



City of Kenmore - 18120 68th Avenue NE - P.O. Box 82607 - Kenmore, WA 98028
Phone: 425-398-8900 - Fax: 425-481-3236 - E-mail: cityhall@kenmorewa.gov

City of Kenmore
City Council Regular Meeting Agenda
7:00 p.m., Monday, February 27, 2017
Kenmore City Hall, Council Chambers
18120 68th Ave. NE, Kenmore, WA 98028

If you have any questions or to confirm agenda items prior to the meeting, or if you require special accommodations, please call the City Clerk at 425-398-8900. You may also stop by City Hall at 18120 68th Avenue NE, Kenmore. Council agendas are also available on our website at www.kenmorewa.gov.

I. CALL MEETING TO ORDER

II. ROLL CALL

III. FLAG SALUTE

IV. AGENDA APPROVAL

V. CITIZEN COMMENTS

- A. This is an opportunity to express your views on issues that are important to you and to the community. Please limit your comments to three (3) minutes.

VI. CONSENT AGENDA

- A. The Following Checks and Electronic Payments are Approved for Payment:
Total Check Numbers 36238 through 36327 in the Amount of \$454,150.73.
Total Payroll Electronic Deposits Dated 02/03/2017 in the Amount of \$81,650.17
[Check Vouchers](#)
- B. Authorize the City Manager to Execute Amendment No. 2 of Contract 15-C1484 with KPFF Consulting Engineers to Increase the Contract Authority by \$900,000 (\$1,700,000 total) and Extend the Contract End Date to December 31, 2019 to Complete the Design and Right-of-Way for the 68th Avenue NE Pedestrian and Bicycle Safety Improvements Project
[Agenda Item](#)
- C. Authorize the City Manager to Execute Contract 16-C1625 with HDR in an amount up to \$1,800,000 for Juanita Drive Project Design and Right-of-Way Services
[Agenda Item](#)

- D. Authorize the City Manager to Execute Contract 17-C1656 with Mott Macdonald in an amount up to \$388,500 for the Log Boom Park Waterfront Project Design
[Agenda Item](#)
- E. Authorize the City Manager to Execute Contract 17-C1657 with Mott Macdonald in an Amount up to \$503,200 for the Squires Landing Park Waterfront Project Design
[Agenda Item](#)
- F. Authorize and Execute Contract 17-C1658 Common Interest and Confidentiality Agreement Between City, State Parks and Daniels Real Estate and Ratify and Confirm Acts Consistent with the Agreement Taken Prior to Approval
[Agenda Item](#)
- G. Authorize the City Manager to Execute the 16-C1623 Rhododendron Park Lease/Use Agreement between the City and the Northshore Senior Center and Establish Fees for Rental of Shelter
[Agenda Item](#)

VII. BUSINESS AGENDA

- A. Discuss Resolution 17-292 Reaffirming that the City of Kenmore is Welcoming to All People and All Ideas - City Council
[Agenda Item](#)
[Additional Agenda Item](#)
- B. Draft City Proposal for Puget Sound Energy Franchise Agreement - Nancy Ousley, Assistant City Manager
[Agenda Item](#)
[Attachment 2](#)
[Attachment 3](#)
[Attachment 4](#)
[Presentation](#)

VIII. STAFF REPORT

IX. COUNCILMEMBER REPORTS & COMMENTS

X. COUNCILMEMBER INITIATIVES

XI. ADJOURNMENT

Upcoming Meetings:

Monday, March 6, 2017 Joint City Council/School Board Meeting

Tuesday, March 7, 2017 Planning Commission Meeting

Monday, March 13, 2017 City Council Meeting

Monday, March 20, 2017 Joint City Council/NUD Board Meeting

Voucher Certification and Approval

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the City of Kenmore and that I am authorized to authenticate and certify to said claim.

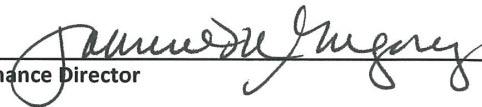
The following checks and electronic payments are approved for payment:

