

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussing Ordinance No. 894 - Granting a Non-Exclusive Franchise to Comcast to Construct, Maintain, Operate, Replace, and Repair a Cable System Over, Along, Under, and Through Designated Public Rights-of-way in the City of Shoreline
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Christina Arcidy, Management Analyst
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

As per Shoreline Municipal Code (SMC) Section 12.25.010, all utilities using the City's rights-of-way for operation and maintenance of their facilities are required to have a non-exclusive franchise with the City. The City's current franchise with Comcast Cable Communications Management (Comcast), which was granted by Shoreline Ordinance No. 601, expires on October 3, 2020. The City and Comcast have been negotiating a renewal franchise agreement since 2019, which resulted in proposed Ordinance No. 894 (Attachment A).

This agreement provides for a 10-year franchise allowing Comcast to install, maintain, operate, replace, and repair a cable system over, along, under, and through designated public rights-of-way, with considerations for being allowed to do so. This staff report provides an overview of the proposed franchise and considerations Council must consider by Code in granting this franchise to Comcast.

Tonight, Council is scheduled to discuss proposed Ordinance No. 894. Proposed Ordinance No. 894 is currently scheduled to return to Council for possible adoption on October 5, 2020.

RESOURCE/FINANCIAL IMPACT:

There is no fiscal impact to adopting proposed Ordinance No. 894. Comcast is currently assessed a 5% franchise fee, which is continued in this franchise renewal. However, FCC regulations that went into effect in January 2020 allows non-financial "in kind" contributions made by cable operators (such as complimentary basic cable service for governments) be assigned a value and counted against the 5% franchise fee. If Comcasts chooses to elect to count complimentary basic cable service against the franchise fee, the City will eliminate this service in its facilities. The City's Emergency Operations Center may continue to pay for basic cable services for the purposes of connectivity in an emergency through its own budget should it find it prudent to do so.

With these changes, there will not be a loss of City general fund revenue associated with franchise adoption.

The other revenue sources for the City of Shoreline tied to franchise issuance are the utility tax and the Education and Government Access (EG) fees collected from Comcast subscribers. Currently, the City of Shoreline is collecting a 6% utility tax and a fifteen (\$0.15) cents per subscriber per month EG fee from Comcast subscribers. These revenue collections will remain consistent if the proposed franchise is adopted.

RECOMMENDATION

No action is required at this time. Staff recommends that Council discuss proposed Ordinance No. 894 and provide staff with feedback. Proposed Ordinance No. 894 is currently scheduled to return to Council for possible adoption on October 5, 2020.

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

BACKGROUND

Shoreline is currently served by two “land line” cable television providers, Comcast Cable and Ziplly (formerly Frontier Cable). While Ziplly only serves the northwestern portion of Shoreline, Comcast’s Service Area encompasses the entire City. The City’s ability to regulate cable service does not extend to broadband and other non-cable services. Comcast also provides Cable Internet and VoIP (Voice over Internet Protocol) Telephone to Shoreline residents. These services are not covered by this proposed franchise agreement.

Shoreline Municipal Code (SMC) Section 12.25.010 requires all utilities using the City’s rights-of-way for operation and maintenance of their facilities to have a non-exclusive franchise with the City. The City’s current franchise with Comcast expires on October 3, 2020. Comcast’s current franchise with the City can be found at the following link: [Franchise between Shoreline, Washington and Comcast Communications](#).

The City and Comcast have been negotiating a renewal franchise agreement since 2019, which resulted in proposed Ordinance No. 894 (Attachment A). This agreement provides for a 10-year franchise allowing Comcast to install, maintain, operate, replace, and repair their cable system over, along, under, and through City of Shoreline rights-of-way, with considerations for being allowed to do so.

DISCUSSION

Franchise Terms

The sections of the proposed Comcast franchise are generally similar to the current Comcast franchise. However, there is new franchise language throughout the franchise agreement to improve implementation or align with updated Federal Communications Commission (FCC) regulations, including amendments to the Cable Communications Policy Act of 1984 (Cable Act of 1984). The following information provides an overview of the major sections of the proposed franchise:

- **Section 1, Definitions.** This section provides the definitions of terms used throughout the franchise. There are no new definitions in this section, however some definitions were edited to provide further clarity or align with the Cable Act of 1984.
- **Section 2, Franchise Granted.** This section states that the City is granting Comcast a franchise to use the City’s rights-of-way, and the City still controls the right-of-way. The franchise is not exclusive. The term of the franchise is ten (10) years.
- **Section 3, Construction and Maintenance of the Cable System.** This is a significant section of the franchise that covers many topics regarding how Comcast can work and operate in the City’s right-of-way. This section includes:
 - Permitting for work performed in the right-of-way by Comcast,
 - Conditions on occupying the public rights-of-way (such as relocation at the request of the City and restoration of rights-of-way), and

- Compliance with safety requirements in the right-of-way and the City's ability to manage this safety.
- **Section 4, Service Obligations.** This section outlines the minimum cable service requirements to residential dwellings within the Franchise Area. It also updates the complimentary cable service section from previous franchises to acknowledge that if Comcast elects to offset the value of complimentary service against Franchise Fees payable to the City, Comcast will only do so after providing the City 120 days written notice. Offsetting the value of complimentary service against Franchise Fees is a change made by the FCC's recent 621 Order (FCC 19-80).
- **Section 5, Rates, Fees, Charges and Deposits.** This section outlines rate regulation, prohibition against rate discrimination, low income discounts, and late fees.
- **Section 6, Customer Service.** This section outlines that Comcast will comply with the FCC's rules and regulations regarding customer service and privacy protection. The Customer Service Standards will no longer be attached to the Franchise and instead are referenced.
- **Section 7, Oversight and Regulation.** This section outlines the Franchise Fees Comcast will pay to the City. This section was updated for clarity as well as reflecting the change in how complimentary cable service can offset Franchise Fees.
- **Section 9, Insurance.** This section outlines the levels of insurance Comcast must carry through a combination of Commercial General Liability and Umbrella/Excess Liability insurance to protection against risks in such amounts as are consistent with good utility practice.
- **Section 10, Description and System Facilities.** This section outlines the technological improvements, technical requirements, and performance testing Comcast's system facilities will undergo to ensure high quality performance of its cable system.
- **Section 11, Educational and Governmental Access.** Comcast will continue to provide a government access channel to the City, which shall be made available at no extra charge to cable subscribers at the lowest tier of service.
- **Section 12, Enforcement.** This section allows for the franchise to be terminated by the City or Comcast if there is a substantial breach of the terms of the agreement, but only after there has been time provided to cure the alleged breach.

Franchise Application Considerations

While a competitive cable provider may apply for a franchise at any time, the City must go through the renewal process with each existing cable operator. The City cannot deny renewal to an existing cable operator except for specific criteria set forth in the Cable Act.

As a reminder, the City cannot tell a cable operator which television programs to carry or regulate non-cable services. Cable operators have First Amendment protections so the City has very limited authority to regulate the type of cable channels carried or the

content of cable television programming Comcast makes available in Shoreline. The City does not have authority to regulate non-cable services (e.g., high-speed Internet access and telephone service) provided by Comcast. Federal law allows only for regulation of cable television services.

SMC Section 12.25.070 identifies the considerations the City should review when renewing a right-of-way franchise, which are consistent with the [Cable Act of 1984](#) (47 U.S.C. § 546). These considerations include:

1. The applicant's past service record in the city and in other communities.
2. The nature of the proposed facilities and services.
3. The proposed area of service.
4. The proposed rates (if applicable).
5. Whether the proposal would serve the public needs and the overall interests of the city residents.
6. That the applicant has substantially complied with the material terms of the existing franchise.
7. The quality of the applicant's service, response to consumer complaints, and billing practices.
8. That the applicant has the financial, legal, and technical ability to provide the services, facilities, and equipment as set forth in the application.
9. The applicant's proposal is reasonable to meet the future community needs and interests, taking into account the cost of meeting such needs and interests.

Due to the substantial capital investment required to construct a modern cable system, the Cable Act gives cable companies certain advantages in renewing their franchises. The law limits the City's ability to deny renewal of a cable franchise. Even where the City can regulate, the federal government has established provisions that may limit the City's authority.

The following information provides some context and analysis for Council to consider regarding these considerations for franchise adoption.

1. Past Service Record

Comcast's cable system has performed as expected for the duration of the previous franchise. Concerns in this area would stem from the cable operator running a very antiquated or sub-standard system that has signal and reception issues, or a system that was unexpectedly not operable for significant periods of time, which does not apply in this case. Staff additionally reviewed reports filled with the City from Comcast, which included customer service benchmarks, and found no issues with Comcast's past service record. Staff agreed that there are no issues with Comcast's past service record for the period of the previous franchise.

2. Nature and Location of Facilities and Services

The nature of Comcast's cable system facilities and the City's expectations for Comcast's construction and maintenance of those facilities is outlined in "Section 3. Construction and Maintenance of the Cable System" of the franchise. These

facilities are used by Comcast to provide cable service to Shoreline residents and businesses.

3. Proposed Area of Service

Comcast's service area includes the entire City of Shoreline.

4. Serves the Needs and Interests of the City

Comcast is one of two 'land-line' cable television providers in Shoreline and the only cable television provider who serves the entire City. If Comcast were to remove itself from Shoreline, approximately 30% of residents would no longer have access to a cable television provider.

5. Proposed Rates

The City is not able to impose rate regulation, unlike other franchise agreements. Rates for cable services are largely deregulated by federal law.

6. Complied with the Material Terms of the Franchise

Comcast has complied with the material terms of their current franchise with the City. Staff from the City Manager's Office, Planning and Community Development, and Public Works reported that Comcast staff is responsive to issues that occur in the right-of-way, pay permit fees on time, and are generally good actors in the City. Additionally, the City has never entered into enforcement action nor entered into an alternate dispute resolution process with Comcast.

7. Quality of Service

In reviewing Comcast's quality of service, their response to consumer complaints, and billing practices, staff again has found Comcast to provide quality service to the community. The number of complaints and concerns regarding Comcast service quality the City received over the course of the current franchise term is low. Comcast provides quarterly reports on hold times for Shoreline customers calling their customer service line. Comcast offers same day appointments for service issues, though many times customers ask to schedule those appointments at a later time that is more convenient for their schedule. Staff from the Planning and Community Development Department additionally added that Comcast has met the expectations regarding applying and paying for permits. Staff from the Public Works Department confirmed that right-of-way inspectors have had no issues with Comcast's work in the right-of-way.

8. Financial, Legal and Technical Ability

As Comcast is a large, national cable service provider, and their financial ability to provide the service and facilities to carry out the terms of the franchise are supported by the large rate base that makes up the utility.

9. Meets Future Community Needs and Interests

Comcast continues to offer cable television as one of several services within Shoreline. While some customers are transitioning away from cable television and moving to streaming services, cable television subscription services remains relatively strong in Shoreline currently. Over the next ten years, it is likely that cable subscriptions will slowly decrease as customers transition to streaming services. Based on the diminishing demand and Comcast's ability to meet customer's needs currently there is no need to believe they would not be able to meet the future community and interests related to cable services in Shoreline.

Franchise Application Conclusion

Based on this analysis, staff believes Comcast's franchise renewal meets the criteria identified in SMC section 12.25.070 and their franchise should be granted.

RESOURCE/FINANCIAL IMPACT

There is no fiscal impact to adopting proposed Ordinance No. 894. Comcast is currently assessed a 5% franchise fee, which is continued in this franchise renewal. However, FCC regulations that went into effect in January 2020 allows non-financial "in kind" contributions made by cable operators (such as complimentary basic cable service for governments) be assigned a value and counted against the 5% franchise fee. If Comcasts chooses to elect to count complimentary basic cable service against the franchise fee, the City will eliminate this service in its facilities. The City's Emergency Operations Center may continue to pay for basic cable services for the purposes of connectivity in an emergency through its own budget should it find it prudent to do so. With these changes, there will not be a loss of City general fund revenue associated with franchise adoption.

The other revenue sources for the City of Shoreline tied to franchise issuance are the utility tax and the Education and Government Access (EG) fees collected from Comcast subscribers. Currently, the City of Shoreline is collecting a 6% utility tax and a fifteen (\$0.15) cents per subscriber per month EG fee from Comcast subscribers. These revenue collections will remain consistent if the proposed franchise is adopted.

