

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussing Ordinance No. 939 - Authorizing a Non-Exclusive Franchise to Zayo Group, LLC to Construct, Maintain, Operate, Replace, and Repair a Telecommunications 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 entities 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 Zayo Group LLC (Zayo), which was granted originally to AboveNet Communications, Inc. (AboveNet) by Ordinance No. 604, expires on September 9, 2021. The City and Zayo negotiated a renewal franchise agreement, which resulted in proposed Ordinance No. 939 (Attachment A).

This agreement provides for a 10-year franchise allowing Zayo to install, maintain, operate, replace, and repair a telecommunications 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 Zayo.

Tonight, Council is scheduled to discuss proposed Ordinance No. 939. Proposed Ordinance No. 939 is currently scheduled to return to Council for possible action on August 16, 2021.

RESOURCE/FINANCIAL IMPACT:

There is no fiscal impact to adopting proposed Ordinance No. 939. Pursuant to RCW 35.21.860, the City is precluded from imposing franchise fees upon a telephone business, as defined in RCW 82.16.010, or a Service Provider for use of the Right-of-Way, as defined in RCW 35.99.010, except a utility tax or actual administrative expenses related to the franchise incurred by the City. Zayo does hereby warrant that its operations, as authorized under this Franchise, are those of a Service Provider as defined in RCW 35.99.010. Zayo does not currently provide services to customers

within the City, therefore Zayo is not subject to the City's utility tax set forth in Chapter 3.32 of the Shoreline Municipal Code.

RECOMMENDATION

No action is required at this time. Staff recommends that Council discuss proposed Ordinance No. 939 and provide staff with feedback. Proposed Ordinance No. 939 is currently scheduled to return to Council for possible action on August 16, 2021.

Approved by: City Manager ***DT*** City Attorney ***MK***

BACKGROUND

Shoreline Municipal Code (SMC) Section 12.25.010 requires all entities using the City's rights-of-way for operation and maintenance of their facilities to have a non-exclusive franchise with the City.

On October 9, 2000, the City Council unanimously granted Metromedia Fiber Network Services (MFNS) a franchise to operate and maintain their fiber telecommunications system in Shoreline. At that time, MFNS was a new entrant to Shoreline, as they were preparing to install their fiber network shortly after franchise approval. This franchise, which was granted by Ordinance No. 249, expired on October 17, 2010.

On June 18, 2003, the City received notification that MFNS was being reorganized after their emergence from Title 11 bankruptcy protection, including a name change to AboveNet Communications, Inc. AboveNet is headquartered in White Plains, New York, and they provide both telecommunications capacity for other service providers to lease (referred to in the industry as "dark fiber"), as well as managed telecommunications and data services for clients. According to AboveNet's Right-of-Way Manager that negotiated the franchise on behalf of AboveNet, their end-users in the Puget Sound region are primarily large firms with high bandwidth needs in the Seattle area. The AboveNet Fiber Optic Telecommunications System has no end-user customers in Shoreline, as their fiber cable runs the length of Aurora Avenue N., underground, as a "pass through." AboveNet's network is described as a "ring" that spans around 250 route miles in the Puget Sound region stretching from Mukilteo in the north to Tacoma in the south, with routes throughout downtown Seattle and around Lake Washington. When the initial franchise under Ordinance No. 249 expired, the City granted AboveNet a franchise renewal. This franchise, which was granted by Ordinance No. 604, expires on September 9, 2021. More information about this previous franchise can be found here: [Adoption of Ordinance No. 604 Granting a Non-Exclusive Franchise to AboveNet Communication, Inc.](#)

In March 2013, AboveNet merged with Zayo Group (Zayo), and Zayo became successor-in-interest to the assets of AboveNet. As such, the City's franchise with AboveNet was transferred to Zayo, which continued to have no end-user customers in Shoreline. At the time of the transfer, Zayo confirmed that it provided no voice, cable, video, residential or end user service. More information about this franchise transfer can be found here: [Adoption of Resolution No. 373 Approving Transfer of Telecommunications Franchise from AboveNet Communications, Inc. to Zayo Group, LLC.](#)

On March 1, 2017, Electric Lightwave, LLC (ELI), a telecommunications company which the City had a non-exclusive franchise with at that time, entered into a purchase agreement with Zayo Group, LLC (Zayo). As a result, Zayo became successor-in-interest to the assets of ELI. The City's franchise with ELI was transferred to Zayo. At the time of the transfer, Zayo confirmed that it provided no voice, cable, video, residential or end user service. More information about this franchise transfer can be

found here: [Adoption of Resolution No. 450 - Approving Transfer of Telecommunications Franchise from Electric Lightwave, LLC to Zayo Group, LLC.](#)

The City's current franchise with Zayo expires on September 9, 2021. Zayo's current franchise with the City can be found here: [Zayo Franchise \(Transferred from AboveNet\).](#)

DISCUSSION

The City and Zayo have negotiated a franchise renewal, which resulted in proposed Ordinance No. 939 (Attachment A). This agreement provides for a 10-year franchise allowing Zayo to install, maintain, operate, replace, and repair their telecommunications system over, along, under, and through City of Shoreline rights-of-way, with considerations for being allowed to do so.