Total Check numbers: 36238 through 36327 \$ 454,150.73

Total Payroll electronic deposits dated: 02/03/2017 \$ 81,650.17


City Manager

Date


Finance Director

Date

Check #	Vendor Name	Description	Check Amount
36238	WASHINGTON STATE DEPT OF REVENUE	Sales Tax Due on Coffee Mugs	28.63
36239	PASSPORT TRAVEL AND TOURS	Charge for Passenger Change	299.00
36240	NATIONWIDE FINANCIAL 401a	Social Security Replacement Plan	13,110.70
36241	NATIONWIDE RETIREMENT SOLUTIONS 457	Deferred Comp Payroll Deduction	145.00
36242	ICMA RETIREMENT TRUST 457 - 304745	Deferred Comp Payroll Deduction	3,195.33
36243	DRS 457	Deferred Comp Payroll Deduction	510.00
36244	BANK OF AMERICA 941	Payroll Taxes	17,609.90
36245	DEPARTMENT OF RETIREMENT SYSTEMS	WA State Retirement	19,694.60
36246	STATE OF FLORIDA DISBURSEMENT UNIT	Payroll Deduction	275.00
36247	NAVIA	Employee Health Savings & Flexible Spending Contr.	593.90
36248	AMERICAN PLANNING ASSOCIATION	Annual Membership	469.00
36249	BAKER, DAVID	1/13-1/24 Mileage Reimbursement	285.69
36250	BRAVO ENVIRONMENTAL SERVICE	1/3-1/19 Vactor Maintenance	3,706.50
36251	BRUCE DEES & ASSOCIATES	Jan. 16-C1496 St. Edward Sports Fields Design Svcs	236.51
36252	CASCADE PEST CONTROL	Jan. Rhododendron Park Pest Control	142.35
36253	CITY OF BELLEVUE	eCityGov Annual Memberships	8,131.00
36254	CITY OF LAKE FOREST PARK	Dec. Public Works Crew & Equipment	74,183.11
36255	CODE PUBLISHING COMPANY	Municipal Code Electronic Update	3,212.89
36256	CAPITAL ONE COMMERCIAL/ COSTCO	Business Incubator Event Supplies	158.29
36257	DAILY JOURNAL OF COMMERCE	January Advertising	174.80
36258	REPUBLIC SERVICES	January City Hall & Rhod. ParkSolid Waste	661.53
36259	EMPLOYMENT SECURITY DEPT	4th Qtr 2016 Unemployment Payment	249.00
36260	FERGUSON ENTERPRISES INC #1539	Sewer Frame & Grate Parts	547.19
36261	FUN RENTALS	Deposit for 4th of July Entertainment	710.66
36262	INSLEE, BEST, DOEZIE & RYDER, P.S.	Dec. Legal Services	27,838.98
36263	JET CITY PRINTING	Sponsorship Pamphlets	78.02
36264	KENMORE HERITAGE SOCIETY	2017 Annual Dues	50.00
36265	KING COUNTY FINANCE W.L.R.D.	Water Quality Site Audit	569.64
36266	KING COUNTY FINANCE	2016 Voter's Pamphlet Fee	566.79
36267	KING COUNTY FINANCE	2016 Voter's Registration Costs	51,660.29
36268	KING COUNTY FINANCE	Dec. Community Work Program	4,620.00
36269	LIGHTHOUSE CONSULTING INC	January IT/Protection & Backup Services	5,002.51
36270	NEOPOST USA INC.	Postage Machine Ink	182.87
36271	NORTHSHORE UTILITY DIST	Multiple Water/Sewer/Irrigation Charges	5,892.63
36272	OFFICE DEPOT	Office Supplies	244.21
36273	OLYMPIC ENVIRONMENTAL RESOURCES INC	Recycling Event Program Administration	1,575.00

36274	PACIFIC TOPSOILS	Vegetation Disposal	21.00
36275	PUGET SOUND ENERGY	Traffic Signals/Street Lights	8.60
36276	PUGET SOUND ENERGY	Connection Charge for NE 181st South Sidewalk	492.00
36277	PUGET SOUND ENERGY	183rd St. Street Light Installation	407.65
36278	PUGET SOUND ENERGY	12/13-1/12 6734 181st Town Green	34.70
36279	PUGET SOUND ENERGY	12/13-1/12 6728 181st Town Green	694.84
36280	PUGET SOUND ENERGY	12/13-1/12 City Hall Electricity	2,982.67
36281	CEMEX	Asphalt for Berm Installation & Catch Basins	191.76
36282	SEATTLE TIMES	1/25 Ad RFQ for Federal Gov't. Relations Services	133.80
36283	STEWART MACNICHOLS HARMELL, INC.	January Public Defender Services	5,000.00
36284	TOTAL LANDSCAPE CORP	Jan. Northshore Summit & Squires Landing Maint.	865.05
36285	TOTAL LANDSCAPE CORP	City Hall & Parks Landscaping	5,002.61
36286	WA STATE DEPT OF TRANSPORTATION	Dec. 68th & 175th & 68th & 181st Signal Maint.	230.72
36287	UPS STORE	January Shipping Fees	26.27
36288	ARTS OF KENMORE	Youth Art Exhibition 11/18/16-1/27/17	950.00
36289	DAY WIRELESS SYSTEMS	Police Radar Calibration	76.44
36290	VAN NESS, ALLAN	Dec. Mileage & Toll Charges Reimbursement	81.51
36291	KONICA MINOLTA BUSINESS SOLUTIONS	Jan. SR522 West A KBA Copier Lease	240.50
36292	HDR ENGINEERING, INC	13-C1214 SR522 West A 11/27-12/31	3,164.75
36293	QUALITY BUSINESS SYSTEMS INC.	Copy Overage Charges	131.36
36294	ALCALDE & FAY	Jan. Government Affairs Consulting	5,017.82
36295	COMCAST	1/30-2/28 Incubator Internet	164.00
36296	iWORQ SYSTEMS	Franchise Utility Permit Software	2,800.00
36297	HORIZON DISTRIBUTORS INC	ROW Irrigation Parts	32.41
36298	FIRE PROTECTION, INC	City Hall Radio Alarm Monitoring	246.42
36299	PHSI PURE HEALTH SOLUTIONS INC.	City Hall Filtered Water Systems	100.63
36300	FRONTIER	1/28-2/27 City Hall Phones	439.86
36301	FRONTIER	1/28-2/27 City Hall Phones	603.08
36302	WELLS FARGO FINANCIAL	1/21-2/20 2nd Floor Copier Lease	616.91
36303	NICK MINZGHOR	Police Training "Active Shooter Response"-2 Officers	850.00
36304	HOPKINS, CRAIG	Police Volunteer Mileage Reimbursement	67.41
36305	DEVRIES, DENIS	Police Volunteer Mileage Reimbursement	23.54
36306	MILLER STEPHENS, MARY	January Public Defense Services @ SCORE Facility	1,250.00
36307	GREATER BOTHELL CHAMBER OF COMMERCE	Jan. Business Alliance Support	200.00
36308	WAGE WORKS	Flex Plan & Aflac December Administrative Fee	116.00
36309	KENMORE COMMERCIAL LLC	February Incubator Bldg. Lease Payment	3,213.25
36310	WINTERBOURNE LANDSCAPE	15-C1379 City Hall Green Roof Maintenance	574.88
36311	JSH PROPERTIES, INC.	Balance of Commission Payment/Diva Espresso	420.12
36312	FRONTIER	NE 181st St. South Side Services	21,882.10
36313	BRIEN, GAYLYNN	November Sales Tax Data Management	50.00
36314	FLEMINGS HOLIDAY LIGHTING LLC	Balance Due for Holiday Lighting Charges	3,241.27
36315	HANSEN, COREY	January Business Incubator Consulting Services	4,180.00
36316	STARDOM SERVICES, INC.	January Incubator Janitorial Service	510.00
36317	GALLATIN PUBLIC AFFAIRS	January Media Relations/Marketing	3,500.00
36318	LANDSCAPE FORMS, INC.	Log Boom Park Trash Lids	503.70
36319	PHSI PURE WATER FINANCE	January-June Incubator Filtered Water @ Incubator	301.86
36320	EA ENGINEERING SCIENCE & TECHNOLOGY	16-C1582 St. Edward Lodge Prof. Svcs through 1/13	15,801.81
36321	FINANCIAL CONSULTING SOLUTIONS GROUP	16-C1589 12/17-1/20 Development Svcs Fee Study	1,116.25
36322	FINANCIAL CONSULTING SOLUTIONS GROUP	16-C1547 Public Works Service Analysis through 1/20	10,535.00
36323	ECOSS	SWM Business Outreach/Spill Kits	1,941.26
36324	NAVIA	Plan Year Fee & Participant Fee	1,016.00
36325	MCCLURE AND SONS, INC.	Log Boom Pedestrian Bridge Const. through 12/14	95,511.90
36326	LENTZ, FLORENCE K.	16-C1610 St. Edward Landmark Nomination Svcs	6,150.00
36327	OLBRECHTS & ASSOCIATES, PLLC	Jan. Hearing Examiner Services/Appeals	3,825.50
2/3/2017	PAYROLL	Direct Deposit	81,650.17
			<u>\$ 535,800.90</u>