RECOMMENDATION

No action is required at this time. Staff recommends that Council discuss proposed Ordinance No. 894 and provide staff with feedback. Proposed Ordinance No. 894 is currently scheduled to return to Council for possible adoption on October 5, 2020.

ATTACHMENTS

Attachment A: Ordinance No. 894 – Granting a Non-Exclusive Franchise to Comcast to Construct, Maintain, Operate, Replace, and Repair a Cable System Over, Along, Under, and Through Designated Public Rights-of-way in the City of Shoreline

ORDINANCE NO. 894

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, GRANTING COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC, A WASHINGTON CORPORATION, A NON-EXCLUSIVE FRANCHISE TO CONSTRUCT, MAINTAIN, OPERATE, REPLACE, AND REPAIR A CABLE COMMUNICATIONS SYSTEM, IN, ACROSS, OVER, ALONG, UNDER, THROUGH AND BELOW PUBLIC RIGHTS-OF-WAY OF THE CITY OF SHORELINE, WASHINGTON.

WHEREAS, the City of Shoreline (“City”) is a franchising authority in accordance with Title VI of the Cable Act, 47 U.S.C. § 522(10), and Washington State law; and

WHEREAS, Comcast Cable Communications Management, LLC (“Comcast”) is a provider of cable communications; and

WHEREAS, with the adoption of Ordinance 601, the City Council granted Comcast a seven (7) year non-exclusive franchise with an option for Comcast to extend for two (2) years which Comcast exercised so that the current franchise will expire on October 3, 2020, and the City Council has determined that the renewal of a nonexclusive franchise to Comcast is consistent with the public interest; and

WHEREAS, under the previous franchise, Comcast has installed a Hybrid Fiber Coax Cable System that occupies the rights-of-way within the City, and Comcast desires to continue to use the Hybrid Fiber Coax Cable System to provide cable services; and

WHEREAS, RCW 35A.11.020 grants the City broad authority to regulate the use of the public right-of-way and RCW 35A.47.040 authorizes the City “to grant nonexclusive franchises for the use of public streets, bridges or other public ways, structures or places above or below the surface of the ground for ... poles, conduits, tunnels, towers and structures, pipes and wires and appurtenances thereof for transmission and distribution of... signals or other methods of communication ...”; and

WHEREAS, the City Council desires to protect and manage the rights-of-way, require standards of customer service, receive financial compensation for Comcast’s use of the rights-of-way as provided by federal law, obtain use of educational and governmental channels, establish certain reporting and record access requirements, and provide for the future cable-related needs of its residents; and

WHEREAS, the City Council has identified the future cable-related needs and interests of the City, has considered the financial, technical and legal qualifications of Comcast, and has determined that Comcast's cable system is adequate, in a full public proceeding affording due process to all parties; and

WHEREAS, the City Council, having determined that the financial, legal, and technical ability of Comcast is reasonably sufficient to provide the services, facilities, and equipment necessary to meet the future cable-related needs of the community, desires to grant a franchise for the construction, operation, and maintenance of a cable communications system; and

WHEREAS, the City Council finds that it is desirable and in the best interests of the health, safety and welfare of residents of the Shoreline community to grant a non-exclusive franchise to Comcast Cable Communications Management, LLC for the operation of a cable service system within the City's rights-of-way; and

WHEREAS, the City and Comcast have reached agreement on the terms and conditions of a non-exclusive franchise and the parties have agreed to be bound by those terms and conditions; and

WHEREAS, in consideration of the renewal of a franchise to Comcast, Comcast's promise to provide cable service to residents of the City of Shoreline pursuant to and consistent with the Cable Act, 47 USC § 521 *et seq.*;

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

A non-exclusive franchise authorizing the use of public rights-of-way for a cable service system is granted to Comcast Cable Communications Management, LLC under the terms and conditions stated below.

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Cable Franchise

SECTION 1. Definition of Terms

For the purpose of this Franchise, capitalized terms, phrases, words, and abbreviations shall have the meanings ascribed to them herein. The word "shall" is always mandatory and not merely directory.

- 1.1 “Access” means the availability for noncommercial use by various educational and governmental agencies, institutions and organizations in the community, including the City and its designees, of Channels on the Cable System designated for such use as permitted under applicable law:
- (A) “Educational Access” means Access where Schools are the primary users having editorial control over programming.
- (B) “Governmental Access” means Access where governmental institutions or their designees are the primary users having editorial control over programming.
- (C) “Educational and Governmental Access” or “EG Access” means the availability for noncommercial use of a Channel or Channels on the Cable System by various governmental and educational agencies including the City and its designees.
- 1.2 “Access Channel” means any Channel, or portion thereof, designated for noncommercial Access purposes or otherwise made available to facilitate or transport Access programming.
- 1.3 “Affiliate(s) or Affiliated Entity” means, when used in connection with Grantee, any Person who owns or controls, is owned by or controlled by, or is under common ownership or control with Grantee.
- 1.4 “Bad Debt” means amounts lawfully owed by a Subscriber and accrued as revenue on the books of Grantee, but not collected after reasonable efforts by Grantee.
- 1.5 “Basic Service” means the Cable Service Tier which includes, at a minimum, the retransmission of local television Broadcast Signals.
- 1.6 “Cable Act” means the Cable Communications Policy Act of 1984, as amended by the Cable Television Consumer Protection and Competition Act of 1992, and as amended by the Telecommunications Act of 1996, and any amendments thereto, 47 U.S.C. § 521 *et. seq.*
- 1.7 “Cable Operator” means any Person or group of Persons, including Grantee, who provide Cable Service over a Cable System and directly or through one or more Affiliates own a significant interest in such Cable System or who otherwise Control or are responsible for, through any arrangement, the management and operation of such a Cable System.

- 1.8 “Cable Service(s)” means (1) the one-way transmission to Subscribers of (a) video programming, or (b) other programming service, and (2) Subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service, 47 U.S.C. § 522(6).
- 1.9 “Cable System” means Grantee’s facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide Cable Service which includes video programming and that is provided to multiple Subscribers within a community, but such term does not include (1) a facility that serves only to retransmit the television signals of one or more television broadcast stations; (2) a facility that serves Subscribers without using any public right-of-way; (3) a facility of a common carrier that is subject, in whole or in part, to the provisions of Title II of the federal Communications Act (47 U.S.C. § 201 *et seq.*), except that such facility shall be considered a cable system (other than for purposes of 47 U.S.C. § 541(c) to the extent such facility is used in the transmission of Video Programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services; (4) an open video system that complies with § 653 of the Cable Act; or (5) any facilities of any electric utility used solely for operating its electric utility systems, 47 U.S.C. Sec. 522 (7). When used herein, the term “Cable System” shall mean Grantee’s Cable System in the Franchise Area.
- 1.10 “Channel” means a portion of the electromagnetic frequency spectrum which is used in a Cable System and which is capable of delivering a television channel, whether delivered in an analog or digital format.
- 1.11 “City” means City of Shoreline, a municipal corporation of the State of Washington.
- 1.12 “Control” means the ability to exercise *de facto* or *de jure* control over day-to-day policies and operations or the management of Grantee’s affairs.
- 1.13 “Day” means calendar day unless otherwise provided.
- 1.14 “Dwelling Units” means any building or portion thereof that has independent living facilities, including provisions for cooking, sanitation and sleeping, and that is designed for residential occupancy.
- 1.15 “FCC” means the Federal Communications Commission or successor governmental entity thereto.
- 1.16 “Franchise” means this document and any amendments or modifications hereto.
- 1.17 “Franchise Area” means the area within the present legal boundaries of the City as of the Effective Date, and shall also include any additions thereto, by annexation or other legal means.
- 1.18 “Grantee” means Comcast Cable Communications Management LLC, a Washington State for-profit corporation.

1.19 “Gross Revenues” means, and shall be construed broadly to include all revenues derived directly or indirectly by Grantee and/or an Affiliated Entity that is the cable operator of the Cable System, from the operation of Grantee’s Cable System to provide Cable Services within the City. Grantee will calculate gross revenues in accordance with General Accepted Accounting Principles (“GAAP”). Gross revenues include, by way of illustration and not limitation:

- monthly fees for Cable Services, regardless of whether such Cable Services are provided to residential or commercial customers, including revenues derived from the provision of all Cable Services (including but not limited to pay or premium Cable Services, digital Cable Services, pay-per-view, pay-per-event, and video-on-demand Cable Services);
- installation, reconnection, downgrade, upgrade, or similar charges associated with changes in Subscriber Cable Service;
- fees for service calls;
- fees for additional outlets;
- fees paid to Grantee for channels designated for commercial/leased access use and shall be allocated on a pro rata basis using total Cable Service subscribers within the City;
- converter, remote control, and other Cable Service equipment rentals, leases, or sales;
- Advertising Revenues as defined in this Section;
- late fees, convenience fees, administrative fees and other multiservice fees, which shall be allocated on a pro rata basis using Cable Services revenue as a percentage of total subscriber revenues within the City;
- revenues from program guides;
- Franchise Fees;
- FCC Regulatory Fees;
- commissions from home shopping channels and other Cable Service revenue sharing arrangements which shall be allocated on a pro rata basis using total Cable Service subscribers within the City;
- Revenue from the lease of the Cable System to provide Cable Services in the Franchise Area.

- Payments or other consideration received from programmers for carriage of programming on the Cable System and recognized as revenue under GAAP.
 - A. “Advertising Revenues” shall mean revenues derived from sales of advertising that are made available to Grantee’s Cable System subscribers within the City and shall be allocated on a pro rata basis using total Cable Service Subscribers reached by the advertising. Additionally, Grantee agrees that Gross Revenues subject to franchise fees shall include all commissions, representative fees, Affiliated Entity fees, or rebates paid to National Cable Communications and Comcast Spotlight or their successors or other affiliated advertising agencies associated with sales of advertising on the Cable System within the City allocated according to this paragraph using total Cable Service subscribers reached by the advertising.
 - B. “Gross Revenues” shall not include:
 - actual bad debt write-offs, except any portion which is subsequently collected which shall be allocated on a *pro rata* basis using Cable Services revenue as a percentage of total subscriber revenues within the City;
 - any taxes/or fees on services furnished by Grantee which are imposed directly on any Subscriber or user by the State, City or other governmental unit and which are collected by Grantee on behalf of said governmental unit
 - Public, Educational and Governmental (PEG) Fees;
 - Launch fees and marketing co-op fees; and
 - unaffiliated third party advertising sales agency fees which are reflected as a deduction from revenues.
 - C. For the purposes of this definition, if the Cable Service is bundled or integrated functionally with other services, capabilities, or applications, the Franchise Fee shall be applied only to the Gross Revenue attributable to the Cable Service. If Grantee bundles, integrates, ties, or combines Cable Services with nonvideo services creating a bundled package so that Subscribers pay a single fee for more than one class of service or receive a discount on video services, Gross Revenues shall be determined based on an equal allocation of the package discount, that is, the total price of the individual classes of service at advertised rates compared to the package price, among all classes of service comprising the package. If Grantee does not offer any component of the bundled package separately, Grantee shall declare a stated retail value for each component based on reasonable comparable prices for the product or service for the purpose of determining

Franchise Fees based on the package discount described above. It is expressly understood that equipment may be subject to inclusion in the bundled price at full rate card value.

- D. Grantee reserves the right to change the allocation methodologies set forth in this Section 1.28 in order to meet the standards required by governing accounting principles as promulgated and defined by the Financial Accounting Standards Board (“FASB”), Emerging Issues Task Force (“EITF”) and/or the U.S. Securities and Exchange Commission (“SEC”). Grantee will document any changes to such allocation methodologies and Grantee will explain and document the required changes to the City as part of any audit or review of franchise fee payments, and any such changes shall be subject to 1.28(E) below. If new Cable Service revenue streams develop from Grantee’s operation of its Cable System within the City, those new revenue streams shall be included within Gross Revenues, unless the parties agree otherwise.
- E. Resolution of any disputes over the classification of revenue should first be attempted by agreement of the Parties, but should no resolution be reached, the Parties agree that reference shall be made to GAAP as promulgated and defined by the FASB, EITF and/or the SEC. Notwithstanding the forgoing, the City reserves its right to challenge Grantee’s calculation of Gross Revenues, including the interpretation of GAAP as promulgated and defined by the FASB, EITF and/or the SEC.
- 1.20 “Person” means any natural person or any association, firm, partnership, joint venture, corporation, limited liability company or other legally recognized entity, whether for-profit or not-for profit, but shall not mean the City.
- 1.21 “Public Rights-of-Way” or “Rights-of-Way” means the surface of, and the space above and below, any public street, highway, freeway, bridge, land path, alley, court, boulevard, sidewalk, lane, drive, circle or other public right-of-way, including, but not limited to, utility easements, dedicated utility strips, or rights-of-way dedicated for compatible uses now or hereafter held by the City in the Franchise Area, which shall entitle the City and Grantee to the use thereof for the purpose of constructing, installing, operating, repairing, upgrading and maintaining the Cable System. Public Rights-of-Way shall also mean any easement now or hereafter held by the City within the Franchise Area for the purpose of public travel, or for utility or public service use dedicated for compatible uses, and shall include other easements or rights-of-way as shall within their proper use and meaning entitle Grantee to the use thereof for the purposes of constructing, installing, operating, and maintaining Grantee’s Cable System over existing poles and wires, cables, conductors, ducts, conduits, vaults, manholes, amplifiers, appliances, attachments, and other property as may be ordinarily necessary and appurtenant to the Cable System.
- 1.22 “School” means any State accredited K-12 educational institution, public or private, but excluding home schools.