Franchise Terms

The sections of the proposed Zayo franchise are generally similar to the current Zayo franchise. 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 except to replace "AboveNet" with "Zayo."
- **Section 2, Franchise Granted.** This section states that the City is granting Zayo a franchise to use the City's rights-of-way, and the City still controls the right-of-way. The term of the franchise is ten (10) years.
- **Section 3. Nonexclusive Franchise Grant.** The franchise granted is not exclusive.
- **Section 10. Relocation of Facilities.** This section outlines the duties to relocate Zayo's facilities and at whose cost for a public project.
- **Section 12. Undergrounding.** This section notes that Zayo is subject to all the undergrounding requirements in SMC Chapter 13.20 and that they shall install all their facilities underground.
- **Sections 13-19.** These sections outline various conditions for Zayo to complete work, such as notice of entry, permitting requirements, how to conduct emergency work, and safety.
- **Section 20. Administrative Fee and Utility Tax.** This section explains that the City is precluded from imposing franchise fees upon a telephone business, however Zayo will be subject to an administrative fee for reimbursement of costs associated with the preparation, processing, and approval of the franchise. It also states that if Zayo provides services to customers within the City, Zayo shall become subject to the City's utility tax set forth in SMC Chapter 3.32.
- **Section 22. Indemnification.** This section was updated to include language of mutual indemnification except for party's intentional misconduct unless otherwise prohibited in the franchise.
- **Section 23, Insurance.** This section outlines the levels of insurance Zayo 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 28. Liquidated Damages.** This section remains unchanged and allows for liquidated damages of \$200.00 per day for material breaches of the franchise, which is consistent with other City-granted franchises.

Franchise Application Considerations

SMC Section 12.25.070 identifies the considerations the City should review when renewing a right-of-way franchise. 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.

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

1. Past Service Record

Zayo has no customers in the City. Staff was unable to find any cities that were unhappy with Zayo's service record.

2. Nature and Location of Facilities and Services

Zayo provides "backbone" fiber with no end users in the City. Zayo has very limited facilities in the City.

3. Proposed Area of Service

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

4. Serves the Needs and Interests of the City

Zayo's internet backbone serves companies outside of the City of Shoreline, however, they would be unable to provide such a service without the transmission of fiber through the City. While there are no end users in the City, residents may be served by companies and institutions who use Zayo for their internet services.

5. Proposed Rates

Zayo has no customers or end users in the City.

6. Complied with the Material Terms of the Franchise

Zayo 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 Zayo 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 Zayo.

7. Quality of Service

The City has found no issues with Zayo's quality of service outside the City.

8. Financial, Legal and Technical Ability

Zayo is a large, global telecommunications service provider, which affords them the financial ability to provide the service and facilities to carry out the terms of the franchise.

9. Meets Future Community Needs and Interests

The existence of Zayo fiber in Shoreline could support future economic development in that commercial, health care, or educational institutions would have a fiber solution already partially built out.

Franchise Application Conclusion

Based on this analysis, staff believes Zayo'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. 939. Pursuant to RCW 35.21.860, the City is precluded from imposing franchise fees upon a telephone business, as defined in RCW 82.16.010, or a Service Provider for use of the Right-of-Way, as defined in RCW 35.99.010, except a utility tax or actual administrative expenses related to the franchise incurred by the City. Zayo does hereby warrant that its operations, as authorized under this Franchise, are those of a Service Provider as defined in RCW 35.99.010. Zayo does not currently provide services to customers within the City, therefore Zayo is not subject to the City's utility tax set forth in Chapter 3.32 of the Shoreline Municipal Code.

RECOMMENDATION

No action is required at this time. Staff recommends that Council discuss proposed Ordinance No. 939 and provide staff with feedback. Proposed Ordinance No. 939 is currently scheduled to return to Council for possible adoption on August 16, 2021.

ATTACHMENTS

Attachment A: Ordinance No. 939 – Granting a Non-Exclusive Franchise to Zayo to Construct, Maintain, Operate, Replace, and Repair a Telecommunications System Over, Along, Under, and Through Designated Public Rights-of-way in the City of Shoreline

ORDINANCE NO. 939

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, GRANTING ZAYO GROUP, LLC A NON-EXCLUSIVE FRANCHISE FOR TEN YEARS, TO CONSTRUCT, MAINTAIN, OPERATE, REPLACE AND REPAIR AN UNDERGROUND FIBER OPTIC TELECOMMUNICATIONS SYSTEM, IN, ALONG, UNDER, THROUGH AND BELOW PUBLIC RIGHTS-OF-WAY OF THE CITY OF SHORELINE, WASHINGTON

WHEREAS, the City granted a non-exclusive franchise to AboveNet Communications, Inc. for a period of ten years by City Ordinance No. 604 on August 8, 2011 for the operation of an underground fiber optic telecommunications system within the City Right-of-Way; and

WHEREAS, AboveNet transferred their non-exclusive franchise to Zayo Group, LLC (“Zayo”) by City Resolution No. 373 on April 20, 2015; and

WHEREAS, Zayo’s current non-exclusive franchise expires in September of 2021; and

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

WHEREAS, RCW 35A.47.040 grants the City broad authority to grant non-exclusive franchises; and

WHEREAS, Zayo wishes to maintain their underground fiber optic telecommunications system within the City Right-of-Way; and

WHEREAS, the City Council finds that it is in the best interests of the health, safety and welfare of residents of the Shoreline community to renew a non-exclusive franchise to Zayo for the operation of an underground fiber optic telecommunications system within the City Right-of-Way.