2017	PRIOR VENDOR ACTIVITY	TOTAL	FOR 2016
	A V CAPTURE ALL		4,718.57
	AFLAC		480.49
	ALPHAGRAPHS US718		239.95
	AMERICAN GENERAL LIFE GPO-400S		409.94
	AMERICAN PUBLIC WORKS ASSOCIATION		1,295.00
	ASSOCIATION OF WA CITIES		15,574.00
	AWC EMPLOYEE BENEFITS		50,569.61
	BAKER, DAVID		171.37
	BANK OF AMERICA 941		34,979.38
	BANNER BANK BAKER		662.31
	BANNER BANK CS		585.74
	BANNER BANK JG		543.87
	BANNER BANK KENMORE		2,564.19
	BANNER BANK LD		121.41
	BANNER BANK NO		1,534.56
	BANNER BANK PS		617.09
	BANNER BANK RK		645.14
	CANYON VIEW ESTATES		7,561.70
	CITY OF LAKE FOREST PARK		38,759.00
	CITY OF SHORELINE		2,281.53
	COMCAST		2,022.45
	CONSOLIDATED PRESS		3,180.78
	DEPARTMENT OF LABOR AND INDUSTRIES		2,210.60
	DEPARTMENT OF RETIREMENT SYSTEMS		38,334.36
	DRS 457		920.00
	ECO-COUNTER		9,580.00
	ECONOMIC DEV COUNCIL OF SEATTLE/KC		5,000.00
	FRONTIER		1,044.55
	GORDON, JENNIFER		150.00
	GREATER BOTHELL CHAMBER OF COMMERCE		1,500.00
	HERRERA ENVIRONMENTAL CONSULTANTS		7,916.05
	HONEY BUCKET		218.35
	HSA BANK		42.30
	ICMA RETIREMENT TRUST 457 - 304745		6,359.14
	INTEGRA TELECOM		884.07
	JAYMARC - AV		39,979.37
	JET CITY IMPROV		600.00
	KAMINS CONSTRUCTION INC.		34,828.50
	KING COUNTY FINANCE		1,276.06
	KING COUNTY MUNICIPAL CLERKS ASSOC		25.00
	KING COUNTY RECORDER'S OFFICE		92.00
	KING COUNTY SHERIFF		4,945.25
	LINCOLN NATIONAL LIFE INSURANCE		941.32
	MARSHBANK CONSTRUCTION		2,313.67
	MICRONET, INC.		75.56
	MUNIMANAGE, LLC		2,000.00
	NATIONAL LIFE OF VERMONT		123.17
	NATIONWIDE FINANCIAL 401a		26,684.51
	NATIONWIDE RETIREMENT SOLUTIONS 457		290.00
	NAVIA		1,145.50
	NORTHWEST LANDSCAPE SERVICES		1,745.12

OFFICE DEPOT	102.81
OFFICE TEAM	383.20
PAMPLIN MEDIA GROUP	190.00
PASSPORT TRAVEL AND TOURS	299.00
PERSONAL BEST/ TOPHEALTH	117.74
PHSI PURE HEALTH SOLUTIONS INC.	100.63
PUGET SOUND CLEAN AIR AGENCY	17,756.00
PUGET SOUND ENERGY	4,580.17
PUGET SOUND FINANCE OFFICERS ASSOC	50.00
PUGET SOUND REGIONAL COUNCIL	8,294.00
QUALITY BUSINESS SYSTEMS INC.	747.46
SITTS & HILL ENGINEERS, INC.	228.00
SKYWARD CONSTRUCTION	21,144.45
SOUND CITIES ASSOC	13,829.83
SPERRY, LAURIE	34.78
STAPLES ADVANTAGE	207.71
STATE OF FLORIDA DISBURSEMENT UNIT	550.00
STATE OF WA DEPT. OF LICENSING	30.00
STEWART MACNICHOLS HARMELL, INC.	5,000.00
TOP TO BOTTOM JANITORIAL, INC.	3,500.00
TRINITY CONTRACTORS, INC.	43,661.30
UFF DA LOGISTICS	283.59
UNITED STATES POSTMASTER	1,586.32
UNITED WAY OF KING COUNTY	504.00
URBAN FORESTRY SERVICES, INC.	850.00
US POSTAL SERVICE (HASLER)	2,739.69
VERIZON WIRELESS	529.37
VERSATILE MOBILE SYSTEMS	260.88
WA ASSOC OF BUILDING OFFICIALS	2,450.00
WA CITIES INSURANCE AUTHORITY	265,141.00
WA FINANCE OFFICERS ASSOCIATION	150.00
WASHINGTON STATE DEPT OF REVENUE	4,848.72
	<u>\$ 760,893.18</u>



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic:

Contract No. 15-C1484 with KPFF Consulting Engineers: On-Call Services for Traffic Engineering, Transportation, and Parks

Proposed Council Action/Motion: Authorize the City Manager to execute Amendment 2 of Contract 15-C1484 with KPFF Consulting Engineers to increase the contract authority by \$900,000 (\$1,700,000 total) and extend the contract end date to December 31, 2019 in order to complete the design and right-of-way for the 68th Avenue NE Pedestrian and Bicycle Safety Improvements Project.