- 1.23 “State” means the State of Washington.
- 1.24 “Subscriber” or “Customer” means a Person who lawfully receives Cable Service over the Cable System with Grantee’s express permission.

SECTION 2. Grant of Authority

- 2.1 Grant. The City hereby grants to Grantee under the Cable Act a nonexclusive Franchise authorizing Grantee to construct and operate a Cable System in, along, among, upon, across, above, over, under, or in any manner connected with Public Rights-of-Way within the Franchise Area, and for that purpose to erect, install, construct, repair, replace, reconstruct, maintain, or retain in, on, over, under, upon, across, or along any Public Rights-of-Way and all extensions thereof and additions thereto, such poles, wires, cables, conductors, ducts, conduits, vaults, manholes, pedestals, amplifiers, appliances, attachments, and other related property or equipment as may be necessary or appurtenant to the Cable System.
- 2.2 Franchise Subject to Federal, State and Local Law. Notwithstanding any provision to the contrary herein, this Franchise is subject to and shall be governed by all applicable provisions now existing or hereafter amended of federal, State and generally applicable local laws and regulations.
- 2.3 Use of Rights of Way for non-Cable Service. This Franchise is an express authorization to provide Cable Services. Neither the City nor the Grantee waive any rights they may have under applicable law as to the lawful use of the Cable System for other services and the regulatory obligations related to such services. This Franchise is not a bar to the imposition of any lawful conditions on Grantee with respect to non-Cable Services, whether similar, different or the same as the conditions specific herein. However, this Franchise shall not be read as a concession by Grantee that it needs authorization to provide non-Cable Services.
- 2.4 No Rights by Implication. No rights shall pass to Grantee by implication. Without limiting the foregoing, by way of example and not limitation, this Franchise shall not include or be a substitute for:
- 2.4.1 Any other permit or authorization required for the privilege of transacting and carrying on a business within the City that may be required by the ordinances and laws of the City;
- 2.4.2 Any permit, agreement or authorization required by the City for Rights-of-Way users in connection with operations on or in Rights-of-Way or public property; or
- 2.4.3 Any permits or agreements for occupying any other property of the City or private entities to which access is not specifically granted by this Franchise.
- 2.5 Conveyance of Rights. This Franchise is intended to convey limited rights and interests only as to those Rights-of-Way in which the City has an actual interest. It is not a warranty

of title or interest in any Rights-of-Way; it does not provide the Grantee with any interest in any particular location within the Rights-of-Way; and it does not confer rights other than as expressly provided in the grant hereof.

- 2.6 No Waiver. The failure of City on one or more occasions to exercise a right or to require compliance or performance under this Franchise, the Cable Act or any other applicable State or Federal law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by the City nor to excuse Grantee from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.
- 2.7 Other Ordinances. Grantee agrees to comply with the terms of any lawful, generally applicable provision of the Shoreline Municipal Code , In the event of a conflict between any ordinance and a specific provision of this Franchise, the Franchise shall control, provided however that the Grantee agrees that it is subject to the lawful exercise of the police power of the City.
- 2.8 Term of Franchise. The term of this Franchise and all rights, privileges, obligations and restrictions pertaining thereto shall be ten (10) years (the “Term”) from the Effective Date of this Franchise.
- 2.9 Effective Date.
- 2.9.1 This Franchise and the rights, privileges and authority granted hereunder shall take effect and be in force from and after the Effective Date of this Franchise. The Effective Date of this Franchise shall be the date upon which Grantee executes acceptance of this franchise agreement.
- 2.9.2 Within sixty (60) Days after the date of City Council approval of this Franchise and receipt of the approved document, Grantee shall signify its acceptance of this Franchise by executing this Franchise. Grantee shall return the executed Franchise along with any accompaniments as required by this Section 2.9.2 to the City Clerk. The executed Franchise shall be accompanied by the certificates of insurance specified in Section 9.2 and the evidence of the Security as specified in Section 9.4. This Franchise is voidable unless executed and returned with the required accompaniments as specified by this Section 2.9.2 by Grantee within this timeframe.
- 2.9.3 The grant of this Franchise shall have no effect on Grantee’s duty under the prior franchise, in effect prior to the Effective Date of this Franchise, to indemnify or insure the City against acts or omissions occurring during the period that the prior franchise was in effect, nor shall it affect Grantee’s liability to pay all Franchise Fees which were due and owed under a prior franchise.
- 2.10 Effect of Acceptance. By accepting the Franchise, Grantee: (1) acknowledges and accepts the City’s legal right to issue and enforce the Franchise; (2) accepts and agrees to comply

with each and every provision of this Franchise subject to applicable law; and (3) agrees that the Franchise was granted pursuant to processes and procedures consistent with applicable law, and that it will not raise any claim to the contrary.

- 2.11 Reservation of Authority. Nothing in this Franchise shall (1) abrogate the right of the City to perform any public works or public improvements of any description, (2) be construed as a waiver of any codes or ordinances of general applicability promulgated by the City, or (3) be construed as a waiver or release of the rights of the City in and to the Public Rights-of-Way.
- 2.12 Grant Not Exclusive. The Franchise and the rights granted herein to use and occupy the Rights-of-Way to provide Cable Services shall not be exclusive, and City reserves the right to grant other franchises for similar uses or for other uses of the Rights-of-Way, or any portions thereof, to any Person, or to make any such use themselves, at any time during the Term of this Franchise. Any such rights which are granted shall not adversely impact the authority as granted under this Franchise and shall not interfere with existing facilities of the Cable System.
- 2.13 Grant of Other Franchises; Competitive Equity. Grantee acknowledges and agrees that the City reserves the right to grant one or more additional franchises subsequent to this Franchise to provide Cable Service within the Franchise Area; provided, the City agrees that it shall amend this Franchise to include any material terms or conditions that it makes available to the new entrant within ninety (90) Days of Grantee's request, so as to ensure that the regulatory and financial burdens on each entity are materially equivalent. "Material terms and conditions" include, but are not limited to: Franchise Fees; insurance; System build-out requirements; security instruments; Access Channel and support; customer service standards; required reports and related record keeping; and notice and opportunity to cure breaches. The parties agree that this provision shall not require a word-for-word identical franchise or authorization so long as the regulatory and financial burdens on each entity are materially equivalent. If any subsequent franchise is granted by the City or by transfer, extension or renewal which, in the reasonable opinion of Grantee, contains materially more favorable or less burdensome terms or conditions than this Franchise, the City agrees that it shall amend this Franchise to include any more materially favorable or less burdensome terms or conditions in a manner mutually agreed upon by City and Grantee.
- 2.13.1 In the event an application for a new cable television franchise is filed with the City proposing to serve the Franchise Area, in whole or in part, the City shall serve or require to be served a copy of such application upon Grantee by registered or certified mail or via nationally recognized overnight courier service.
- 2.13.2 In the event that a wireline multichannel video programming distributor provides video service to the residents of the City under the authority granted by federal or State legislation or other regulatory entity, Grantee shall have a right to request Franchise amendments that relieve Grantee of regulatory burdens that create a competitive disadvantage to Grantee. In requesting amendments, Grantee shall file

a petition seeking to amend the Franchise. Such petition shall: (1) indicate the presence of such wireline competitor; (2) identify the basis for Grantee's belief that certain provisions of the Franchise place Grantee at a competitive disadvantage; and (3) identify the regulatory burdens to be amended or repealed in order to eliminate the competitive disadvantage. The City shall not unreasonably withhold consent to Grantee's petition.

- 2.14 Conditions of Sale. If a renewal or extension of Grantee's Franchise is denied or the Franchise is lawfully terminated, and the City lawfully acquires ownership of the Cable System or by its actions lawfully effects a transfer of ownership of the Cable System to another party, any such acquisition or transfer shall be at the price determined pursuant to the provisions set forth in Section 627 of the Cable Act.
- 2.15 Transfer upon Revocation. Grantee and the City agree that in the case of a final determination of a lawful revocation of the Franchise, the City shall give Grantee at least one hundred twenty (120) Days to effectuate a transfer of its Cable System to a qualified third party. Furthermore, Grantee shall be authorized to continue to operate pursuant to the terms of its prior Franchise during this period. If, at the end of that time, Grantee is unsuccessful in procuring a qualified transferee or assignee of its Cable System which is reasonably acceptable to the City, Grantee and the City may avail themselves of any rights they may have pursuant to federal or State law. It is further agreed that Grantee's continued operation of the Cable System during the one hundred twenty (120) Day period shall not be deemed to be a waiver, nor an extinguishment of, any rights of either the City or Grantee.
- 2.16 Police Powers. Grantee's rights hereunder are subject to the police powers of City to adopt and enforce ordinances necessary to the safety, health and welfare of the public, and Grantee agrees to comply with all applicable laws, ordinances and regulations lawfully enacted pursuant to the police powers of City, or hereafter enacted in accordance therewith, by City or any other legally constituted governmental unit having lawful jurisdiction over the subject matter hereof. The City reserves the right to exercise its police powers, notwithstanding anything in this Franchise to the contrary.

SECTION 3. Construction and Maintenance of the Cable System

- 3.1 Permits and General Obligations. Grantee shall be responsible for obtaining, at its own cost and expense, all permits, licenses, or other forms of approval or authorization necessary to construct, operate, maintain or repair the Cable System, or any part thereof, prior to the commencement of any such activity. Construction, installation, and maintenance of the Cable System shall be performed in a safe manner using materials that meet or exceed industry standards. All facilities, poles, conduits, cables, and equipment installed by Grantee for use in the Cable System in accordance with the terms and conditions of this Franchise shall be located so as to minimize interference with the designated use of the Public Rights-of-Way at the time of Cable System facilities installation.

3.2 Conditions on Occupancy of Public Rights-of-Way.

3.2.1 Relocation at Request of City. Except as provided herein, upon ninety (90) Days prior written notice to Grantee, City shall have the right to require Grantee to relocate any part of Grantee's Cable System within the Public Rights-of-Way when the safety, health or welfare of the public requires such change, and the expense thereof shall be paid by Grantee. City is not required to provide ninety (90) Days prior written notice in the event of an emergency. Should Grantee fail to remove or relocate any such facilities by the date established by City, City may remove or relocate such facilities, and the expense thereof shall be paid by Grantee, including all costs and expenses incurred by City due to Grantee's delay. If City requires Grantee to relocate its facilities located within the Public Rights-of-Way, City shall make a reasonable effort to provide Grantee with an alternate location within the Public Rights-of-Way. This Section 3.2.1 does not apply to overhead facilities that are converted to underground facilities, consistent with Section 3.4. If public funds are available to any Person using such Public Rights-of-Way for the purpose of defraying the cost of any of the foregoing, the City shall upon written request of Grantee make application for such funds on behalf of Grantee.

3.2.2 Temporary Relocation at Request of Third Party. Grantee shall, upon reasonable prior written request of any Person holding a permit issued by the City to move any structure, temporarily move its facilities to permit the moving of such structure; provided (i) Grantee may impose a reasonable charge on any Person for the movement of its facilities, and such charge may be required to be paid in advance of the movement of its wires or cables; (ii) Grantee is granted a permit for such work by the City if a permit is needed; and (iii) Grantee is given not less than thirty (30) business days advance written notice to arrange for such temporary relocation.

