured exposure for the District, the City expressly waives all immunity and limitation of liability under the Industrial Insurance Act, Title 51 RCW, for any claims for personal or bodily injury brought by a City employee against the District. This waiver was the result of mutual negotiations of the City and the District.

20.5 The City and District will coordinate insurance coverage to make sure that no gaps in coverage exist. Specifically, the City and the District will meet and confer in a timely fashion with the WSRMP and the WCIA to plan and obtain adequate insurance coverage for all necessary and appropriate Wastewater Utility and Wastewater System property, activities, events, and contingencies.

Section 21. Dispute Resolution.

21.1 The Parties agree to use their best efforts to resolve disputes arising out of or related to this Agreement using good faith negotiations by engaging in the following dispute resolution process should any such disputes arise. The Parties agree that cooperation and communication are essential to resolving issues efficiently.

21.2 Any disputes or questions of interpretation of this Agreement or the performance of either Party under this Agreement that may arise between Ronald and Shoreline will be governed under the dispute resolution provision in Section 11 of the 2002 Interlocal Operating Agreement. Either Party may refer a dispute to the dispute resolution process by providing written notice of such referral to the other Party's Designated Representative.

21.3 Before either Party may refer a dispute to arbitration under Section 11 of the 2002 Interlocal Operating Agreement or provide a notice of the same to the other Party, the Parties will seek to resolve the dispute at the lowest possible level by completing the following steps.

21.3.1 The District's Designated Representative and the City's Designated Representative shall meet to discuss and attempt to resolve the dispute in a timely manner. If they cannot resolve the dispute within ten (10) days, then the Parties' Designated Representatives will refer the dispute to the Parties' Services Agreement Managers.

21.3.2 The Services Agreement Managers will meet and confer and attempt to resolve the dispute. If the Services Agreement Managers cannot resolve the dispute within fourteen (14) days, then either Party may initiate arbitration.

Section 22. Hold Harmless and Indemnity.

Each Party agrees to hold harmless, indemnify, and defend the other Party, its officers, agents, and employees, from and against any and all claims, damages, losses or liability, injuries, or suits ("Claims") arising out of any willful misconduct or negligent act, error, or omission of the indemnifying Party, its officers, agents, or employees, in connection with the services required by this Agreement, *provided*, however, that the indemnifying Party's obligations to indemnify, defend and hold harmless i) shall not apply to Claims caused by or resulting from the sole willful misconduct or sole negligence of the other Party, its officers, agents or employees and ii) shall apply only to the extent of the negligence or willful misconduct of the indemnifying Party, its officers, agents, or employees.

Section 23. Miscellaneous.

23.1 This Agreement constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes any and all prior negotiations (oral and written), understandings, and agreements with respect hereto; *provided*, however, that this Agreement is entered pursuant to, and is intended to be construed and interpreted in harmony with, the 2002 Interlocal Operating Agreement and the First Amendment.

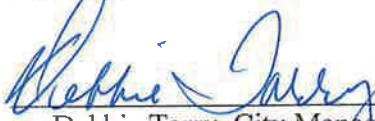
23.2 This Services Agreement is specific to the Parties and may not be assigned in whole or in part. This Agreement is made and entered into for the sole protection and benefit of the Parties. The Parties do not intend to create any third-party beneficiaries to this Agreement, and no other person will have any right of action based upon any provision of this Agreement.

23.3 Any provision or part of the Agreement held to be void or unenforceable under any law or regulation shall be deemed stricken and all remaining provisions will continue to be valid and binding upon the Parties, who agree that the Agreement will be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

23.4 This Agreement will be construed and enforced in accordance with the laws of the State of Washington. Venue of any suit between the Parties arising out of this Agreement must be King County Superior Court.

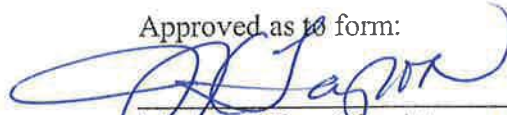

IN WITNESS WHEREOF, the authorized representatives of the Parties have duly executed this Agreement as of the date stated below.

CITY OF SHORELINE


Debbie Tarry, City Manager

Date: 10/20/17, 2017

Approved as to form:


Margaret King, City Attorney

Julie Taylor, Asst. City Attorney

RONALD WASTEWATER DISTRICT:


Gretchen A. Atkinson, President, Board of Commissioners

Date: Sept 25, 2017

Attest:


Chris J. Eggen, Secretary, Board of Commissioners

81190v11

Exhibit A
Contracts Retained by Ronald

UTILITY RELOCATION AGREEMENT, between Ronald Wastewater District and Sound Transit, January 10, 2017.

REGIONAL COORDINATION FRAMEWORK FOR DISASTERS AND PLANNED EVENTS (King County), 2015.

REGIONAL HAZARD MITIGATION PLAN (King County), 2014.

AGREEMENT BETWEEN RONALD WASTEWATER DISTRICT AND OLYMPIC VIEW WATER AND SEWER DISTRICT RELATING TO USE OF SEWER SYSTEM, December 14, 2005.