For Council Meeting Agenda of: February 27, 2017

Department: Public Works

Prepared by: Kent Vaughan / Kris Overleese

	<u>Initial & Date</u>
Approved by Department Head:	KMO 2/15/17
Approved by City Attorney:	NA
Approved by Finance Director:	Dore 2/16/17
Approved by City Manager:	PBR

Exhibits/Attachments:

Attachment A. 2017-18 Adopted Transportation Capital Fund Summary

Attachment B. Agenda Bill from 9/12/2016

Expenditure Required

\$900,000

Amount Budgeted

\$1,237,000

Appropriation Required

\$0

INFORMATION/BACKGROUND: The City entered into a contract with KPFF for on-call transportation engineering services (Contract No. 15-C1484) in March of 2016. With this on-call services contract, the City utilizes KPFF Consulting Engineers for traffic engineering, transportation/parks planning and design, construction and grant assistance. The transportation and parks projects/tasks needing assistance include: design, survey, right-of-way acquisition, structural engineering, grant writing, geotechnical review, street standards review, permitting, environmental review, construction management services, and planning.

A "task order" is formally written and executed for any work issued under this agreement. The Public Works Director manages the overall agreement for compliance. The parks, operations, and engineering staff manage "task order" scopes of work. The Public Works Director approves all task order assignments and task order amendments.

The existing KPFF contract authority for on-call engineering services is \$800,000. The contract is set to expire on December 31, 2017.

68th Avenue NE Pedestrian and Bicycle Safety Improvements Project: Staff interviewed KPFF specifically to complete the design of the 68th Avenue NE Pedestrian and Bicycle Safety Improvements Project under the on-call services contract. On December 15, 2016, the City interviewed the proposed KPFF project team. Staff

concluded that the proposed KPFF project team was qualified to perform the work. Staff has successfully negotiated a scope and fee with KPFF to complete the design for the project in the amount of \$700,000 (rounded). The scope of right-of-way acquisition is unknown at this time. Staff will amend the contract at 30% design stage. Right-of-way services are estimated to be \$200,000.

Recommendation: Authorize the City Manager to execute Amendment 2 of Contract 15-C1484 with KPFF Consulting Engineers to increase the contract authority by \$900,000 (\$1,700,000 total) and extend the contract end date to December 31, 2019 in order to complete the design and right-of-way for the 68th Avenue NE Pedestrian and Bicycle Safety Improvements Project.

FISCAL CONSIDERATION:

The 2017-18 biennial budget for 68th Avenue NE is \$1.237 M. The funds to pay for the services completed in Amendment 2 are within the 2017-18 project budget.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Council Goal 1: To focus and emphasize multimodal transportation safety in the City of Kenmore with a specific focus on pedestrian, bicycle and other means of travel – Implement the Sidewalk Plan

ATTACHMENT A
TRANSPORTATION CAPITAL FUND
REVENUES

	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015 Actual	2016 Projected	2015-2016 Biennium Total	2017 Preliminary	2018 Preliminary	2017-2018 Preliminary Budget
Beginning Fund Balance	\$892,645	\$398	\$398	\$194,168	\$398	\$2,098,860	\$1,640,660	\$2,098,860
Total Beginning Fund Balance	892,645	398	398	194,168	398	2,098,860	1,640,660	2,098,860
SR522 Ph I Stage II ROW Federal Allocation	458,920	458,920	302,235	812	303,047	0	0	0
SR522 Ph I Stage II Const Federal Allocation	0	587,100	823,343	171,946	995,289	0	67,300	67,300
Federal Transportation Funding 61st Signal	1,100,000	1,100,000	0	817,524	817,524	0	0	0
State TIB SR 522 61st-65th	4,432,358	4,932,358	1,798,550	2,879,434	4,677,984	0	0	0
Federal Preservation Grant	471,000	471,000	0	0	0	0	355,351	355,351
Federal TAPP Grant-NE 181st Sidewalk, south	666,915	92,970	0	0	0	0	0	0
CDBG NE 181st Sidewalk, south side	0	254,960	57,648	165,569	223,217	0	0	0
State TIB Sidewalks	0	189,793	21,270	629	21,899	97,330	478,572	575,902
Department of Ecology Grant for T6	427,875	427,875	273,187	218,711	491,898	0	0	0
West Samm Bridge Replacements Grants	2,769,000	2,769,000	80,293	393,047	473,340	0	0	0
WSDOT Safe Routes to School	0	814,056	561	96,399	96,960	686,315	199,340	885,655
WSDOT Federal Highway Safety Impr	0	813,200	9,217	88,907	98,124	707,864	0	707,864
Federal Grant Safety Improvements	0	0	193,472	0	193,472	0	0	0
WSDOT 522 West A	0	50,000	50,000	0	50,000	0	0	0
TIB (Application) Roundabout	0	284,732	0	0	0	0	0	0
Walkways & Waterways Levy Proceeds	0	0	0	0	0	850,000	2,252,000	3,102,000
WA Pedestrian and Bicycle Safety	0	0	0	0	0	0	254,750	254,750
Unsecured Grant Match Juanita Drive	0	0	0	0	0	0	235,000	235,000
Intergovernmental	10,326,068	13,245,964	3,609,776	4,832,978	8,442,754	2,341,509	3,842,313	6,183,822
Reimbursements from Other Agencies	0	0	149,776	259,074	408,850	28,500	0	28,500
Settlements	0	0	0	450,000	450,000	0	0	0
Bastyr Contribution to 145th St Signal	37,000	37,000	18,500	18,500	37,000	18,500	18,500	37,000
Other Revenues	37,000	37,000	168,276	727,574	895,850	47,000	18,500	65,500
Transfer from Impact Fee Fund	2,760,000	2,760,000	2,360,000	400,000	2,760,000	572,295	266,403	838,698
Transfer from General Fund	140,885	328,885	0	0	0	267,900	59,900	327,800
Transfer From Street Fund	0	400,000	320,597	79,403	400,000	0	0	0
Transfer From Strategic Opportunities Fund	0	764,000	0	764,000	764,000	0	0	0
Transfer From Transportation Benefit District	150,000	150,000	75,000	75,000	150,000	0	0	0
Transfer From Surface Water Mgt Fund	603,500	603,500	0	603,500	603,500	0	0	0
Transfer from Real Estate Excise Tax Fund	3,178,719	3,549,607	2,147,718	1,401,889	3,549,607	975,156	629,735	1,604,891
Transfers	6,833,104	8,555,992	4,903,315	3,323,792	8,227,107	1,815,351	956,038	2,771,389
Investment Interest	12,000	12,000	0	12,000	12,000	24,000	36,000	60,000
Total Revenues	17,208,172	21,850,956	8,831,143	9,155,418	17,986,561	4,256,360	4,852,851	9,109,211
Total Transportation Capital Fund	\$18,100,817	\$21,851,354	\$8,831,541	\$9,349,586	\$17,986,959	\$6,355,220	\$6,493,511	\$11,208,071