3.2.3 Restoration of Rights-of-Way. Whenever Grantee disturbs the surface of any Rights-of-Way for any purpose, Grantee shall promptly restore the Rights-of-Way to a condition reasonably comparable to the condition of the Rights-of-Way immediately prior to such disturbance. When any opening is made by Grantee in a hard surface pavement in any Rights-of-Way, Grantee shall promptly refill the opening and restore the surface as required by its permit. If Grantee fails to promptly restore the Rights-of-Way, the City may, after providing reasonable notice to Grantee, refill or repave any opening made by Grantee in the Rights-of-Way, and the reasonable expense thereof shall be paid by Grantee. The City may, after providing reasonable notice to Grantee, repair any work done by Grantee that, in the determination of the City, does not conform to applicable City specifications. The reasonable cost thereof, including the costs of inspection and supervision, shall be paid by Grantee.

3.3 Safety Requirements. The Grantee shall, at its own cost and expense, undertake all necessary and appropriate efforts to maintain its work sites in a safe manner in order to prevent accidents that may cause damage or injuries. All work undertaken on the Cable System shall be performed in substantial accordance with applicable FCC or other federal

and State regulations. The Cable System shall not unreasonably endanger or interfere with the safety of Persons or property in the Public Rights-of-Way.

- 3.4 Aerial and Underground Construction. If all of the distribution lines of all of the wireline service providers, such as telecommunications service providers, as defined in RCW 35.99.010, a utility service provider or a Cable Operator (collectively “Service Providers”) in any portion of the Franchise Area are underground, Grantee shall place its Cable System’s distribution cables underground within that area; provided that such underground locations are actually capable of accommodating Grantee’s cable and other equipment without technical degradation of the Cable System’s signal quality. In any portion(s) of the Franchise Area where the distribution lines of any of the respective Service Providers are both aerial and underground, Grantee shall have the discretion to construct, operate, and maintain all of its distribution cables, or any part thereof, aerially or underground. In areas where a Service Provider’s wiring is aerial, Grantee may install aerial cable, except when a property owner or resident requests underground installation and agrees to bear the additional cost in excess of aerial installation. In those areas where neither aerial or underground distribution lines of any of the respective Service Providers exists, Grantee shall place its Cable System’s distribution cables and other equipment underground. If funds exist, are set aside for such purpose, or provided by a third party, Grantee shall be entitled to seek reimbursement for its share of funds to offset the cost of placing its facilities underground. Grantee shall utilize existing conduit wherever possible.
- 3.4.1 The City shall not be required to obtain easements for Grantee. Grantee shall, to the extent economically feasible, participate with other providers in joint trench projects to relocate its overhead facilities underground and remove its overhead facilities in areas where existing overhead facilities, including utility poles, are being removed and converted to underground facilities.
- 3.4.2 Nothing in this Section shall be construed to require Grantee to construct, operate, or maintain underground any ground-mounted appurtenances such as Customer taps, line extenders, system passive devices, amplifiers, power supplies, fiber splices, nodes, pedestals, or other related equipment.
- 3.4.3 In the event of a City driven facilities relocation project that requires conversion of overhead facilities to underground for purposes of health, safety or public welfare, Grantee agrees to bear the costs of converting Grantee's Cable System from an overhead system to an underground system as follows:
- A. Utility Trench and Vault/Pedestal Engineering: To ensure proper space and availability in the supplied joint trench, Grantee shall only pay for the work hours necessary to complete Cable System related engineering coordination with the other utilities involved in the project.
 - B. Conduit and Vaults/Pedestals Placement: Grantee shall only pay for the direct cost of labor and materials it takes to place its conduits and

vaults/pedestals in the supplied joint trench and/or solo cable trench as follows:

1. If the City contractor is completing this task, Grantee shall only pay the direct costs in accordance with Grantee's approved labor and materials exhibits at the time of the project.
2. If the direct costs of Grantee's approved labor and materials exhibits are not agreeable to the City or its contractor, Grantee shall have the option to hire its own contractor(s) to complete the work in accordance with Grantee's approved labor and materials exhibits at the time of the project.
3. If Grantee chooses to hire its own contractor(s), the City and its contractor(s) are responsible to coordinate with Grantee's contractor(s) to provide reasonable notice and time to complete the placement of Grantee's conduits and vaults/pedestals in the supplied joint trench.

- C. Within the conversion area, Grantee shall not be responsible for any on-site coordination and performance of traffic control, trenching, backfill, and restoration, unless it is work related to solo cable trench. In those areas, Grantee shall pay the direct cost of labor and materials in accordance with the provisions listed in Section 3.4.3 B above.

3.4.4 In the event of a Local Improvement District (LID) project that requires relocation of Grantee's facilities, Grantee shall be reimbursed by the LID funding for all expenses incurred as a result of the project.

3.4.5 In the event an underground conversion of cable facilities is required as part of the street improvement condition(s) of a new subdivision and/or planned development, the developer shall be responsible for all time and material costs associated with the conditioned underground conversion of cable facilities.

3.4.6 Grantee shall utilize existing poles and conduit wherever possible.

- 3.5 Work of Contractors and Subcontractors. Grantee's contractors and subcontractors shall be licensed and bonded in accordance with the City's Ordinances, regulations and requirements. Work by contractors and subcontractors is subject to the same restrictions, limitations and conditions as if the work were performed by Grantee. Grantee shall be responsible for all work performed by its contractors and subcontractors and others performing work on its behalf as if the work were performed by it and shall ensure that all such work is performed in compliance with this Franchise and applicable law. Grantee shall be jointly and severally liable for all property and personal damages and for correcting all damage caused by any contractor or subcontractor working on Grantee's behalf.

3.6 Construction and Maintenance.

- 3.6.1 Subject to applicable laws and this Franchise, Grantee shall perform all maintenance, construction, repair and upgrades necessary for the operation of its Cable System in the Rights-of-Way. All work regarding Grantee's System shall, regardless of who performs the work, be and remain Grantee's responsibility.
- 3.6.2 Grantee's Cable System shall be constructed and maintained in such a manner as not to interfere with sewers, water pipes or any other property of the City, or with any other pipes, wires, conduits, pedestals, structures or other facilities that may have been laid in Rights-of-Way by, or under, the City's authority.
- 3.6.3 Grantee shall provide and use any equipment necessary to control and carry Grantee's signals so as to prevent damage to the City's property or property belonging to any Person. Grantee, at its own expense, shall repair, renew, change and improve its facilities and equipment to keep them in good repair and in a safe and presentable condition.
- 3.6.4 Grantee's Cable System shall be located, erected and maintained so as not to endanger the lives of Persons, or to unnecessarily hinder or obstruct the free use of Rights-of-Way or other public property.
- 3.6.5 Grantee shall give reasonable notice to private property owners of construction work in adjacent Rights-of-Way.
- 3.6.6 In the event that emergency repairs are necessary, Grantee shall notify the City of the repairs made on the next business day. Grantee may initiate such emergency repairs and shall apply for appropriate permits within two (2) business days after discovery of the emergency, or as soon as reasonably practical.
- 3.7 One Call Notification. Prior to doing any work in the Rights-of-Way, Grantee shall follow established procedures, including contacting the Utility Notification Center in Washington and comply with all applicable State statutes. Grantee shall also comply with generally applicable ordinances and permitting requirements before digging in the Rights-of-Way.
- 3.8 Rights-of-Way Vacation. If any Rights-of-Way or portion thereof used by Grantee is vacated by the City during the Term of this Franchise, unless the City specifically reserves to Grantee the right to continue the use of vacated Rights-of-Way, Grantee shall, without delay or expense to the City, remove its facilities from such Rights-of-Way and restore, repair or reconstruct the Rights-of-Way where such removal has occurred. In the event of failure, neglect or refusal of Grantee to restore, repair or reconstruct such Rights-of-Way after ninety (90) Days written notice from the City, the City may do such work or cause it to be done, and the reasonable cost thereof shall be paid by Grantee within ninety (90) Days of receipt of an invoice and documentation.

- 3.9 Standards. All work authorized and required hereunder shall be done in a safe, thorough and workmanlike manner. Grantee must comply with all federal, State and local safety requirements, rules, regulations, laws and practices, and deploy all necessary devices as required by applicable law during construction, operation and repair of its Cable System. By way of illustration and not limitation, Grantee must comply with the National Electrical Code, National Electrical Safety Code and Occupational Safety and Health Administration (OSHA) Standards in effect at the time of the work being performed.
- 3.9.1 Grantee shall ensure that all cable drops are properly bonded and grounded at the home, consistent with applicable code requirements. All non-conforming or non-performing cable drops shall be replaced by Grantee as necessary.
- 3.9.2 Grantee shall endeavor to maintain all equipment lines and facilities in an orderly manner, including, but not limited to, the removal of all bundles of unused cable.
- 3.9.3 All installations of equipment, lines and facilities shall be installed in accordance with good engineering practices and of sufficient height to comply with all federal, State and local regulations, ordinances and laws.
- 3.9.4 Any opening or obstruction in the Rights-of-Way or other public places made by Grantee in the course of its operations shall be guarded and protected at all times by the placement of adequate barriers, fences or boarding, the bounds of which, during periods of dusk and darkness, shall be clearly marked and visible at night.
- 3.9.5 Grantee and the City agree that nothing in this Franchise shall give Grantee the right to construct new poles without prior City approval. Furthermore, nothing contained in this Franchise gives Grantee a right of pole attachment to City facilities or facilities owned by third parties.
- 3.10 Stop Work. On notice from the City that any work is being conducted contrary to the provisions of this Franchise, or in an unsafe or dangerous manner as determined by the City, or in violation of the terms of any applicable permit, laws, regulations, ordinances or standards, the work may immediately be stopped by the City. The stop work order shall:
- 3.10.1 Be in writing;
- 3.10.2 Be given to the Person doing the work and be posted on the work site;
- 3.10.3 Be sent to Grantee by overnight delivery at the address given herein;
- 3.10.4 Indicate the nature of the alleged violation or unsafe condition; and
- 3.10.5 Establish conditions under which work may be resumed.
- 3.11 Joint Trenching/Boring. To the extent it is technically and economically feasible, Grantee shall joint trench or share bores or cuts and work with other providers (such as, but not

limited to, telecommunications, gas and electric companies), licensees, permittees and franchisees so as to reduce the number of Right-of-Way cuts within the City.

- 3.12 GIS Mapping. Upon thirty (30) Days written request by the City, Grantee shall provide a route map that depicts the general location of the Cable System facilities placed in the Right-of-Ways. The route map shall identify Cable System facilities as aerial or underground and is not required to depict cable types, number of cables, electronic equipment, and service lines to individual Subscribers. The Grantee shall also provide, if requested, an electronic format of the aerial/underground facilities in relations to a Right-of-Way centerline reference to allow the City to add this information to City's geographic information system (GIS) program.
- 3.13 Trimming of Trees and Shrubbery. Grantee shall have the authority to trim trees or other natural growth interfering with, damaging, or restricting access to any of its Cable System facilities in the Rights-of-Way. All such trimming shall be done at Grantee's sole cost and expense. Grantee shall be responsible for any damage caused by such trimming and shall make every attempt to trim such trees and shrubbery in a fashion that maintains their aesthetic appeal. Grantee shall comply with all local laws and regulations with respect to trimming of trees and shrubbery and with all generally applicable landscaping regulations.
- 3.14 Reservation of Rights-of-Way. Nothing in this Franchise shall prevent the City or public utilities from constructing any public work or improvement in the Public Rights-of-Way. All such work shall be done insofar as practicable so as not to obstruct, injure or prevent the use and operation of Grantee's Cable System.
- 3.15 Inspection of Facilities. Upon reasonable notice, the City may inspect any of Grantee's Facilities or equipment within the Rights-of-Way and on other public property. If an unsafe condition is found to exist, the City, in addition to taking any other action permitted under applicable law, may order Grantee to make the necessary repairs and alterations specified therein forthwith to correct the unsafe condition in a timely manner as directed by the City. The City has the right to inspect, repair and correct the unsafe condition if Grantee fails to do so, and to charge Grantee for the actual costs incurred to do so.
- 3.16 Removal of Property. In the event that the franchise has been terminated, Grantee shall, within 180 Days of prior written demand from the City, completely remove, at its expense, all property of Grantee's system. Post-removal, the Grantee must promptly restore the street or other affected areas to a condition satisfactory to the City.