^{Section 1.}
NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Definitions.

The following terms contained herein, unless otherwise indicated, shall be defined as follows:

- 1.1 **City:** The City of Shoreline, a municipal corporation of the State of Washington, specifically including all areas incorporated therein as of the effective date of this Ordinance and any other areas later added thereto by annexation or other means.
- 1.2 **Days:** Calendar days.
- 1.3 **Facilities:** All of the plant, equipment, fixtures, appurtenances, and other facilities necessary to furnish and deliver Telecommunications Services, including but not limited to

wires, lines, conduits, cables, communication and signal lines and equipment, fiber optic cable, anchors vaults, and all attachments, appurtenances, and appliances necessary or incidental to distribution and use of Telecommunications Services and all other facilities associated with the Telecommunications System located in the Right-of-Way, utilized by Zayo in the operation of activities authorized by this Ordinance. The abandonment by Zayo of any Facilities as defined herein shall not act to remove the same from this definition.

- 1.4 Franchise: This document and any amendments or modifications hereto.
- 1.5 Permitting Authority: The head of the City department authorized to process and grant permits required to perform work in the City's Right-of-Way, or the head of any agency authorized to perform this function on the City's behalf. Unless otherwise indicated, all references to Permitting Authority shall include the designee of the department or agency head.
- 1.6 Person: An entity or natural person.
- 1.7 Public Works Director or Director: The head of the Public Works department of the City, or in the absence thereof, the head of the Planning and Development Services department, or the designee of either of these individuals.
- 1.8 Right-of-Way: As used herein shall refer to the surface of and the space along and below any street, road, highway, freeway, bridge, lane, sidewalk, alley, court, boulevard, sidewalk, parkway, drive, utility easement, and/or road Right-of-Way now or hereafter held or administered by the City of Shoreline.
- 1.9 Telecommunications Service: The transmission of information by wire, optical cable, or other similar means. For the purpose of this subsection, "information" means knowledge or intelligence represented by and form of writing, signs, signals, pictures, sounds, or any other symbols. For the purpose of this Ordinance, Telecommunications Service excludes wireless communications, over-the-air transmission of broadcast television or broadcast radio signals.
- 1.10 Telecommunications System: The system of conduit, fiber optic cable, and supporting Facilities in the Rights-of-Way associated with Zayo's provision of Telecommunications Services.
- Section 2.
- 1.11 Zayo: Zayo Group, LLC, a Delaware limited liability corporation, and its respective successors and assigns.

Franchise Granted.

- 2.1 Pursuant to RCW 35A.47.040 and SMC Chapter 12.25, the City hereby grants to Zayo, its heirs, successors, and assigns, subject to the terms and conditions hereinafter set forth, a Franchise for a period of ten (10) years, beginning on the effective date of this Ordinance. The effective date shall be that date specified in Section 46.
- 2.2 This Franchise shall grant Zayo the right, privilege and authority to locate construct, operate, maintain, replace, acquire, sell, lease, and use a Telecommunications System in

the Right-of-Way as approved under City permits issued by the Permitting Authority pursuant to this Franchise and City ordinances.

Nonexclusive Franchise Grant.

This Franchise is granted upon the express condition that it shall not in any manner prevent the City from granting other or further franchises in any Right-of-Way. This Franchise shall in no way prevent or prohibit the City from using any Right-of-Way or other public property or affect its jurisdiction over them or any part of them, and the City shall retain the authority to make all necessary changes, relocations, repairs, maintenance, establishment, improvement or dedication of the same as the City may deem appropriate.

Franchise Subject to Federal, State and Local Law.

Notwithstanding any provision contrary herein, this Franchise is subject to and shall be governed by all applicable provisions now existing or hereafter amended of federal, State and local laws and regulations.

No Rights by Implication.

No rights shall pass to Zayo by implication. Without limiting the foregoing, by way of example and not limitation, this Franchise shall not include or be a substitute for:

- 5.1 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;
- 5.2 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
- 5.3 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.

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 Zayo 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.

No Waiver.

The failure of the City on one or more occasions to exercise a right or to require compliance or performance under this Franchise 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 Zayo from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

Other Ordinances.

Zayo agrees to comply with the terms of any lawful, generally applicable local ordinance, including but not limited to Chapter 12.25 of the Shoreline Municipal Code in effect upon adoption of this Franchise. In the event of a conflict between any ordinance and a specific provision of this Franchise, the Franchise shall control, provided however that Zayo agrees that it is subject to the lawful exercise of the police power of the City.

Section 8.

Right-of-Way Vacation.

If any Right-of-Way or portion thereof used by Zayo is vacated by the City during the term of this Franchise, the City shall endeavor to specifically reserve the continued use of the Right-of-Way by Zayo. Unless the City specifically reserves to Zayo the right to continue the use of vacated Rights-of-Way, Zayo shall, without delay or expense to the City, remove its facilities from such Right-of-Way and restore, repair or reconstruct the Right-of-Way where such removal has occurred. In the event of failure, neglect or refusal of Zayo to restore, repair or reconstruct such Right-of-Way after thirty (30) 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 Zayo within thirty (30) days of receipt of an invoice and documentation.