TRANSPORTATION CAPITAL FUND EXPENDITURES

	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015 Actual	2016 Projected	2015-2016 Biennium Total	2017 Preliminary	2018 Preliminary	2017-2018 Preliminary Budget
Ending Fund Balance	\$792,645	\$8,977	\$194,168	\$2,098,860	\$2,098,860	\$1,640,660	\$1,781,511	\$1,781,511
Ending Fund Balance	792,645	8,977	194,168	2,098,860	2,098,860	1,640,660	1,781,511	1,781,511
T 6 SR 522 West A 61st -65th	10,986,257	12,546,357	7,327,195	5,207,139	12,534,334	667,400	127,200	794,600
T 7 61st Ave NE&181st Traffic Signal	0	0	0	14,674	14,674	0	0	0
T 27 Sidewalk Program	1,026,915	0	0	0	0	0	0	0
Contingency and Undergrounding		700,000	0	700,000	700,000	0	0	0
Sidewalk Gaps	0	160,000	89,935	0	89,935	0	0	0
NE 181 St Northside	0	277,524	33,628	27,939	61,567	181,800	0	181,800
NE 181 St Southside	0	597,306	93,991	684,145	778,136	123,600	0	123,600
62nd Ave NE	0	828,000	35,317	53,078	88,395	778,520	6,985	785,505
NE 202nd St	0	1,017,570	48,542	64,923	113,465	1,180,310	10,640	1,190,950
Arrowhead Dr	0	0	0	0	0	11,100	132,800	143,900
NE 153rd Pl	0	0	0	0	0	11,100	132,400	143,500
NE 181st (65th- 67th)	0	0	0	0	0	136,730	668,475	805,205
T 31 City Safety Improvements	0	0	1,139	0	1,139	0	0	0
T 35 Overlay (previously in Street Fund)	1,170,000	1,170,000	587,443	29,232	616,675	450,000	450,000	900,000
T 37 West Samm Bridge (note 1)	3,550,000	3,550,000	401,285	221,572	622,857	0	0	0
T 38 175th St Swamp Creek Bridge Study	75,000	75,000	15,217		15,217			0
T 39 Neighborhood Transportation Plans	350,000	350,000	3,681	48,024	51,705	55,000	55,000	110,000
T 40 Roundabout 61st NE/193rd	0	420,620	0	0	0	0	0	0
T 41 Juanita Dr Pedestrian & Bicycle Safety	0	0	0	0	0	600,000	1,500,000	2,100,000
T 42 68th Ave Pedestrian & Bicycle Safety	0	0	0	0	0	250,000	987,000	1,237,000
T 43 SR 522 Pedestrian Crossing Study	0	0	0	0	0	0	282,500	282,500
T 44 61 Ave Survey and Conceptual Plan	0	0	0	0	0	0	90,000	90,000
Total Capital Outlay	17,158,172	21,692,377	8,637,373	7,050,726	15,688,099	4,445,560	4,443,000	8,888,560
Reimbursement to General Fund	150,000	150,000	0	200,000	200,000	269,000	269,000	538,000
Transfer to Public Art Fund	0	0	0	0	0	0	0	0
Transfers	150,000	150,000	0	200,000	200,000	269,000	269,000	538,000
Total Expenditures	17,308,172	21,842,377	8,637,373	7,250,726	15,888,099	4,714,560	4,712,000	9,426,560
Total Transportation Capital Fund	\$18,100,817	\$21,851,354	\$8,831,541	\$9,349,586	\$17,986,959	\$6,355,220	\$6,493,511	\$11,208,071

note 1: This project is now budgeted and accounted for in Sammamish River Bridge Fund effective 2017-2018