OPERATIONS AND MAINTENANCE AGREEMENT, between Ronald Wastewater District and the City of Lake Forest Park, March 13, 2003.

AGREEMENT TO TRANSFER WASTEWATER ASSETS AND SERVICE, between Ronald Wastewater District and the City of Lake Forest Park, December 30, 2002.

WASTEWATER FACILITIES USE AGREEMENT, between The City of Seattle acting by and through its Seattle Public Utilities and Ronald Wastewater District, October 1, 2001.

AGREEMENT BETWEEN THE TOWN OF WOODWAY AND SHORELINE WASTEWATER MANAGEMENT DISTRICT, a/k/a RONALD SEWER DISTRICT RELATING TO THE USE OF THE DISTRICT'S SEWERS, November 25, 1991.

AMENDMENT TO AGREEMENT FOR SEWAGE DISPOSAL, between Ronald Sewer District and King County METRO, October 2, 1992.

AGREEMENT FOR WASTEWATER TREATMENT, DISPOSAL AND TRANSPORT SERVICES BY AND AMONG THE CITY OF EDMONDS, THE CITY OF MOUNTLAKE TERRACE, OLYMPIC VIEW WATER AND SEWER DISTRICT, AND RONALD SEWER DISTRICT, May 16, 1988.

AGREEMENT FOR THE JOINT USE OF SEWAGE DISPOSAL FACILITIES, between City of Mountlake Terrace and Ronald Sewer District, October 4, 1971.

PUMPING STATION JOINT USE AGREEMENT RONALD SEWER DISTRICT, HIGHLANDS SEWER DISTRICT, between Ronald Sewer District and the Highlands Sewer District, June 21, 1971.

CONTRACT FOR CONNECTION AND USE OF SEWER; between Olympic View Water District and Ronald Sewer District, September 21, 1970.

Exhibit A (continued)
Contracts Retained by Ronald

CONTRACT FOR CONNECTION AND USE OF SEWER, between Olympic View Water District and Ronald Sewer District, September 9, 1968.

CHS ENGINEERS, LLC, Engineering services (Annual Contract).

CLIFTON LARSON ALLEN, LLP, Certified Public Accounting services (Annual Contract).

HENDRICKS-BENNETT, legal services (Annual Contract).

VAN NESS FELDMAN, legal services (Periodic Contract)

INTERLOCAL AGREEMENT WITH WATER AND SEWER RISK MANAGEMENT POOL, risk management and insurance (Annual Contract).

Exhibit B

Ronald Contracts to Assign to City

ACCELA/SPRINGBROOK maintenance contract regarding finance and utility billing software (Annual Contract).

DATABAR customer billing service agreement (month to month).

RETAIL LOCKBOX re receipt and deposit of utility billing payments (Annual Contract).

DOXO online bill viewing and paying service agreement (Annual Contract).

CUMMINS NORTHWEST re pump station generator maintenance (Annual Contract).

SHAW ELEVATOR re pump station elevator maintenance (Annual Contract).

NORTON CORROSION LIMITED re cathodic protection systems inspection (Bi-annual Contract).



**SHORELINE
CITY COUNCIL**

Will Hall
Mayor

Doris McConnell
Deputy Mayor

Susan Chang

Keith A. McGlashan

Chris Roberts

Betsy Robertson

Keith Scully

Via Certified Mail, Return Receipt Requested

Via Email: gatkinson@ronaldwastewater.org; ransom@ronaldwastewater.org;
lmork@ronaldwastewater.org; dthomas@ronaldwastewater.org;
wbrandon@ronaldwastewater.org

Date

Honorable Gretchen Atkinson, Board President
Honorable Members of the Board of Commissioners
Ronald Wastewater District
17500 Midvale Ave N
Shoreline, WA 98133

RE: City of Shoreline Notice to Exercise Option for Two-Year Extension of First
Amendment to 2002 Interlocal Operating Agreement

Dear Board President Atkinson and Board Commissioners:

Section 2.2 of the First Amendment to the 2002 Interlocal Operating Agreement between the City of Shoreline and the Ronald Wastewater District provides that the City of Shoreline may, at its sole option, extend the term of the First Amendment for an additional two (2) years by providing written notice to the Ronald Wastewater District no less than three (3) months prior to expiration of the First Amendment. On March 4, 2019, the City Council authorized notice to be sent that the City was exercising its option.

Please accept this letter as written notification that the City of Shoreline is extending the term of the First Amendment for an additional two years from June 22, 2019 through June 22, 2021.