SECTION 4. Service Obligations

- 4.1 General Service Obligation. Grantee shall make Cable Service available to every residential dwelling unit within the Franchise Area where the minimum density is at least twenty-five (25) Dwelling Units per strand mile in areas served by overhead facilities and sixty (60) Dwelling Units per strand mile in areas served by underground facilities. Subject to this density requirement, Grantee shall offer Cable Service at standard installation rates to all new Dwelling Units or previously unserved Dwelling Units located within one

hundred twenty-five (125) aerial feet or sixty (60) underground trench feet of the Grantee's distribution cable. Grantee may elect to provide Cable Service to areas not meeting the above density and distance standards. Grantee may impose an additional charge in excess of its regular installation charge for any service installation requiring a line extension or a drop-in excess of the above standards. Any such additional charge shall be the fully allocated cost of the installation that exceeds the standards set forth above.

- 4.2 Obscenity. Grantee shall not transmit, or permit to be transmitted, over any Channel subject to its editorial Control any programming that is obscene under applicable federal, State or local laws.
- 4.3 Services for the Disabled. Grantee shall comply with the Americans with Disabilities Act and any amendments or successor legislation thereto.
- 4.4 Parental Control Device. Upon request by any Subscriber, Grantee shall make available at no charge a parental control or lockout device, traps or filters to enable a Subscriber to control access to both the audio and video portions of any Channels. Grantee shall inform its Subscribers of the availability of the lockout device at the time of their initial subscription and periodically thereafter.
- 4.5 No Discrimination. Neither Grantee nor any of its employees, agents, representatives, contractors, subcontractors, or consultants, nor any other Person, shall discriminate or permit discrimination between or among any Persons in the availability of Cable Services provided in connection with the Cable System in the Franchise Area. It shall be the right of all Persons to receive all available services provided on the Cable System so long as such Person's financial, and other business obligations to Grantee are satisfied. Grantee shall not however be required to continue service to a Subscriber who cannot meet their financial obligations to Grantee or who is verbally or physically abusive, harassing, or threatening to Grantee or any of its employees, agents, representatives, contractors, subcontractors, or consultants. Nothing contained herein shall prohibit Grantee from offering bulk discounts, promotional discounts, package discounts, or other such pricing strategies as part of its business practice.
- 4.6 New Developments. The City shall provide Grantee with written notice of the issuance of formal approvals for new subdivisions and/or planned developments within the Franchise Area requiring underground installation and/or conversion of cable facilities as part of the approval condition(s). The City agrees to require the developer, as a condition of issuing land use and building permits, to give Grantee access to all open trenches for deployment of cable facilities throughout the development and at least ten (10) business days written notice of the date of availability of open trenches. The developer shall be responsible for the digging and backfilling of all trenches. Grantee shall be responsible for engineering and deployment of labor relative to its installation of cable facilities within the development.

SECTION 5. Rates, Fees, Charges and Deposits

- 5.1 Rate and Service Change Notification. Grantee shall provide advance notice of any changes in rates and services consistent with applicable federal law, including but not limited to 76.1603, as amended from time to time.
- 5.2 No Rate Discrimination. All rates and charges shall be published (in the form of a publicly available rate card) and shall be nondiscriminatory for all Persons of similar classes, under similar circumstances and conditions and without regard to neighborhood or income. Nothing herein shall be construed to prohibit:
- 5.2.1 The temporary reduction or waiving of rates or charges in conjunction with valid promotional campaigns;
- 5.2.2 The offering of reasonable discounts to similarly situated Persons;
- 5.2.3 The offering of bulk discounts for multiple Dwelling Units.
- 5.3 Low Income Discount. Grantee has historically granted a 30% discount to Subscribers who are low income and are aged 65 years or older or disabled to its Basic Cable Service (provided they are not already receiving a package discount and provided further they are the legal owner or lessee/tenant of the dwelling unit). Grantee, as a voluntary initiative, is encouraged to continue to offer a discount to these individuals. For purposes of this discount, Subscribers are considered low income if their combined disposable income from all sources does not exceed the Housing and Urban Development Standards for the Seattle/Everett Area for the current and preceding calendar year. As of the Effective Date of this Franchise, Grantee is offering this low income discount as described herein.
- 5.4 Leased Access Channel Rates. Grantee shall offer Leased Access Channel capacity on such terms and conditions and rates as may be negotiated with each lessee, subject to the requirements of Section 612 of the Cable Act. Upon request, Grantee shall provide a complete schedule of current rates and charges for any and all Leased Access Channels or portions of such Channels.
- 5.5 Late Fees. For purposes of this subsection, any assessment, charge, cost, fee or sum, however characterized, that Grantee imposes upon a Subscriber solely for late payment of a bill is a late fee and shall be applied in accordance with State law.

SECTION 6. Customer Service

- 6.1 Customer Service Standards. Grantee shall comply in all respects with the customer service standards set forth in Part 76, §76.309 of the FCC's rules and regulations, as amended from time to time.
- 6.2 Privacy Protection. Grantee shall comply with all applicable federal and State privacy laws, including Section 631 of the Cable Act and regulations adopted pursuant thereto.

SECTION 7. Oversight and Regulation

- 7.1 **Franchise Fees.** Grantee shall pay to the City a Franchise Fee in an amount equal to five percent (5%) of Gross Revenues derived from the operation of the Cable System to provide Cable Service in the Franchise Area (“Franchise Fee”). In accordance with Title VI of the Cable Act, the twelve (12) month period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year provided, however, that Grantee shall not be compelled to pay any higher percentage of Franchise Fees than any other Cable Operator providing Cable Service in the same portion of the Franchise Area. If during the Term of this Franchise, the FCC, federal or State government, or the courts change the amount an City can collect for Franchise Fees, then this Franchise shall be amended and such change shall be imposed on all similarly situated Cable Operators operating in the same portion of the Franchise Area. Franchise Fees are not a tax.
- 7.2 **Payments.** The payment of Franchise Fees shall be made on a quarterly basis and shall be due forty-five (45) Days after the close of each calendar quarter. Grantee shall be allowed to submit or correct any payments that were inadvertently omitted, provided such correction is made within ninety (90) Days following the close of the calendar quarter for which such payments were applicable, without incurring any interest expenses pursuant to Section 7.5. At City’s option, if there are overpayments of Franchise Fees, City may choose to either refund any such overpayments to Grantee, or Grantee shall withhold future Franchise Fee payments until such time as said overpayment is recovered. If City chooses the option to refund such overpayments, then no interest shall accrue on such overpayments provided City refunds the overpayments within sixty (60) Days notice from Grantee. Notwithstanding the foregoing, the parties may agree on a different timeframe or terms of repayment.
- 7.3 **Additional Compensation.** In the event that Franchise Fees are prohibited by any law or regulation, Grantee shall pay to the City that amount, if any, which is required in accordance with applicable law.
- 7.4 **Quarterly Reports.** Each Franchise Fee payment shall be accompanied by a report prepared by a representative of Grantee showing the basis for the computation of the Franchise Fees paid during that period.
- 7.5 **Interest Charge on Late Payments.** Late payments for any Franchise Fees due pursuant to this Section, EG Fees due pursuant to Section 11.6 and liquidated damages due pursuant to Section 13.1.1 shall be subject to interest at the then-current rate set forth in RCW 19.52.020, which as of the date of execution of this Franchise is twelve percent (12%) per annum from the date that such payment is due.
- 7.6 **No Release.** The City’s acceptance of payment shall not be construed as an agreement that the amount paid was correct, nor shall acceptance be construed as a release of any claim which the City may have for additional sums due under this Franchise. The period of limitation for recovery of Franchise Fees payable hereunder shall be six (6) years from the date on which payment by Grantee was due.

7.7 No Limitation on Taxing Authority. Nothing in this Franchise shall be construed to limit any authority of the City to impose any tax, fee, or assessment of general applicability. Nothing in this Franchise is intended to preclude Grantee from exercising any right it may have to challenge the lawfulness of any tax, fee, or assessment imposed by the City or any State or federal agency or authority, or intended to waive any rights the Grantee may have under 47 U.S.C. § 542.

7.8 Additional Commitments Not Franchise Fees.

The PEG Capital Contribution pursuant to Section 11.6, as well as any charges incidental to the awarding or enforcing of this Franchise (including, without limitation, payments for bonds, security funds, letters of credit, insurance, indemnification, penalties or liquidated damage) and Grantee's costs of compliance with Franchise obligations (including, without limitation, compliance with customer service standards and build out obligations) shall not be offset against Franchise Fees. Furthermore, the City and Grantee agree that any local tax of general applicability shall be in addition to any Franchise Fees required herein, and there shall be no offset against Franchise Fees. Notwithstanding the foregoing, Grantee reserves all rights to offset cash or non-cash consideration or obligations from Franchise Fees, consistent with applicable law. The City likewise reserves all rights it has under applicable law. Should Grantee elect to offset the items set forth herein, or other franchise commitments against the Franchise Fees in accordance with applicable law, including any Orders resulting from the FCC, Grantee shall provide the City advance written notice and time to make an election as to an offset from franchise fees or modification of the obligation as set forth in applicable law but not to exceed 120 Days.

7.9 Franchise Fee Audit

7.9.1 Upon thirty (30) Days prior written notice, but not more often than once each calendar year, the City shall have the right to inspect Grantee's financial records necessary to enforce the provisions of the Franchise and to calculate any amounts determined to be payable pursuant to this Franchise. Provided Grantee cooperates in making all relevant records available upon request, the City will in good faith attempt to complete each audit within six (6) months, and the audit period shall not be any greater than the previous three (3) years, unless the City has information relating to previous years beyond the three (3) years which, in its reasonable judgment, raises doubt as to the accuracy of payments made under this or previous franchises, in which case an additional three (3) years may be audited. If the audit shows that there has been an underpayment of Franchise Fees by five percent (5%) or more in a calendar year, then Grantee shall pay the cost of the audit, such amount not to exceed Fifteen Thousand Dollars (\$15,000).

7.9.2 Upon the completion of any such audit by the City, the City shall provide to Grantee a final report setting forth the City's findings in detail, including any and all substantiating documentation. In the event of an alleged underpayment, Grantee shall have thirty (30) Days from the receipt of the report to provide the City with a written response agreeing to or refuting the results of the audit, including any substantiating documentation. Based on these reports and responses, the parties

shall seek to agree upon a “Final Settled Amount.” For purposes of this Section, the term “Final Settled Amount(s)” shall mean the agreed upon underpayment, if any, by Grantee to the City. If the parties cannot agree on a “Final Settled Amount,” either party may bring an action to have the disputed amount determined by a court of law.

7.9.3 Any “Final Settled Amount(s)” due to the City as a result of such audit shall be paid to the City by Grantee within sixty (60) Days from the date the parties agree upon the “Final Settled Amount.” Once the parties agree upon a Final Settled Amount and such amount is paid by Grantee, the City shall have no further rights to audit or challenge the payment for that period. If it was found that there was an underpayment of Franchise Fees pursuant to this Section, Grantee shall pay, in addition to the amount due, interest, calculated from the date the underpayment was originally due until the date payment is made by Grantee.

7.9.4 In the event the “Final Settled Amount(s)” is an overpayment by Grantee, the City shall either reimburse Grantee within sixty (60) Days of the date the parties agree upon the Final Settled Amount or, upon Grantee’s approval, the City may choose to have Grantee withhold future Franchise Fee payments until such time as said overpayment is recovered. If the City fails to refund the overpayment to Grantee within sixty (60) Days, then interest at the rate specified in Section 7.5 shall accrue beginning on the sixty-first (61st) day following the determination of the Final Settled Amount.

7.10 Maintenance of Books, Records, and Files.

7.10.1 Books and Records. Throughout the Term of this Franchise, Grantee agrees that the City, upon reasonable prior written notice to Grantee, may review Grantee’s books and records necessary to determine compliance with the terms of this Franchise. The review of such books and records shall occur at Grantee’s business office (unless a substitute location is otherwise agreed upon), during normal business hours, and without unreasonably interfering with Grantee’s business operations. Such books and records shall include any records required to be kept in a public file by Grantee pursuant to the rules and regulations of the FCC. All such documents pertaining to financial matters that may be the subject of an inspection by the City shall be retained by Grantee for a minimum period of six (6) years.

7.10.2 File for Public Inspection. Throughout the Term of this Franchise, Grantee shall maintain a file available for public inspection which shall include all documents required pursuant to the FCC’s rules and regulations. The public inspection file shall be maintained at Grantee’s business office and will be available to the public during normal business hours.