ATTACHMENT B

**City Council Business Agenda Item
City of Kenmore, WA**

Subject/Topic: Contract No. 15-C1484 with KPFF Consulting Engineers: On-Call Services for Traffic Engineering, Transportation, and Parks Proposed Council Action/Motion: Authorize the City Manager to execute Amendment 1 with KPFF Consulting Engineers Contract 15-C1484 to increase the contract by an additional \$475,000 to \$800,000.	For Council Meeting Agenda of: September 12, 2016 Department: Public Works Prepared by: Kris Overleese, PE <table style="width: 100%;"> <tr> <td style="width: 70%;">Approved by Department Head:</td> <td style="width: 30%; text-align: right;"><u>Initial & Date</u> <u>KNO 8/30/16</u></td> </tr> <tr> <td>Approved by City Attorney:</td> <td style="text-align: right;">NA</td> </tr> <tr> <td>Approved by Finance Director:</td> <td style="text-align: right;"><u>Jan 8/31/16</u></td> </tr> <tr> <td>Approved by City Manager:</td> <td style="text-align: right;"><u>RJA</u></td> </tr> </table> Exhibits/Attachments: Attachment A: KPFF award Agenda Item from February 8, 2016	Approved by Department Head:	<u>Initial & Date</u> <u>KNO 8/30/16</u>	Approved by City Attorney:	NA	Approved by Finance Director:	<u>Jan 8/31/16</u>	Approved by City Manager:	<u>RJA</u>
Approved by Department Head:	<u>Initial & Date</u> <u>KNO 8/30/16</u>								
Approved by City Attorney:	NA								
Approved by Finance Director:	<u>Jan 8/31/16</u>								
Approved by City Manager:	<u>RJA</u>								
<table style="width: 100%;"> <tr> <td style="width: 33%;">Expenditure Required N/A</td> <td style="width: 33%; text-align: center;">Amount Budgeted N/A (See Fiscal Consideration below)</td> <td style="width: 33%; text-align: right;">Appropriation Required N/A</td> </tr> </table>		Expenditure Required N/A	Amount Budgeted N/A (See Fiscal Consideration below)	Appropriation Required N/A					
Expenditure Required N/A	Amount Budgeted N/A (See Fiscal Consideration below)	Appropriation Required N/A							
<u>INFORMATION/BACKGROUND:</u> With this contract, the City utilizes KPFF Consulting Engineers for traffic engineering, transportation/parks planning and design, construction and grant assistance. The transportation and parks projects/tasks needing assistance include: design, survey, right of way acquisition, structural engineering, grant writing, geotechnical review, street standards review, permitting, environmental review, construction management services, and planning. On February 8 2016, the City Council authorized the City Manager to execute Contract No. 15-C1484 for \$325,000 with KPFF. Staff has been pleased with the level and quality of service from KPFF and their sub consultants and is seeking authorization from City Council to increase their contracting authority by \$325,000 to \$800,000. The KPFF agreement is through the end of 2017. The work programmed to date includes: • NE 181st Street Sidewalk Project (south side) – construction management \$121,000 • Transportation grants - planning, writing and diagrams \$40,000 • Parks grant - planning, writing and diagrams \$29,000 • St. Edward State Park Ballfield - safe site access and parking review \$9,000 • Concurrency/Impact Fee - training and rollout \$5,000 • Arrowhead drive - design \$19,000 • NE 181st Street Sidewalk Project (north side)- construction management \$66,000 • Lakepointe concurrency and traffic review assistance - \$10,000									

FISCAL CONSIDERATION:

The amended contract value will be set at \$800,000 (original contract amount of \$325,000 + Amendment 1 amount of \$475,000). The funds to pay for the work in the agreement are within individual project budgets and line items. No retainer is paid for on-call consultants.

A “task order” is formally written and executed for any work given under this agreement. The Public Works Director manages the overall agreement for compliance and parks, operations, and engineering staff manage “task orders” scopes of work. The Public Works Director approves all task order assignments and task order amendments.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

The KPFF team will continue to work on Transportation Projects, traffic engineering, and elements of Parks projects. The work they do will support:

Council Goal 1: To focus and emphasize multimodal transportation safety in the City of Kenmore with a specific focus on pedestrian, bicycle and other means of travel – Implement the Sidewalk Plan

Council Goal 2: To continue to implement the Economic Development Plan, with an emphasis on the following key points – Create a vibrant, walkable downtown & Advance the public’s access and connection to the waterfront.

Council Goal 4: To continue to seek opportunities to complete a successful Lakepointe project.

Council Goal 6: To continue to implement a Parks Improvement and Financial Plan.

Attachment A

VI. B. Authorize the City Manager to Execute Amendment No. 2...

The City Engineer will manage the overall agreement and engineering staff will manage “task orders” as needed. The City Engineering will approve all task order assignments and task order amendments. The funds to pay for the work in the agreement are within individual projects budgets and line items. Potential significant tasks to be completed with this agreement may include:

- Sidewalk program implementation
- Technical support for the development & implementation of neighborhood traffic plans
- 61st Ave NE & NE 193rd St Round-about (pending funding)
- Other projects identified during the “Imagine Kenmore” process
- Grant writing & administration

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

The consultant team will work on Parks projects and Surface Water projects. The work they do will potentially support:

- Council Goal 1: To focus on and emphasize multimodal transportation safety in the City of Kenmore with a specific focus on pedestrian, bicycle, and other means of travel.
- Council Goal 2: To continue to implement the Economic Development Plan with an emphasis on the following key points: Promote the image of Kenmore, Create a vibrant & walkable downtown, Support existing businesses, Advance the City’s connection to the waterfront
- Council Goal 3: To continue to seek funding and mitigation for State impacts on the City’s transportation system.
- Council Goal 4: To advance the public access and connection to the waterfront.
- Council Goal 5: To accelerate implementation of the Sidewalk Plan and pursue various funding options.
- Council Goal 6: To identify, develop, and actively promote a walkable area in downtown.
- Council Goal 8: To continue to implement a Parks Improvement and Financial Plan