Sincerely,

Debbie Tarry
City Manager

cc Shoreline City Clerk (Rec #1956.03)



**SHORELINE
CITY COUNCIL**

Will Hall
Mayor

Doris McConnell
Deputy Mayor

Susan Chang

Keith A. McGlashan

Chris Roberts

Betsy Robertson

Keith Scully

Via Certified Mail, Return Receipt Requested

Via Email: gatkinson@ronaldwastewater.org; ransom@ronaldwastewater.org;
lmork@ronaldwastewater.org; dthomas@ronaldwastewater.org;
wbrandon@ronaldwastewater.org

Date

Honorable Gretchen Atkinson, Board President
Honorable Members of the Board of Commissioners
Ronald Wastewater District
17500 Midvale Ave N
Shoreline, WA 98133

RE: City of Shoreline Notice to Exercise Option for Two-Year Extension of the
Wastewater Utility Services Operating Agreement

Dear Board President Atkinson and Board Commissioners:

Section 3.2 of the Wastewater Utility Services Operating Agreement between the City of Shoreline and the Ronald Wastewater District provides that the City of Shoreline may, at its sole option, extend the term of the Agreement for an additional two (2) years by providing written notice to the Ronald Wastewater District no less than two (2) months prior to expiration of the Agreement. On March 4, 2019, the City Council authorized notice to be sent that the City was exercising its option.

Please accept this letter as written notification that the City of Shoreline is extending the term of the Agreement for an additional two years from October 23, 2019 through October 23, 2021.

Sincerely,

Debbie Tarry
City Manager

cc Shoreline City Clerk (Rec #8937.02)



**SHORELINE
CITY COUNCIL**

Will Hall
Mayor

Doris McConnell
Deputy Mayor

Susan Chang

Keith A. McGlashan

Chris Roberts

Betsy Robertson

Keith Scully

Via Certified Mail, Return Receipt Requested

Via Email: gatkinson@ronaldwastewater.org; ransom@ronaldwastewater.org;
lmork@ronaldwastewater.org; dthomas@ronaldwastewater.org;
wbrandon@ronaldwastewater.org

Date

Honorable Gretchen Atkinson, Board President
Honorable Members of the Board of Commissioners
Ronald Wastewater District
17500 Midvale Ave N
Shoreline, WA 98133

RE: City of Shoreline Notice to Exercise Option for Two-Year Extension of the
Franchise Granted by Ordinance No. 800

Dear Board President Atkinson and Board Commissioners:

Section 12.2 of the Franchise granted by the City of Shoreline to the Ronald Wastewater District by Ordinance No. 800 provides that the City may, at its sole option, extend the term of the First Amendment for an additional two (2) years by providing written notice to the Ronald Wastewater District no less than three (3) months prior to expiration of the Franchise. On March 4, 2019, the City Council authorized notice to be sent that the City was exercising its option.

Please accept this letter as written notification that the City of Shoreline is extending the term of the Franchise for an additional two years from 11:59 pm PST June 22, 2019 through 11:59 pm PST June 22, 2021.

Sincerely,

Debbie Tarry
City Manager

cc Shoreline City Clerk (Rec #1956.02)

**SECOND AMENDMENT OF INTERLOCAL OPERATING AGREEMENT BETWEEN
THE CITY OF SHORELINE AND RONALD WASTEWATER DISTRICT RELATING
TO SANITARY SEWER SERVICES WITHIN SHORELINE'S CITY LIMITS**

THIS SECOND AMENDMENT OF INTERLOCAL OPERATING AGREEMENT ("Second Amendment") is made and entered into this ____ day of _____, 2019 ("Effective Date") by and between the City of Shoreline, a Washington Non-Charter Optional Municipal Code City (the "City") and Ronald Wastewater District, a special purpose municipal corporation (the "District").

WHEREAS, on October 22, 2002, the City and the District entered the *Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline's City Limits* (the "2002 Interlocal Operating Agreement"); and

WHEREAS, on June 22, 2017, the City and the District entered in the *First Amendment of the Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline's City Limits* (First Amendment); and

WHEREAS, the First Amendment grants the City the option, at its sole discretion, to extend the term of the First Amendment for an additional two (2) years by providing written notice to the District; and

WHEREAS, Section 4.2 of the 2002 Interlocal Operating Agreement, as amended by Section 5 of the First Amendment, sets for the Interlocal Operating Fee schedule through the year 2019; and

WHEREAS, on March 4, 2019, the Shoreline City Council authorized the City Manager to provide notice that the City was exercising its option to extend and, given this extension, Section 4.2 requires further amendment to provide for the extension years of 2020 and 2021;

NOW THEREFORE, in consideration of the foregoing recitals, which are incorporated herein as if fully set forth below, and the terms and provisions contained herein, the City and the District agree as follows:

Section 1. Interlocal Operating Agreement Fee. Paragraph 4.2 of the 2002 Interlocal Operating Agreement, as amended by Section 5 of the First Amendment, is amended to provide the following schedule of payments:

Year	Amount
2020	\$964,000
2021	\$993,000

Section 2. Terms and Conditions Remain the Same. The City and the District agree that except as specifically provided in this amendment, the terms and conditions of the 2002 Interlocal Operating Agreement, as amended, continue in full force and effect.

This Amendment is executed by the following, each of whom represents and warrants that he or she is fully authorized to execute and deliver this Amendment on behalf of the party for which he or she is signing.

CITY OF SHORELINE

RONALD WASTEWATER DISTRICT

By: _____
Debbie Tarry
City Manager

By: _____
Name: _____
Title: _____