Relocation of Facilities.

- 10.1 ^{Section 10} Zayo agrees and covenants at no cost to the City, to relocate its Facilities when requested to do so by the City for a public project, provided that, Zayo shall in all such cases have the privilege, upon approval by the City, to temporarily bypass, in the authorized portion of the same Right-of-Way any Facilities required to be relocated.
- 10.2 If the City determines that a public project necessitates the relocation of Zayo's existing Facilities, the City shall:
- 10.2.1 At least sixty (60) days prior to the commencement of such project, provide Zayo with written notice of known Facilities requiring such relocation; and
- 10.2.2 Provide Zayo with copies of any plans and specifications pertinent to the requested relocation and a proposed temporary or permanent relocation for Zayo's Facilities.
- 10.2.3 After receipt of such notice and such plans and specifications, Zayo shall complete relocation of its Facilities at no charge or expense to the City at least ten (10) days prior to commencement of the project.
- 10.3 Zayo may, after receipt of written notice requesting a relocation of its Facilities, submit to the City written alternatives to such relocation. The City shall evaluate such alternatives and advise Zayo in writing as soon as practicable if any of the alternatives is suitable to accommodate the work that otherwise necessitates the relocation of the Facilities. If so requested by the City, Zayo shall submit additional information to assist the City in making such evaluation. The City shall give each alternative proposed by Zayo as full and fair a consideration as the project schedule will allow. In the event the City ultimately determines that there is no other reasonable alternative, Zayo shall relocate its Facilities as directed by the City and in accordance with Section 10.2.3 of this Franchise.

- 10.4 The City will notify Zayo as soon as practical of any facilities that are not identified during the design of the public project, but are discovered during the course of construction and need to be relocated. Zayo will work with the City to design and complete a relocation to facilitate the completion of the public project with minimum delay.
- 10.5 Failure to complete a relocation requested by the City in accordance with Section 10.2 of this Franchise by the date included in the notice provided for thereby may subject Zayo to liquidated damages as provided in Section 28 of this Franchise.
- 10.6 The provisions of this Section of this Franchise shall in no manner preclude or restrict Zayo from making any arrangements it may deem appropriate when responding to a request for relocation of its Facilities by any person other than the City, where the improvements to be constructed by said person are not or will not become City-owned, operated or maintained, provided that such arrangements do not unduly delay a City construction project.

Zayo's Maps and Records.

As a condition of this Franchise, and at its sole expense, Zayo shall provide the City with typicals and as-built plans, maps, and records that show the vertical and horizontal location of its Facilities within the Right-of-Way using a minimum scale of one inch equals one hundred feet (1"=100'), measured from the center line of the Right-of-Way, which maps shall be in hard copy format acceptable to the City and in Geographical Information System (GIS) or other digital electronic format acceptable to the City. If digital route maps are provided, the format of the data for overlaying on the City's GIS mapping system shall utilize NAD 83 as the horizontal datum, and shall be compatible with or can be imported into Arc GIS Version 9.2 or later. This information shall be provided no later than one hundred eighty (180) days after the effective date of this Ordinance and shall be updated within ten (10) business days of a reasonable request of the City.

^{Section 11.}
Section 12.

Undergrounding.

This Franchise is subject to the undergrounding requirements in Shoreline Municipal Code (SMC) Section 13.20. Consistent with that Section, Zayo shall install all of its Facilities underground in accordance with relevant road and construction standards. Zayo will also share information necessary to facilitate joint-trenching and other undergrounding projects, and will otherwise cooperate with the City and other utility providers to serve the objectives of SMC Section 13.20.

Excavation and Notice of Entry.

- 13.1 During any period of relocation or maintenance, all surface structures, if any, shall be erected and used in such places and positions within the Right-of-Way so as to minimize interference with the passage of traffic and the use of adjoining property. Zayo shall at all times post and maintain proper barricades and comply with all applicable safety regulations during such period of construction as required by the ordinances of the City or State law, including RCW 39.04.180, for the construction of trench safety systems.

- 13.2 Whenever Zayo excavates in any Right-of-Way for the purpose of installation, construction, repair, maintenance or relocation of its Facilities, it shall apply to the City for a permit to do so in accordance with the ordinances and regulations of the City requiring permits to operate in the Right-of-Way. In no case shall any work commence within any Right-of-Way without a permit. During the progress of the work, Zayo shall not unnecessarily obstruct the passage or use of the Right-of-Way, and shall provide the City with plans, maps, and information showing the proposed and final location of any Facilities in accordance with Section 11 of this Franchise.
- 13.3 At least five (5) days prior to construction of Facilities consisting of digging, trenching, cutting, or other activities that may impact the utilization of the Right-of-Way for more than a four (4) hour period, Zayo shall take reasonable steps to inform all apparent owners or occupiers of property within fifty (50) feet of said activities, that a construction project will commence. The notice shall include, at a minimum, the dates and nature of the project and a toll-free or local telephone number that the resident may call for further information. A pre-printed door hanger may be used to satisfy Zayo's obligations under this Section of this Franchise.
- 13.4 At least twenty-four (24) hours prior to entering Right-of-Way within ten (10) feet of private property to construct Facilities consisting of digging, trenching, cutting, or other activities that may impact the utilization of the Right-of-Way, Zayo shall post a written notice describing the nature and location of the work to be performed adjacent to the affected private property as well as the information listed in Section 13.3 of this Franchise. Zayo shall make a good faith effort to comply with the property owner/resident's preferences, if any, regarding the location or placement of Facilities that protrude above the prior ground surface level, if any, consistent with sound engineering practices.