7.10.3 Proprietary Information. Notwithstanding anything to the contrary set forth in this Section, Grantee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature. The City agrees to treat any

information disclosed by Grantee as confidential and only to disclose it to those employees, representatives, and agents of the City that have a need to know in order to enforce this Franchise and who agree to maintain the confidentiality of all such information. Grantee shall not be required to provide Subscriber information in violation of Section 631 of the Cable Act or any other applicable federal or State privacy law. For purposes of this Section 7.10, the terms “proprietary or confidential” include, but are not limited to, information relating to the Cable System design, Customer lists, marketing plans, financial information unrelated to the calculation of Franchise Fees or rates pursuant to FCC rules, or other information that is reasonably determined by Grantee to be competitively sensitive.

7.10.4 Public Records Act. Notwithstanding anything to the contrary set forth in this Section, Grantee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature. That said, Grantee does agree to provide all information reasonably required to verify compliance with the material terms of the Franchise. The City agrees to keep confidential any proprietary or confidential books or records to the extent permitted by law. Grantee shall be responsible for clearly and conspicuously identifying the work confidential or proprietary and shall provide a brief written explanation as to why such information is confidential and how it may be treated as such under State or federal law. If the City receives a demand from any Person for disclosure of any information designated by Grantee as confidential, the City shall promptly advise Grantee and provide Grantee with a copy of any written request by the party demanding access to such information so that Grantee can take appropriate steps to protect its interests within ten (10) business days of receiving notification of the City’s intended disclosure. Nothing in the Section 7.2 prohibits the City from complying with RCW 42.56, or any other applicable law or court order requiring the release of public records, and the City shall not be liable to Grantee for compliance with any law or court order requiring the release of public records. The City shall comply with any injunction or court order requested by Grantee which prohibits the disclosure of any such confidential records; however, in the event a higher court overturns such injunction or court order, Grantee shall reimburse the City for any fines or penalties imposed for failure to disclose such records.

7.10.5 Records Required. Upon written request, but no more frequently than once a year, City may request a report which may include any or all of the following, depending on the needs of the City:

- (A) Records of all written complaints received by Grantee for a period of up to three (3) years. The term “complaint” as used herein refers to escalated concerns about any aspect of the Cable System or Grantee’s cable operations;
- (B) Records of outages for the previous year, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

(C) Records of service calls for repair and maintenance for the previous year, indicating the date and time service was required, the date of acknowledgment, the date and time service was scheduled (if it was scheduled), and the date and time service was provided, and (if different) the date and time the problem was resolved;

(D) Records of installation/reconnection and requests for service extension for the previous year, indicating the date of request, date of acknowledgment, and the date and time service was extended;

(E) If specifically requested by the City:

1. The most recent annual report Grantee filed with the FCC.
2. The number of Subscribers with Basic Service; and

(F) Such other reports with respect to its local operation as are necessary to monitor compliance with this Franchise.

7.11 Performance Evaluations. Upon written notification, the City may hold performance evaluation sessions no more than once every twelve months to ensure proper performance of the provisions of this Franchise.

7.11.1 All evaluation sessions shall be open to the public.

7.11.2 Topics which may be discussed at any evaluation session include issues surrounding Grantee's performance of the terms and conditions of this Franchise and such other matters related to the provision of Cable Services, provided nothing in this subsection shall be construed as requiring the renegotiation of this Franchise, or any provision, term, or condition therein, and further provided that this subsection 7.11 need not be followed before other legal or equitable remedies within this Franchise may be sought.

7.11.3 Grantee agrees to participate in such evaluation sessions described in this Section 7.11 in good faith.

SECTION 8. Transfer or Renewal of Franchise

8.1 Franchise Transfer. Subject to Section 617 of the Cable Act, the Cable System and this Franchise shall not be sold, assigned, transferred, leased or disposed of, either in whole or in part, either by involuntary sale or by voluntary sale, merger or consolidation; nor shall title thereto, either legal or equitable, or any right, interest or property therein pass to or vest in any Person (hereinafter "Transfer of the Franchise") without the prior written consent of the City, which consent shall not be unreasonably withheld.

8.1.1 Grantee shall promptly notify the City of any actual or proposed change in, or transfer of, or acquisition by any other party of Control of Grantee. The word "control" as used herein is not limited to majority stock ownership but includes

actual working Control in whatever manner exercised. Every change, transfer or acquisition of Control of Grantee, except as noted in Section 8.1.7, shall make this Franchise subject to cancellation unless and until the City shall have consented thereto which consent shall not be unreasonably withheld.

- 8.1.2 The parties to the Transfer of the Franchise or change of Control shall make a written request to the City for its approval of the Transfer of the Franchise or change of Control and shall furnish all information required by applicable law. In reviewing a request related to a Transfer of the Franchise or change in Control, the City may inquire into any matter reasonably related to the ability and willingness of the prospective transferee or controlling party to perform, in accordance with 47 CFR § 76.502.
- 8.1.3 In seeking the City's consent to any change in ownership or Control, the proposed transferee or controlling party shall indicate whether, as applicable, it:
- (A) Has ever been convicted or held liable for acts involving deceit including any violation of federal, State or local law, or is currently under an indictment, investigation or complaint charging such acts;
 - (B) Has ever had a judgment in an action for fraud, deceit, or misrepresentation entered against it by any court of competent jurisdiction;
 - (C) Has pending any material legal claim, lawsuit, or administrative proceeding arising out of or involving a Cable System;
 - (D) Is financially solvent, by submitting financial data, including financial information as required by FCC Form 394; and
 - (E) Has the legal, financial and technical capability to enable it to maintain and operate the Cable System for the remaining Term of the Franchise.
- 8.1.4 In reviewing a request for the Transfer of the Franchise or change of Control, the City may inquire into the legal, technical and financial qualifications of the prospective controlling party or transferee, and Grantee shall assist the City in so inquiring. The City may condition said Transfer of the Franchise or change of Control upon such terms and conditions as it deems reasonably appropriate and as are consistent with federal law; provided, however, that any such terms and conditions so attached shall be related to the legal, technical and financial qualifications of the prospective controlling party or transferee. Additionally, such Person shall effect changes as promptly as practicable in the operation of the Cable System, if any changes are necessary to cure any violations or defaults presently in effect or ongoing.
- 8.1.5 The City shall act by ordinance or resolution on the request within one hundred twenty (120) Days of the request, provided it has received all information required

by law, such as a completed FCC Form 394. Subject to the foregoing, if the City fails to render a final decision on the request within one hundred twenty (120) Days, such request shall be deemed granted unless the requesting party and the City agree to an extension of time.

- 8.1.6 Within sixty (60) Days of Closing of any Transfer of the Franchise or change of Control, if approved or deemed granted by the City, Grantee shall file with the City a copy of the deed(s), agreement(s), lease(s) or other written instrument(s) evidencing such Transfer of the Franchise or change of Control, certified and sworn to as correct by Grantee and the transferee or new controlling entity. In the case of a Transfer of the Franchise or change of Control, the transferee or the new controlling entity shall upon request by the City file its written acceptance agreeing to be bound by all of the provisions of this Franchise, subject to applicable law.
- 8.1.7 Notwithstanding anything to the contrary in this Section 8.1, the prior approval of the City shall not be required for any sale, assignment or transfer of the Franchise or Cable System to an Affiliate; provided that the proposed assignee or transferee agree in writing to comply with all of the provisions of the Franchise, subject to applicable law. Further, Grantee may pledge the assets of the Cable System for the purpose of financing without the consent of the City; provided that such pledge of assets shall not impair or mitigate Grantee's responsibilities and capabilities to meet all of its obligations under the provisions of this Franchise. In the event of a change in Control, the Grantee will continue to be bound by all provisions of the Franchise.
- 8.1.8 The consent or approval of the City to any Transfer of the Franchise or change in Control shall not constitute a waiver or release of any rights of the City.

8.2 Renewal of Franchise.

- 8.2.1 The City and Grantee agree that any proceedings undertaken relative to the renewal of this Franchise shall be governed by and comply with the provisions of Section 626 of the Cable Act, as amended from time to time.
- 8.2.2 In addition to the procedures set forth in Section 626 of the Cable Act, the City shall notify Grantee of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Grantee under the current Franchise Term. The City further agrees that such assessments shall be provided to Grantee promptly so that Grantee has adequate time to submit a proposal under Section 626 of the Cable Act.
- 8.2.3 Notwithstanding anything to the contrary, Grantee and the City further agree that at any time during the Term of the current Franchise, while affording the public appropriate notice and opportunity to comment, the City and Grantee may agree to undertake and finalize informal negotiations regarding renewal of the Franchise and the City may grant a renewal thereof.

SECTION 9. Insurance and Indemnity**9.1 Insurance Requirements.**

9.1.1 General Requirement. Grantee shall maintain in full force and effect at its own cost and expense each of the following policies of insurance:

(A) Commercial General Liability coverage for bodily injury, personal injury, and property damage with limits of no less than two million dollars (\$2,000,000) per occurrence.

(B) Commercial Automobile Liability Insurance with minimum combined single limits of at least two million dollars (\$2,000,000) per occurrence.

(C) Employer's Liability with limits of at least one million dollars (\$1,000,000).

(D) Umbrella/Excess Liability Coverage in the amount of three million dollars (\$3,000,000).

(E) Workers' Compensation insurance shall be maintained during the Term of this Franchise to comply with State law.

9.1.2 Additional Insured. The City shall be included as an additional insured under each of the insurance policies required in this Section except Workers' Compensation and Employer's Liability Insurance. Except for Workers' Compensation and Employer's Liability Insurance, all insurance policies required hereunder shall provide or be endorsed so that the City is covered as, and have the rights of, an additional insured with respect to liability arising out of activities performed by, or on behalf of, Grantee under this Franchise or applicable law, or in the construction, operation, upgrade, maintenance, repair, replacement or ownership of the Cable System. Grantee shall provide to the City either (1) a true copy of an endorsement covering City as an Additional Insured for each insurance policy required in this Section and providing that such insurance shall apply as primary insurance on behalf of such Additional Insureds or (2) a true copy of the blanket additional insured clause from the policies. Receipt by City of any certificate showing less coverage than required is not a waiver of Grantee's obligations to fulfill the requirements. Grantee's insurance coverage shall be primary insurance with respect to the City. Any insurance or self-insurance maintained by the Additional Insureds shall be in excess of Grantee's insurance and shall not contribute to it. Grantee's insurance shall apply separately to each insured against whom a claim is made or lawsuit is brought, except with respect to the limits of the insurer's liability.

9.1.3 Each policy shall provide that the insurance shall not be canceled or terminated so as to be out of compliance with these requirements without forty-five (45) Days written notice first provided to the City via mail, and ten (10) Days notice for nonpayment of any premium. If the insurance is canceled or terminated so as to be

out of compliance with the requirements of this Franchise, Grantee shall provide a replacement policy. Grantee agrees to maintain continuous uninterrupted insurance coverage, in at least the amounts required, until all work required to be performed under the terms of this Franchise is satisfactorily completed and, in the case of Commercial General Liability Insurance, for at least one (1) year after expiration of this Franchise. Any failure of Grantee to comply with the claim reporting provisions of the policy(ies) or any breach of an insurance policy warranty shall not affect coverage afforded under the policy to protect the City. However, if coverage is not afforded under these circumstances, Grantee will indemnify the City for losses the City otherwise would have been covered for as an additional insured.

9.1.4 Grantee shall not cancel any required insurance policy without obtaining alternative insurance in conformance with this Franchise. Each of the required insurance policies shall be with sureties qualified to do business in the State of Washington with an A- or better rating for financial condition and financial performance by Best Key Rating Guide, Property/Casualty Edition.

9.2 Verification of Coverage. In addition to the other requirements of this Section, Grantee shall furnish the City with certificates of insurance reflecting at least the minimum coverage and policy limits required hereunder. The certificates for each insurance policy are to be on standard forms or such forms as are consistent with standard industry practices, and are to be received by the City within forty-five (45) Days of the time of acceptance of this Franchise by Grantee with existing insurance coverage to be maintained by Grantee until that date. Grantee hereby warrants that its insurance policies satisfy the requirements of this Franchise.