**City Council Business Agenda Item
City of Kenmore, WA**

Subject/Topic: Design and Right-of-Way Services for the Juanita Drive NE Pedestrian and Bicycle Safety Improvements Project (Contract 16-C1625) Proposed Council Action/Motion: Authorize the City Manager to execute Contract 16-C1625 with HDR in an amount up to \$1,800,000 for Juanita Drive project design and right-of-way services.	For Council Meeting Agenda of: February 27, 2017 Department: <u>Public Works</u> Prepared by: <u>Kent Vaughan / Kris Overleese</u> Initial & Date Approved by Department Head: <u>KMO2/15/17</u> Approved by City Attorney: _____ Approved by Finance Director: <u>[Signature] 2/16/17</u> Approved by City Manager: <u>[Signature]</u> Exhibits/Attachments: Attachment A – 2017-18 Adopted Transportation Capital Fund Summary						
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Expenditure Required:</td> <td style="width: 33%;">Amount Budgeted</td> <td style="width: 33%;">Appropriation Required</td> </tr> <tr> <td style="text-align: center;">\$1,800,000</td> <td style="text-align: center;">\$2,100,000</td> <td style="text-align: center;">\$0</td> </tr> </table>		Expenditure Required:	Amount Budgeted	Appropriation Required	\$1,800,000	\$2,100,000	\$0
Expenditure Required:	Amount Budgeted	Appropriation Required					
\$1,800,000	\$2,100,000	\$0					
INFORMATION/BACKGROUND: With the passage of the City's Walkways and Waterways Bond Measure by voters in November of 2016, up to \$5,000,000 in bond measure funds were allocated for the Juanita Drive project to perform design and right-of-way phases until additional funding is secured to construct the project. CONSULTANT SELECTION: Staff advertised a Request for Qualifications (RFQ) for qualified engineering firms to complete the Juanita Drive project in the Daily Journal of Commerce and Seattle Times on December 7th and 8th 2016 respectively. The City received 7 Statements of Qualifications (SOQ) from the following engineering firms: Gray & Osborne, HDR, Osborn Consulting, Otak, PACE, Perteet and SCJ Alliance. Upon reviewing the submittals, staff short-listed Perteet, HDR and Osborn Consulting for interviews. Interviews were conducted on January 13, 2017. The City's interview panel consisted of Kris Overleese, John Vicente, Kent Vaughan and Debbie Bent. Upon completing the interview, staff unanimously selected HDR to complete the project. HDR demonstrated the desired corridor design experience, availability, passion and commitment necessary to complete the project. Staff have successfully negotiated a scope and fee with HDR to complete the design for the project in the amount of \$1,550,000. Right-of-way services are estimated to be \$250,000. Staff will contract for design and execute a future contract amendment for right-of-way services at a later date once the design has progressed to the stage when staff can fully assess design impacts / property needs. STAFF RECOMMENDATION: Staff recommends that Council authorize the City Manager to execute Contract 16-C1625 with HDR in an amount up to \$1,800,000 for Juanita Drive project design and right-of-way services. FISCAL CONSIDERATION: The Juanita Drive project budget is currently estimated to be \$12,732,000 (at 0% design stage). The 2017-18 biennial budget for Juanita Drive is \$2.1 M. The funds to pay for the services to be completed under this contract are allocated within the 2017-18 project budget.							

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Council Goal 1: To focus and emphasize multimodal transportation safety in the City of Kenmore with a specific focus on pedestrian, bicycle and other means of travel – Implement the Sidewalk Plan

ATTACHMENT A
TRANSPORTATION CAPITAL FUND
REVENUES

	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015 Actual	2016 Projected	2015-2016 Biennium Total	2017 Preliminary	2018 Preliminary	2017-2018 Preliminary Budget
Beginning Fund Balance	\$892,645	\$398	\$398	\$194,168	\$398	\$2,098,860	\$1,640,660	\$2,098,860
Total Beginning Fund Balance	892,645	398	398	194,168	398	2,098,860	1,640,660	2,098,860
SR522 Ph I Stage II ROW Federal Allocation	458,920	458,920	302,235	812	303,047	0	0	0
SR522 Ph I Stage II Const Federal Allocation	0	587,100	823,343	171,946	995,289	0	67,300	67,300
Federal Transportation Funding 61st Signal	1,100,000	1,100,000	0	817,524	817,524	0	0	0
State TIB SR 522 61st-65th	4,432,358	4,932,358	1,798,550	2,879,434	4,677,984	0	0	0
Federal Preservation Grant	471,000	471,000	0	0	0	0	355,351	355,351
Federal TAPP Grant-NE 181st Sidewalk, south	666,915	92,970	0	0	0	0	0	0
CDBG NE 181st Sidewalk, south side	0	254,960	57,648	165,569	223,217	0	0	0
State TIB Sidewalks	0	189,793	21,270	629	21,899	97,330	478,572	575,902
Department of Ecology Grant for T6	427,875	427,875	273,187	218,711	491,898	0	0	0
West Samm Bridge Replacements Grants	2,769,000	2,769,000	80,293	393,047	473,340	0	0	0
WSDOT Safe Routes to School	0	814,056	561	96,399	96,960	686,315	199,340	885,655
WSDOT Federal Highway Safety Impr	0	813,200	9,217	88,907	98,124	707,864	0	707,864
Federal Grant Safety Improvements	0	0	193,472	0	193,472	0	0	0
WSDOT 522 West A	0	50,000	50,000	0	50,000	0	0	0
TIB (Application) Roundabout	0	284,732	0	0	0	0	0	0
Walkways & Waterways Levy Proceeds	0	0	0	0	0	850,000	2,252,000	3,102,000
WA Pedestrian and Bicycle Safety	0	0	0	0	0	0	254,750	254,750
Unsecured Grant Match Juanita Drive	0	0	0	0	0	0	235,000	235,000
Intergovernmental	10,326,068	13,245,964	3,609,776	4,832,978	8,442,754	2,341,509	3,842,313	6,183,822
Reimbursements from Other Agencies	0	0	149,776	259,074	408,850	28,500	0	28,500
Settlements	0	0	0	450,000	450,000	0	0	0
Bastyr Contribution to 145th St Signal	37,000	37,000	18,500	18,500	37,000	18,500	18,500	37,000
Other Revenues	37,000	37,000	168,276	727,574	895,850	47,000	18,500	65,500
Transfer from Impact Fee Fund	2,760,000	2,760,000	2,360,000	400,000	2,760,000	572,295	266,403	838,698
Transfer from General Fund	140,885	328,885	0	0	0	267,900	59,900	327,800
Transfer From Street Fund	0	400,000	320,597	79,403	400,000	0	0	0
Transfer From Strategic Opportunities Fund	0	764,000	0	764,000	764,000	0	0	0
Transfer From Transportation Benefit District	150,000	150,000	75,000	75,000	150,000	0	0	0
Transfer From Surface Water Mgt Fund	603,500	603,500	0	603,500	603,500	0	0	0
Transfer from Real Estate Excise Tax Fund	3,178,719	3,549,607	2,147,718	1,401,889	3,549,607	975,156	629,735	1,604,891
Transfers	6,833,104	8,555,992	4,903,315	3,323,792	8,227,107	1,815,351	956,038	2,771,389
Investment Interest	12,000	12,000	0	12,000	12,000	24,000	36,000	60,000
Total Revenues	17,208,172	21,850,956	8,831,143	9,155,418	17,986,561	4,256,360	4,852,851	9,109,211
Total Transportation Capital Fund	\$18,100,817	\$21,851,354	\$8,831,541	\$9,349,586	\$17,986,959	\$6,355,220	\$6,493,511	\$11,208,071