Section 14.

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:

- 14.1 Be in writing;
- 14.2 Be given to the Person doing the work and be posted on the work site;
- 14.3 Be sent to Zayo by overnight delivery at the address given herein;
Section 15.
- 14.4 Indicate the nature of the alleged violation or unsafe condition; and
- 14.5 Establish conditions under which work may be resumed.

Emergency Work, Permit Waiver.

In the event of any emergency where any Facilities located in the Right-of-Way are broken or damaged, or if Zayo's construction area for their Facilities is in such a condition as to place the health or safety of any person or property in imminent danger, Zayo shall immediately take any necessary emergency measures to repair or remove its Facilities without first applying for and

obtaining a permit as required by this Franchise. However, this emergency provision shall not relieve Zayo from later obtaining any necessary permits for the emergency work. Zayo shall apply for the required permits not later than the next business day following the emergency work.

Recovery of Costs.

Zayo shall be subject to all permit fees associated with activities undertaken pursuant to this Franchise or other ordinances of the City. If the City incurs any costs and/or expenses for review, inspection or supervision of activities undertaken pursuant to this Franchise or any ordinances relating to a subject for which a permit fee is not established, Zayo shall pay the City's reasonable costs and reasonable expenses. In addition, Zayo shall promptly reimburse the City for any costs the City reasonably incurs in responding to any emergency involving Zayo's Facilities. If the emergency involves the facilities of other utilities operating in the Right-of-Way, then the City will allocate costs among parties involved in good faith. Said costs and expenses shall be paid by Zayo after submittal by the City of an itemized billing by project of such costs.

Dangerous Conditions, Authority for City to Abate.

- 17.1 ~~Whenever~~ installation, maintenance or excavation of Facilities authorized by this Franchise causes or contributes to a condition that appears to substantially impair the lateral support of the adjoining Right-of-Way, public or private property, or endangers any person, the City may direct Zayo, at Zayo's expense, to take actions to resolve the condition or remove the endangerment. Such directive may include compliance within a prescribed time period.
- 17.2 In the event Zayo fails or refuses to promptly take the directed action, or fails to fully comply with such direction, or if emergency conditions exist which require immediate action to prevent injury or damages to persons or property, the City may take such actions as it believes are necessary to protect persons or property and Zayo shall reimburse the City for all costs incurred.

Safety.

- 18.1 Zayo, in accordance with applicable federal, State, and local safety rules and regulations shall, at all times, employ ordinary care in the installation, maintenance, and repair of its Facilities utilizing methods and devices commonly accepted in their industry of operation to prevent failures and accidents that are likely to cause damage, injury, or nuisance to persons or property.
- 18.2 All of Zayo's Facilities in the Right-of-Way shall be constructed and maintained in a safe and operational condition, in accordance with applicable federal, State, and local safety rules and regulations.
- 18.3 The City reserves the right to ensure that Zayo's Facilities are constructed and maintained in a safe condition. If a violation of any applicable safety regulation is found to exist, the City will notify Zayo in writing of said violation and establish a reasonable time for Zayo to take the necessary action to correct the violation. If the correction is not made within

the established time frame, the City, or its authorized agent, may make the correction. Zayo shall reimburse the City for all reasonable costs incurred by the City in correcting the violation.

Authorized Activities.

This Franchise is solely for the location, construction, installation, ownership, operation, replacement, repair, maintenance, acquisition, sale, lease, and use of the Telecommunications System and associated Facilities for providing Wholesale and Retail Telecommunications Services. Zayo shall obtain a separate franchise for any operations or services other than these authorized activities.

Administrative Fee and Utility Tax.

- 20.1 Pursuant to RCW 35.21.860, the City is precluded from imposing franchise fees upon a telephone business, as defined in RCW 82.16.010, or a Service Provider for use of the Right-of-Way, as defined in RCW 35.99.010, except a utility tax or actual administrative expenses related to the franchise incurred by the City. Zayo does hereby warrant that its operations, as authorized under this Franchise, are those of a Service Provider as defined in RCW 35.99.010.
- 20.2 Zayo shall be subject to a \$5,000 administrative fee for reimbursement of costs associated with the preparation, processing and approval of this Franchise Agreement, including wages, benefits, overhead expenses, meetings, negotiations and other functions related to the approval. The administrative fee excludes normal permit fees required for work in the Right-of-Way. Payment of the one-time administrative fee is due 30 days after Franchise approval.
- 20.3 If Zayo provides services to customers within the City, Zayo shall become subject to the City's utility tax set forth in Chapter 3.32 of the Shoreline Municipal Code.
- 20.4 If RCW 35.21.860 is amended to allow collection of a franchise fee, this Franchise Agreement shall be amended to require franchise fee payments.

Indefeasible Rights of Use.