9.3 Indemnification.

9.3.1 Indemnity. Grantee agrees to indemnify, save and hold harmless, and defend the City, its elected officials, officers, authorized agents, boards and employees, acting in official capacity, from and against any liability, damages or claims, costs, expenses, settlements or judgments arising out of, or resulting from the granting of this Franchise or Grantee's activities, any casualty or accident to Person or property that occurs as a result of any construction, excavation, operation, maintenance, reconstruction or any other act done pursuant to the terms of this Franchise, provided that the City shall give Grantee prompt written notice of its obligation to indemnify the City. Notwithstanding the foregoing, Grantee shall not indemnify the City for any damages, liability or claims resulting from the willful misconduct, concurrent negligence, or breach of obligation of the City, its officers, authorized agents, employees, attorneys, consultants, or independent contractors for which the City is legally responsible, or for any activity or function conducted by any Person other than Grantee in connection with EG Access or EAS.

9.3.2 Defense of Claims. With respect to Grantee's indemnity obligations set forth in this Section 9.3, Grantee shall provide the defense of any claims or actions brought against the City. Nothing herein shall be deemed to prevent the City from

cooperating with Grantee and participating in the defense of any litigation by its own counsel at its own cost and expense; provided, however, that after consultation with the City, Grantee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Grantee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such proposed settlement includes the release of the City, and the third party is willing to accept the settlement, but the City does not consent to the terms of any such settlement or compromise, Grantee shall not settle the claim or action, but its obligation to indemnify the City shall in no event exceed the amount of such settlement.

- 9.3.3 Separate Representation. If separate representation to fully protect the interests of both parties is necessary, such as a conflict of interest between the City and the counsel selected by Grantee to represent the City, Grantee shall select other counsel without conflict of interest with the City.
- 9.3.4 Indemnification for Relocation. Subject to applicable law, Grantee shall indemnify the City for any damages, claims, additional costs or expenses assessed against, or payable by, the City related to, arising out of, or resulting from Grantee's failure to remove, adjust or relocate any of its facilities in the Rights-of-Way in accordance with this Franchise.
- 9.3.5 Duty of Defense. The fact that Grantee carries out any activities under this Franchise through independent contractors shall not constitute an avoidance of or defense to Grantee's duty of defense and indemnification under this Section 9.3.
- 9.3.6 Indemnification of Grantee. To the extent permitted by law, the City shall indemnify, defend and hold harmless Grantee for claims arising out of the City's use of the EG Access Channels and/or the Emergency Alert System.
- 9.3.7 Grantee's Further Responsibilities. Grantee shall indemnify and hold harmless the City from any workers' compensation claims to which Grantee may become subject during the Term of this Franchise. It is further specifically and expressly understood that, solely to the extent required to enforce the indemnification provided per this Franchise, Grantee waives its immunity under RCW Title 51; provided, however, the foregoing waiver shall not in any way preclude Grantee from raising such immunity as a defense against any claim brought against Grantee by any of its employees or other third party. This waiver has been mutually negotiated by the parties.
- 9.3.8 Concurrent Negligence. In the event that a particular activity conducted under this Franchise is subject to RCW 4.24.115, this Section 9.3.8 shall apply. Liability for damages arising out of bodily injury to persons, death, or damages to property caused by or resulting from the concurrent negligence of the Grantee and the City, Grantee's liability shall be only to the extent of Grantee negligence.

- 9.4 Security. Grantee shall provide a performance bond in the amount of twenty thousand dollars (\$20,000) (the “Security”) to ensure the faithful performance of its responsibilities under this Franchise and applicable law. Grantee may be required to obtain additional security, such as generally applicable construction bonds, in accordance with the City’s permitting requirements. Grantee shall pay all premiums or costs associated with maintaining the Security, and shall keep the same in full force and effect at all times. Except as expressly provided herein or as otherwise specified in the City’s construction permitting requirements, the Grantee shall not be required to obtain or maintain other security as a condition of being awarded the Franchise. System Description and System Facilities.

SECTION 10. System Description and System Facilities.

- 10.1 System Description. Prior to the Effective Date of this Franchise, Grantee undertook a voluntary upgrade of its Cable System to a hybrid fiber coaxial (HFC) fiber-to-the-node system architecture, with fiber optic cable deployed from its headend to nodes and tying into a coaxial system serving Subscribers. The Cable System is capable of delivering high quality signals that meet or exceed FCC technical quality standards regardless of any particular manner in which the signal is transmitted.
- 10.2 Technological Improvements. Throughout the Term of this Franchise, Grantee shall incorporate improvements in technology as necessary to reasonably meet the needs and interests of the community, in light of the cost thereof.
- 10.3 Technical Requirement. Grantee shall operate, maintain and construct the Cable System so as to continue the provision of high quality signals and reliable delivery of Cable Services. The Cable System shall meet or exceed any and all technical performance standards of the FCC, the National Electrical Safety Code, the National Electrical Code, and any other applicable federal law and the laws of the State of Washington, as amended (the “Technical Requirements”).
- 10.4 Cable System Performance Testing. Grantee shall perform all tests on its Cable System as required by the FCC and shall maintain written records of its test results. Copies of such test results will be provided to the City upon request. If the Cable System fails to meet any portion of a test, Grantee shall promptly take such measures as are necessary to correct any performance deficiencies identified as part of the technical testing. Sites shall be re-tested within five (5) Days following correction until correction has been confirmed and satisfactory results are obtained.
- 10.5 Additional Tests. Where there exists a pattern of poor technical performance or signal quality, the City may upon thirty (30) Days prior written notice, require Grantee to conduct performance testing. Grantee shall fully cooperate with the City in performing such testing and shall prepare the results and a report if requested, within thirty (30) Days after such testing. This report shall include the following information:
- 10.5.1 The nature of the complaint or problem which precipitated the special tests;

- 10.5.2 The Cable System component tested;
- 10.5.3 The equipment used and procedures employed in testing;
- 10.5.4 The method, if any, in which such complaint or problem was resolved; and
- 10.5.5 Any other information pertinent to said tests and analysis which may be required.
- 10.6 Standby Power. Grantee shall provide standby power generating capacity at the Cable System Headend capable of providing at least twelve (12) hours of emergency operation. Grantee shall maintain standby power supplies that supply back-up power for at least two (2) hours duration throughout the distribution networks and four (4) hours duration at all nodes and hubs.
- 10.7 Emergency Alert System. The Grantee shall provide an operating Emergency Alert System (EAS) in accordance with the provisions of State and federal laws, including FCC regulations.

SECTION 11. Educational and Governmental Access

- 11.1 Access Channels. In order to meet the demonstrated community need for Access Channels and programming, Grantee shall continue to make one Governmental Access Channel and one Educational Access Channel available to the City for its use throughout the Term of this Franchise. Access Channel(s) shall be made available at no extra charge to Subscribers on Grantee's lowest tier of service.
- 11.2 Change in Cable System Technology. In the event Grantee makes any change in the Cable System technology, which affects the signal quality or transmission of any Access Channel programming, Grantee shall take all necessary technical steps to ensure the delivery of Access programming is not diminished or adversely affected.
- 11.3 Management and Control of Access Channels. Grantee does not have any editorial Control over the Access Channel programming. The City may authorize Designated Access Providers to Control, operate, and manage the use of any and all Access facilities provided by Grantee under this Franchise, including, without limitation, the operation of the Access Channels. The City or its designee may formulate rules for the operation of the Access Channels. Nothing herein shall prohibit the City from authorizing itself to be a Designated Access Provider. Grantee shall cooperate with City and Designated Access Providers in the use of the Cable System for the provision of Access Channels.
- 11.4 Underutilized Access Channels. Grantee and the City agree that it is their mutual goal to fully and efficiently use the Channel capacity of the Cable System, which may include Grantee's use of underutilized Access Channels. If Grantee believes that any Access Channel is underutilized, it may file a request with the City to use that Access Channel. The City shall in its sole discretion render a decision regarding the matter within sixty (60) Days of receiving the request. Should the City find that the Access Channel may be used by Grantee, then Grantee may begin using such Channel ninety (90) Days after receipt of

the decision. If a Designated Access Provider wants to begin using the Channel and has adequate amounts of programming to place on the Channel, then upon sixty (60) Days written notice from the City, Grantee shall discontinue using the Access Channel.

- 11.5 Access Channel Location. Grantee will use reasonable efforts to minimize the movement of Access Channel assignments. Grantee shall provide to the City a minimum of sixty (60) Days notice, and use its best efforts to provide ninety (90) Days notice, prior to any relocation of its Access Channels, unless the change is required by federal law, in which case Grantee shall give the City the maximum notice possible. In the event of Access Channel relocation, Grantee shall provide notice to Subscribers in the same manner as notice is provided for any other Channel relocation.
- 11.6 Support for Access Capital Costs. In an effort to meet the demonstrated community need for Access programming, Grantee shall collect from Subscribers and remit to the City an EG Fee that may be used for Access related capital expenditures, such as production equipment or a studio.
- 11.6.1 As of the Effective Date of the Franchise, Grantee currently collects from Subscribers an amount of fifteen (\$.15) per month (“EG Fee”) in support of Access related capital expenditures. Upon 90 Days from the written notice, Grantee shall collect from Subscribers an amount twenty-five (\$.25) cents per Subscriber per month (“EG Fee”). Subsequently, this EG Fee amount may be modified or waived by the City as determined by the City Council no more than once each year, and the EG Fee shall be no greater than twenty-five (\$.25) cents per Subscriber per month in the Franchise Area. Grantee shall remit the EG Fee at the same time as quarterly Franchise Fee payments.
- 11.6.2 Grantee shall not be responsible for paying the EG Fees with respect to gratis or Bad Debt accounts. The City can inquire as to the status of any such accounts, and Grantee agrees to meet with the City, upon request, to discuss such matters as necessary.
- 11.6.3 The City shall have the discretion to allocate the EG Fees in accordance with applicable law and shall submit a summary of capital expenditures from the EG Fees to Grantee within sixty (60) Days of the end of each calendar year. The summary shall include financial information showing all EG Fees received, EG expenses used for EG Access purposes and the ending balance.
- 11.6.4 To the extent the City makes Access capital investments using City funds prior to receiving the EG Fees, the City is entitled to apply the EG Fee payments from Grantee toward such City capital investments necessary for the programming of its Access Channels. The City and Grantee agree that any EG Fees shall be referred to on Subscribers’ bills as an “EG Fee,” or language substantially similar thereto.
- 11.6.5 The EG Fees provided for in this Section shall not be offset or credited against any Franchise Fee payments.

11.7 Return Connectivity.

11.7.1 Prior to the commencement of this Franchise, Grantee constructed and has maintained a fiber optic return line from City's EG origination site, 17500 Midvale Ave N, Shoreline WA, to its headend. Upon written request of the City, Grantee may construct and maintain additional EG origination sites at other locations within the Franchise Area, for the purpose of delivering Access programming. All costs for fiber optic connectivity to additional EG origination sites shall be paid by the City in advance of construction. All requests for construction of additional EG origination sites must be made one year prior to when construction would occur. Grantee may require that a reasonable deposit of the estimated project cost be paid in advance.

11.7.2 Upon completion of the requested work by the City and upon submission by Grantee of a proper invoice for payment of the cost incurred, City shall pay Grantee within thirty (30) Days of receipt. All work shall be performed in a cost-effective manner to minimize the costs to the City.

SECTION 12. Enforcement of Franchise

12.1 Notice of Violation or Default. In the event the City believes that Grantee has not complied with a term or provision of the Franchise, the City shall informally discuss the matter with Grantee. If these discussions do not lead to resolution of the problem within a reasonable time frame, the City shall then notify Grantee in writing of the exact nature of the alleged noncompliance (the "Noncompliance Notice").

12.2 Grantee's Right to Cure or Respond. Grantee shall have thirty (30) Days from the receipt of the City's Noncompliance Notice: (A) to respond to the City, contesting the assertion of the alleged noncompliance or default; (B) to cure such default; or (C) in the event that, by nature of the default, such default cannot be cured within the thirty (30) Day period, initiate reasonable steps to remedy such default and notify the City of the steps being taken and the projected date that they will be completed.

12.3 Public Hearing. In the event Grantee fails to respond to the City's Noncompliance Notice or that the alleged default is not remedied within thirty (30) Days or the date projected by Grantee (provided such projection is also acceptable to the City), the City may schedule a public hearing to investigate the alleged default. Such public hearing may be held no less than thirty (30) business days therefrom. The City shall notify Grantee in writing of the time and place of such hearing and provide Grantee with a reasonable opportunity to be heard, to present evidence in its defense, and to question witnesses.