- 21.1 An Indefeasible Right of Use ("IRU") is an interest in Zayo's Facilities which gives Zayo's customer the right to use certain Facilities for the purpose of providing Telecommunication Services; an IRU does not provide the customer with any right to control the Facilities, or any right of physical access to the Facilities to locate, construct, replace, repair or maintain the Facilities, or any right to perform work within the Right-of-Way.
- 21.2 A lease or grant of an IRU regarding Zayo's Facilities shall not require that the holder of the lease or IRU to obtain its own franchise or pay any fee to the City, PROVIDED THAT, under such lease or grant of an IRU, Zayo: (i) retains exclusive control over such Telecommunications System and Facilities, (ii) remains responsible for the location, relocation, construction, replacement, repair and maintenance of the Telecommunications and Facilities pursuant to the terms and conditions of this Franchise, and (iii) remains responsible for all other obligations imposed by this Franchise.

Indemnification.

- 22.1 Zayo 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 Zayo's activities, or any casualty or accident to Person or property that occurs as a result of any construction, excavation, ^{Section 22} operation, maintenance, reconstruction or any other act done pursuant to the terms of this Franchise, provided that the City shall give Zayo timely written notice of its obligation to indemnify the City. Zayo shall not indemnify the City for any damages, liability or claims resulting from the City's sole negligence, willful misconduct, 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 Zayo.
- 22.2 In the event Zayo refuses to undertake the defense of any suit or any claim, after the City's request for defense and indemnification has been made pursuant to the indemnification clauses contained herein, and Zayo's refusal is subsequently determined by a court having jurisdiction (or such other tribunal that the parties shall agree to decide the matter), to have been a wrongful refusal on the part of Zayo, then Zayo shall pay all of the City's reasonable costs and reasonable expenses for defense of the action, including reasonable attorneys' fees of recovering under this indemnification clause, as well as any judgment against the City.

Should a court of competent jurisdiction or such other tribunal as the parties agree shall decide the matter determine that this Franchise is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of Zayo and the City, its officers, employees and agents, Zayo's liability hereunder shall be only to the extent of Zayo's negligence. It is further specifically and expressly understood that the indemnification provided in Section 22 of this Franchise constitutes Zayo's waiver of immunity under Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties.

- 22.3 EXCEPT FOR A PARTY'S INDEMNIFICATION OBLIGATIONS SET FORTH HEREIN AND EXCEPT FOR CLAIMS ARISING FROM A PARTY'S INTENTIONAL MISCONDUCT (INCLUDING EMPLOYEE CONDUCT), IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES WHATSOEVER, ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO, LOST PROFITS, LOST REVENUE, LOSS OF GOODWILL, LOSS OF ANTICIPATED SAVINGS, LOSS OF DATA, INCURRED OR SUFFERED BY EITHER PARTY.

Insurance.

- 23.1 Zayo shall procure and maintain for the duration of this Franchise, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the exercise of the rights, privileges and authority granted hereunder to

Zayo, its agents or employees. Zayo shall provide to the City an insurance certificate naming the City as additional insured, for its inspection prior to the commencement of any work or installation of any Facilities pursuant to this Franchise, and such insurance shall evidence:

- 23.1.1 Automobile Liability insurance for owned, non-owned and hired vehicles with limits no less than \$1,000,000 Combined Single Limit per accident for bodily injury and property damage; and
- 23.1.2 Commercial General Liability insurance policy, written on an occurrence basis with limits no less than \$1,000,000 combined single limit per occurrence and \$2,000,000 aggregate for personal injury, bodily injury and property damage. Coverage shall include blanket contractual liability and employer's liability.
- 23.2 Payment of deductible or self-insured retention shall be the sole responsibility of Zayo.
- 23.3 The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, or employees. In addition, the insurance policy shall contain a clause stating that coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. Zayo's insurance shall be primary insurance for the City. Any insurance maintained by the City shall be excess of Zayo's insurance and shall not contribute with it. Coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the City.

Section 24.

Abandonment of Zayo's Facilities.

No portion of the Facilities laid, installed, or constructed in the Right-of-Way by Zayo may be abandoned by Zayo without the express written consent of the City. Any plan for abandonment or removal of Zayo's Facilities must be first approved by the Public Works Director, which shall not be unreasonably withheld or delayed, and all necessary permits must be obtained prior to such work.

Section 25.

Restoration After Construction.

- 25.1 Zayo shall, after any abandonment approved under Section 24 of this Franchise, or any installation, construction, relocation, maintenance, or repair of Facilities within the Franchise area, restore the Right-of-Way to a same or better condition than it was in immediately prior to any such abandonment, installation, construction, relocation, maintenance or repair pursuant to City standards. All concrete encased monuments which have been disturbed or displaced by such work shall be restored pursuant to all federal, state and local standards and specifications. Zayo agrees to promptly complete all restoration work and to promptly repair any damage caused by such work at its sole cost and expense.
- 25.2 If it is determined that Zayo has failed to restore the Right-of-Way in accordance with this Section of this Franchise, the City shall provide Zayo with written notice including a description of actions the City believes necessary to restore the Right-of-Way. If the Right-of-Way is not restored in accordance with the City's notice within fifteen (15) Days

of that notice, the City, or its authorized agent, may restore the Right-of-Way. Zayo is responsible for all reasonable costs and expenses incurred by the City in restoring the Right-of-Way in accordance with this Section of this Franchise. The rights granted to the City under this paragraph shall be in addition to those otherwise provided herein.

Bond or Letter of Credit.

Before undertaking any of the work, installation, improvements, construction, repair, relocation or maintenance authorized by this Franchise, Zayo shall cause to be furnished a bond or Letter of Credit executed by a corporate surety or financial institution authorized to do business in the State of Washington, in a sum to be set and approved by the Director of Public Works as sufficient to ensure performance of Zayo's obligations under this Franchise. The bond shall be conditioned so that Zayo shall observe all the covenants, terms and conditions and faithfully perform all of the obligations of this Franchise, and to erect or replace any defective work or materials discovered in the replacement of the City's streets or property within a period of two years from the date of the replacement and acceptance of such repaired streets by the City. Zayo may meet the obligations of this Section of this Franchise with one or more bonds acceptable to the City. In the event that a bond issued pursuant to this Section of this Franchise is canceled by the surety, after proper notice and pursuant to the terms of said bond, Zayo shall, prior to the expiration of said bond, procure a replacement bond which complies with the terms of this Section of this Franchise.

Section 27.

Recourse Against Bonds and Other Security.

So long as the bond is in place, it may be utilized by the City as provided herein for reimbursement of the City by reason of Zayo's failure to pay the City for actual costs and expenses incurred by the City to make emergency corrections under Section 17 of this Franchise, to correct Franchise violations not corrected by Zayo after notice, and to compensate the City for monetary remedies or damages reasonably assessed against Zayo due to material default or violations of the requirements of City ordinances.

- 27.1 In the event Zayo has been declared to be in default of a material provision of this Franchise by the City and if Zayo fails, within thirty (30) days of mailing of the City's default notice, to pay the City any penalties, or monetary amounts, or fails to perform any of the conditions of this Franchise, or fails to begin to perform any condition that may take more than 30 days to complete, the City may thereafter obtain from the bond, after a proper claim is made to the surety, an amount sufficient to compensate the City for its damages. Upon such withdrawal from the bond, the City shall notify Zayo in writing, by First Class Mail, postage prepaid, of the amount withdrawn and date thereof.
- 27.2 Thirty (30) days after the City's mailing of notice of the bond forfeiture or withdrawal authorized herein, Zayo shall deposit such further bond, or other security, as the City may require, which is sufficient to meet the requirements of this Ordinance.
- 27.3 The rights reserved to the City with respect to any bond are in addition to all other rights of the City whether reserved by this Ordinance or authorized by law, and no action, proceeding, or exercise of a right with respect to any bond shall constitute an election or waiver of any rights or other remedies the City may have.

Liquidated Damages.

- 28.1 The City and Zayo 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 Zayo's breach of certain provisions of this Franchise. Accordingly, instead of requiring such proof, the City and Zayo agree that Zayo shall pay to the City, the sum set forth below for each day or part thereof that Zayo shall be in breach of specific provisions of this Franchise. Such amount is agreed to by both parties as a reasonable estimate of the actual damages the City would suffer in the event of Zayo's breach of such provisions of this Franchise.
- 28.1.1 Subject to the provision of written notice to Zayo and a thirty (30) day right to cure period, the City may assess against Zayo liquidated damages as follows: two hundred dollars (\$200.00) per day for any material breaches of the Franchise.
- 28.1.2 The City shall provide Zayo a reasonable extension of the thirty (30) day right to cure period described in Section 28.1.1 of this Franchise if Zayo 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.
- 28.1.3 If liquidated damages are assessed by the City, Zayo shall pay any liquidated damages within forty-five (45) days after they are assessed.
- 28.1.4 In the event Zayo fails to cure within the specified cure period, or any agreed upon extensions thereof, liquidated damages accrue from the date the City notifies Zayo that there has been a violation.
- 28.2 The recovery of amounts under Section 28.1.1 of this Franchise shall not be construed as a limit on the liability of Zayo under the Franchise or an excuse of unfaithful performance of any obligation of Zayo. Similarly, the imposition of liquidated damages are not intended to be punitive, but rather, for City cost recovery purposes.

Remedies to Enforce Compliance.

In addition to any other remedy provided herein, the City and Zayo each reserve the right to pursue any remedy to compel the other to comply with the terms of this Franchise, and the pursuit of any right or remedy by a party shall not prevent such party from thereafter declaring a breach or revocation of the Franchise.

Section 31.

Modification.

The City and Zayo hereby reserve the right to alter, amend or modify the terms and conditions of this Franchise upon written agreement of both parties to such amendment.

Force Majeure.

This Franchise shall not be revoked due to any violation or breach that occurs without fault of Zayo or occurs as a result of circumstances beyond Zayo's reasonable control.

City Ordinances and Regulations.

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

Acceptance/Liaison.

Zayo's written acceptance shall include the identification of an official liaison who will act as the City's contact for all issues regarding this Franchise. Zayo shall notify the City of any change in the identity of its liaison. Zayo shall accept this Franchise in the manner hereinafter provided in Section 43 of this Franchise.

Survival.

All of the provisions, conditions and requirements of Sections 10, Relocation of Facilities; 13, Excavation And Notice Of Entry; 17, Dangerous Conditions; 22, Indemnification; 24, Abandonment of Zayo's Facilities; and 25, Restoration After Construction, of this Franchise shall be in addition to any and all other obligations and liabilities Zayo may have to the City at common law, by statute, or by contract, and shall survive the City's Franchise to Zayo and any renewals or extensions thereof. All of the provisions, conditions, regulations and requirements contained in this Franchise Ordinance shall further be binding upon the heirs, successors, executors, administrators, legal representatives and assigns of the parties and all privileges, as well as all obligations and liabilities of each party shall inure to its heirs, successors and assigns equally as if they were specifically mentioned wherever such party is named herein.