12.4 Options Following Public Hearing. If, after the hearing, the City determines that a default exists, Grantee and the City may agree on a plan and schedule to cure the default. Absent such agreement, the City shall order Grantee to correct or remedy the default or breach within such reasonable timeframe as the City shall determine. In the event Grantee does not cure the default within such time to the City's reasonable satisfaction, the City may:

12.4.1 Pursue the revocation of this Franchise pursuant to the procedures in Section 13 in the event of a material breach of this Franchise; or

12.4.2 Pursue any other legal or equitable remedy available under this Franchise or any applicable law.

SECTION 13. Liquidated Damages

13.1 **Liquidated Damages.** The City and Grantee recognize the delays, expense and unique difficulties involved in proving in a legal proceeding the actual loss suffered by the City as a result of Grantee's breach of certain provisions of this Franchise. Accordingly, instead of requiring such proof, the City and Grantee agree that Grantee shall pay to the City, the sums set forth below for each Day or part thereof that Grantee shall be in breach of specific provisions of this Franchise. Such amounts are agreed to by both parties as a reasonable estimate of the actual damages the City would suffer in the event of Grantee's breach of such provisions of this Franchise.

13.1.1 Subject to the provision of written notice to Grantee and a thirty (30) Day right to cure period, the City may assess against Grantee liquidated damages as follows: one hundred dollars (\$100.00) per Day for failure to provide the Access Channel(s); one hundred fifty dollars (\$150.00) per Day for each material violation of the Customer Service Standards; fifty dollars (\$50.00) per Day for failure to provide reports or notices as required by this Franchise; and up to two hundred dollars (\$200.00) per Day for any other material breaches of the Franchise.

13.1.2 City shall provide Grantee a reasonable extension of the thirty (30) Day right to cure period described in Section 13.1.1 if Grantee has commenced work on curing the violation, is diligently and continuously pursuing the cure to completion and requested such an extension, provided that any such cure is completed within one hundred and twenty (120) Days from the written notice of default.

13.1.3 If liquidated damages are assessed by the City, Grantee shall pay any liquidated damages within forty-five (45) Days after they are assessed. Liquidated damages may be assessed for no more than seventy-five (75) Days for any individual incident.

13.1.4 In the event Grantee fails to cure within the specified cure period, or any agreed upon extensions thereof, liquidated damages accrue from the date the City notifies Grantee that there has been a violation.

13.2 **Recovery of Amounts.** The recovery of amounts under Section 9.4 and 13.1.1 shall not be construed as a limit on the liability of Grantee under the Franchise or an excuse of unfaithful performance of any obligation of Grantee. Similarly, the imposition of liquidated damages is not intended to be punitive, but rather, for City cost recovery purposes.

SECTION 14. Termination of Franchise

- 14.1 Revocation. This Franchise may be revoked and all rights and privileges rescinded if:
- 14.1.1 There is an uncured violation of any material obligation under this Franchise;
 - 14.1.2 Grantee attempts to evade any material provision of this Franchise or to practice any fraud or deceit upon the City or Subscribers;
 - 14.1.3 Grantee makes a material misrepresentation of fact in the negotiation of this Franchise;
 - 14.1.4 There is a foreclosure or involuntary sale of the Cable System;
 - 14.1.5 Grantee willfully fails to provide services as specified in this Franchise;
 - 14.1.6 Grantee becomes insolvent or if there is an assignment for the benefit of Grantee's creditors; or
 - 14.1.7 There is a pattern or practice of material violation of any requirement of this Franchise.
- 14.2 Grantee Without Fault. Notwithstanding Section 14.1, none of the foregoing shall constitute a material violation or breach if Grantee is without fault or if the violation or breach occurs as a result of circumstances beyond Grantee's reasonable Control. Grantee shall bear the burden of proof in establishing the existence of such circumstances.
- 14.3 Revocation Notice. Should the City seek to revoke this Franchise after following the procedures set forth in this Section 14, the City shall give written notice to Grantee of such intent to revoke this Franchise. This notice of intent to revoke ("Revocation Notice") is in addition to the Noncompliance Notice pursuant to Section 12.1. The Revocation Notice shall set forth the specific nature of the noncompliance. Grantee shall have thirty (30) Days from receipt of such Revocation Notice to object in writing and to state its reasons for such objection. In the event the City has not received a satisfactory response from Grantee, it may then seek revocation of the Franchise at a hearing in front of the City's Hearing Examiner (the "Revocation Hearing"). The City shall cause to be served upon Grantee at least thirty (30) Days prior to the Revocation Hearing a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.
- 14.4 Revocation Hearing. At the Revocation Hearing, Grantee shall be provided a fair opportunity for full participation, including the right to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the testimony of Persons as permitted by law, and to question and/or cross examine witnesses. The Revocation Hearing shall be on the record and a written transcript shall be made available to Grantee within ten (10) business days.

- 14.5 Findings and Conclusions. Following the Revocation Hearing, the Hearing Examiner shall be provided up to thirty (30) Days to submit its proposed findings and conclusions in writing to the City Council and Grantee and thereafter the City Council shall determine (i) whether an event of default has occurred; (ii) whether such event of default is excusable; and (iii) whether such event or default has been cured or will be cured by Grantee. The City Council shall also determine whether to revoke the Franchise based on the information presented or, where applicable, grant additional time to Grantee to effect any cure. If the City Council determines that the Franchise shall be revoked, the City Council shall promptly provide Grantee with a written decision setting forth its reasoning. Grantee may appeal such determination of the City Council to an appropriate court, which shall have the power to review the decision of the City “de novo”. Grantee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within thirty (30) Days of Grantee’s receipt of the determination of the City.
- 14.6 Enforcement in Lieu of Revocation. The City may, at its sole discretion, take any lawful action which it deems appropriate to enforce the City’s rights under the Franchise in lieu of revocation of the Franchise.
- 14.7 Technical Violation. The City agrees that it is not its intention to subject Grantee to penalties, fines, forfeitures or revocation of the Franchise for so-called “technical” breach(es) or violation(s) of the Franchise, which shall include, but not be limited, to the following:
- 14.7.1 Instances or matters where a violation or a breach of the Franchise by Grantee was good faith error that resulted in no or minimal negative impact on the Subscribers within the Franchise Area or on the City; or
- 14.7.2 Where there existed circumstances reasonably beyond the Control of Grantee and which precipitated a violation by Grantee of the Franchise, or which were deemed to have prevented Grantee from complying with a term or condition of the Franchise.

SECTION 15. Miscellaneous Provisions

- 15.1 Authority and Changes in the Law. The City shall be vested with the power and right to administer and enforce the requirements of this Franchise and the regulations and requirements of applicable law, including the Cable Act, or to delegate that power and right, or any part thereof, to the extent permitted under law, to any agent in the sole discretion of the City. Grantee and the City shall be entitled to all rights and be bound by all changes in local, State and federal law that occur subsequent to the Effective Date of this Franchise. Grantee and the City acknowledge that their rights and obligations under this Franchise are explicitly subject to all such changes.
- 15.2 Actions of Parties. In any action by the City or Grantee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely manner.

Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld, delayed or conditioned.

- 15.3 Amendments. Amendments to this Franchise shall be mutually agreed upon, in writing by the parties.
- 15.4 Attorneys' Fees. If any action or suit arises in connection with this Franchise (excluding Franchise renewal proceedings), attorneys' fees, costs and expenses in connection therewith shall be paid in accordance with the determination by the court.
- 15.5 Binding Acceptance. This Franchise shall bind and benefit the parties hereto and their respective successors and assigns.
- 15.6 Captions. The captions and headings of Sections throughout this Franchise are intended solely to facilitate reading and reference to the sections and provisions of this Franchise. Such captions shall not affect the meaning or interpretation of this Franchise.
- 15.7 Costs to be Borne by Grantee. Grantee shall pay all costs of publication of this Franchise and any and all notices prior to any public meeting or hearing in connection with this Franchise.
- 15.8 Cumulative Rights. Subject to applicable law, all rights and remedies given to the City by this Franchise or retained by the City herein shall be in addition to and cumulative with any and all other rights and remedies, existing or implied, now or hereafter available to the City, at law or in equity, and such rights and remedies shall not be exclusive, but each and every right and remedy specifically given by this Franchise or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed expedient by the City and the exercise of one or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy.
- 15.9 Entire Franchise. This Franchise, including the Attachments, embodies the entire understanding and agreement of the City and Grantee with respect to the subject matter hereof and supersedes all prior understandings, agreements and communications, whether written or oral.
- 15.10 Force Majeure. Grantee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default (including termination, cancellation or revocation of the Franchise), where such noncompliance or alleged defaults occurred or were caused by strike, riot, war, pandemic, earthquake, flood, tidal wave, unusually severe rain or snow storm, hurricane, tornado or other catastrophic act of nature, labor disputes, failure of utility service necessary to operate the Cable System, governmental, administrative or judicial order or regulation or other event that is reasonably beyond Grantee's ability to anticipate or Control. This provision also covers work delays caused by waiting for utility providers to service or monitor their own utility poles on which Grantee's cable or equipment is

attached, as well as unavailability of materials or qualified labor to perform the work necessary.

- 15.11 Governing Law. This Franchise shall be governed, construed and enforced in accordance with the laws of the State of Washington as amended, federal law including the Cable Act as amended, any applicable rules, regulations and orders of the FCC as amended and applicable local laws now existing or hereafter amended or adopted.
- 15.12 Equal Employment Opportunity. Grantee shall comply with all applicable federal and State laws affording nondiscrimination in employment to all individuals regardless of their race, color, religion, age, sex, national origin, sexual orientation or physical disability.
- 15.13 Modification. No provision of this Franchise shall be amended or otherwise modified, in whole or in part, except by an instrument in writing, duly executed by the City and Grantee, which amendment shall be authorized on behalf of the City through the adoption of an appropriate resolution, ordinance or order by the City, as required by applicable law.
- 15.14 No Joint Venture. Nothing herein shall be deemed to create a joint venture or principal-agent relationship between the parties, and neither party is authorized to, nor shall either party act toward third Persons or the public in any manner that would indicate any such relationship with the other.
- 15.15 Notices. All notices shall be in writing and shall be sufficiently given and served upon the other party by hand delivery, first class, registered or certified mail, return receipt requested, postage prepaid, or by reputable overnight courier service and addressed as follows:
- To the City:
City of Shoreline
Attn: City Manager
17500 Midvale Avenue N
Shoreline, WA 98133
- To the Grantee:
Comcast Cable Communications Management, LLC
15815 25th Ave. W.
Lynnwood, WA 98087
Attn: Government Affairs Dept.
- 15.16 No Third-Party Beneficiaries. Nothing in this Franchise is or was intended to confer third-party beneficiary status on any Person or any member of the public to enforce the terms of this Franchise.
- 15.17 Reservation of Rights. Nothing in this Franchise shall be construed as a waiver of any rights, substantive or procedural, Grantee or City may have under Federal or State law unless such waiver is expressly stated herein.

- 15.18 Preemption. In the event that federal or State law preempts a provision or limits the enforceability of a provision of this Franchise, the provision shall be read to be preempted to the extent required by law. In the event such federal or State law is subsequently repealed, rescinded, amended or otherwise changed so that the provision hereof that had been preempted is no reinstated under the law, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of the City or Grantee.
- 15.19 Recitals. The recitals set forth in this Franchise are incorporated into the body of this Franchise as if they had been originally set forth herein.
- 15.20 Severability. If any section, subsection, sentence, clause, phrase, or other portion of this Franchise is, for any reason, declared invalid, in whole or in part, by any court, agency, commission, legislative body, or other authority of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent portion. Such declaration shall not affect the validity of the remaining portions hereof, which other portions shall continue in full force and effect.
- 15.21 Venue. The venue for any dispute related to this Franchise shall be the United States District Court for the Western District of Washington, or the King County Superior Court.
- 15.22 Waiver. The failure of either party at any time to require performance by the other of any provision hereof shall in no way be a waiver thereof unless specifically waived in writing. Nor shall the waiver by either party of any breach of any provision hereof be taken or held to be a waiver of any succeeding breach of such provision, or as a waiver of the provision itself or any other provision.
- 15.23 Independent Review. The City and Grantee each acknowledge that they have had opportunity to receive independent legal advice in entering into this Franchise and that both the City and Grantee understand and fully agree to each and every provision of this Franchise.

PASSED BY THE CITY COUNCIL ON OCTOBER 5, 2020.

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

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