Severability.

If any section, sentence, clause or phrase of this Franchise Ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Franchise Ordinance. In the event that any of the provisions of this Franchise Ordinance or of this Franchise are held to be invalid by a court of competent jurisdiction, the City reserves the right to reconsider the grant of this Franchise and may amend, repeal, add, replace or modify any other provision of this Franchise Ordinance or of the Franchise granted herein, or may terminate this Franchise.

WUTC Tariff Filings, Notice Thereof.

If Zayo intends to file, pursuant to Chapter 80.28 RCW, with the Washington Utilities and Transportation Commission (WUTC), or its successor, any tariff affecting the City's rights arising under this Franchise, Zayo shall provide the City with fourteen (14) days written notice.

Binding Acceptance.

This Franchise shall bind and benefit the parties hereto and their respective successors and assigns.

Assignment.

This Franchise shall not be sold, transferred, assigned, or disposed of in whole or in part either by sale or otherwise, without the written approval of the City. The City's approval shall not be unreasonably withheld or delayed. Any reasonable costs associated with the City's review of any transfer proposed by Zayo shall be reimbursed to the City by the new prospective Franchisee, if the City approves the transfer, or by Zayo if said transfer is not approved by the City.

38.1 The City shall receive notice and approve any proposed change in control of Zayo or assignment of this Franchise to a subsidiary or affiliate of Zayo, which causes a change in control of the Franchisee. The City shall be notified but need not approve changes or assignments that do not result in a change in control of the Franchisee. Neither approval nor notification shall be required for mortgaging purposes.

38.2 A change in control shall be deemed to occur if there is an actual change in control or where ownership of fifty percent (50%) or more of the beneficial interests, singly or collectively, are obtained by other parties. The word "control" as used herein is not limited to majority stock ownership only, but includes actual working control in whatever manner exercised or changes in business form that act to materially reduce the resources available to Zayo to perform its obligations under the Franchise granted herein.

38.3 A lease or grant of an Indefeasible Right of Use ("IRU") in the Telecommunications System, the associated Facilities, or any portion thereof, to another Person, or an offer or provision of capacity or bandwidth from the Telecommunications System or associated Facilities shall not be considered an assignment for purposes of this Section of this Franchise, PROVIDED THAT, under such lease, IRU, or offer, Zayo: (i) retains exclusive control over the Telecommunications System, (ii) remains responsible for the location, construction, replacement, repair and maintenance of the Telecommunications System pursuant to the terms and conditions of this Franchise, and (iii) remains responsible for all other obligations imposed hereunder.

Alternate Dispute Resolution.

If the City and Zayo are unable to resolve disputes arising from the terms of the Franchise granted herein, prior to resorting to a court of competent jurisdiction, the parties shall submit the dispute to an alternate dispute resolution process in King County agreed to by the parties. Unless otherwise agreed between the parties or determined herein, the cost of that process shall be shared equally.

Venue.

If alternate dispute resolution is not successful, the venue for any dispute related to this Franchise shall be the United States District Court for the Western District of Washington, or King County Superior Court.

Entire Agreement.

This Franchise constitutes the entire understanding and agreement between the parties as to the subject matter herein and no other agreements or understandings, written or otherwise, shall be binding upon the parties upon execution and acceptance hereof.

Notice.

Section 41.

Any notice or information required or permitted to be given to the City or to Zayo under this Franchise may be sent to the following addresses unless otherwise specified:

Zayo Group, LLC
Section 1805 29th Street, Suite 250
Boulder, CO 80301
Attn: General Counsel

City of Shoreline
City Manager
17500 Midvale Avenue N
Shoreline, WA 98133

With a Copy to:

Zayo Group, LLC
Attn: Director, Underlying Rights – West
Region
1821 30th St., Unit A
Boulder, CO 80301

Emergencies:

Network Operations Center & Repair
Phone: (888) 404 9296
E-mail: zayoncc@zayo.com

Either party can alter their official address for notifications provided in this Section of this Franchise by providing the other party written notice thereof.

Directions to City Clerk.

The City Clerk is hereby directed to publish a summary of this Ordinance and forward certified copies of this Ordinance to Zayo. Zayo shall have thirty (30) days from receipt of the certified copy of this Ordinance to execute the “Acceptance Agreement,” a copy of the Acceptance Agreement will be appended to this Ordinance by the City Clerk. If Zayo fails to accept this Franchise in accordance with the above provisions, this Franchise shall be null and void.

Corrections by City Clerk or Code Reviser.

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

Publication Costs.

Zayo shall reimburse the City for the cost of publishing this Franchise Ordinance within thirty (30) Days of receipt of the City’s invoice.

Effective Date.

This Ordinance shall take effect and be in full force upon receipt of Zayo’s acceptance by the City Clerk as provided in Section 43.

Section 46.

PASSED BY THE CITY COUNCIL ON AUGUST 16, 2021.

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

Date of Publication: _____, 2021
Effective Date: _____, 2021