TRANSPORTATION CAPITAL FUND EXPENDITURES

	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015 Actual	2016 Projected	2015-2016 Biennium Total	2017 Preliminary	2018 Preliminary	2017-2018 Preliminary Budget
Ending Fund Balance	\$792,645	\$8,977	\$194,168	\$2,098,860	\$2,098,860	\$1,640,660	\$1,781,511	\$1,781,511
Ending Fund Balance	792,645	8,977	194,168	2,098,860	2,098,860	1,640,660	1,781,511	1,781,511
T 6 SR 522 West A 61st -65th	10,986,257	12,546,357	7,327,195	5,207,139	12,534,334	667,400	127,200	794,600
T 7 61st Ave NE&181st Traffic Signal	0	0	0	14,674	14,674	0	0	0
T 27 Sidewalk Program	1,026,915	0	0	0	0	0	0	0
Contingency and Undergrounding		700,000	0	700,000	700,000	0	0	0
Sidewalk Gaps	0	160,000	89,935	0	89,935	0	0	0
NE 181 St Northside	0	277,524	33,628	27,939	61,567	181,800	0	181,800
NE 181 St Southside	0	597,306	93,991	684,145	778,136	123,600	0	123,600
62nd Ave NE	0	828,000	35,317	53,078	88,395	778,520	6,985	785,505
NE 202nd St	0	1,017,570	48,542	64,923	113,465	1,180,310	10,640	1,190,950
Arrowhead Dr	0	0	0	0	0	11,100	132,800	143,900
NE 153rd Pl	0	0	0	0	0	11,100	132,400	143,500
NE 181st (65th- 67th)	0	0	0	0	0	136,730	668,475	805,205
T 31 City Safety Improvements	0	0	1,139	0	1,139	0	0	0
T 35 Overlay (previously in Street Fund)	1,170,000	1,170,000	587,443	29,232	616,675	450,000	450,000	900,000
T 37 West Samm Bridge (note 1)	3,550,000	3,550,000	401,285	221,572	622,857	0	0	0
T 38 175th St Swamp Creek Bridge Study	75,000	75,000	15,217		15,217			0
T 39 Neighborhood Transportation Plans	350,000	350,000	3,681	48,024	51,705	55,000	55,000	110,000
T 40 Roundabout 61st NE/193rd	0	420,620	0	0	0	0	0	0
T 41 Juanita Dr Pedestrian & Bicycle Safety	0	0	0	0	0	600,000	1,500,000	2,100,000
T 42 68th Ave Pedestrian & Bicycle Safety	0	0	0	0	0	250,000	987,000	1,237,000
T 43 SR 522 Pedestrian Crossing Study	0	0	0	0	0	0	282,500	282,500
T 44 61 Ave Survey and Conceptual Plan	0	0	0	0	0	0	90,000	90,000
Total Capital Outlay	17,158,172	21,692,377	8,637,373	7,050,726	15,688,099	4,445,560	4,443,000	8,888,560
Reimbursement to General Fund	150,000	150,000	0	200,000	200,000	269,000	269,000	538,000
Transfer to Public Art Fund	0	0	0	0	0	0	0	0
Transfers	150,000	150,000	0	200,000	200,000	269,000	269,000	538,000
Total Expenditures	17,308,172	21,842,377	8,637,373	7,250,726	15,888,099	4,714,560	4,712,000	9,426,560
Total Transportation Capital Fund	\$18,100,817	\$21,851,354	\$8,831,541	\$9,349,586	\$17,986,959	\$6,355,220	\$6,493,511	\$11,208,071

note 1: This project is now budgeted and accounted for in Sammamish River Bridge Fund effective 2017-2018



**City Council Business Agenda Item
City of Kenmore, WA**

Subject/Topic: Contract 17-C1656 with Mott Macdonald for the Log Boom Park waterfront project design Proposed Council Action/Motion: Authorize the City Manager to execute Contract 17-C1656 with Mott Macdonald in an amount up to \$388,500 for the Log Boom Park waterfront project design	For Council Meeting Agenda of: February 27, 2017 Department: <u>Community Development</u> Prepared by: <u>Debbie Bent</u> <u>Initial & Date</u> Approved by Department Head: <u>DB 2/15/17</u> Approved by City Attorney: Approved by Finance Director: <u>[Signature] 2/16/17</u> Approved by City Manager: <u>[Signature]</u> Exhibits/Attachments: 1. 2017-2022 Park Capital Improvement Program 2. Log Boom Park conceptual plan
Expenditure Required: \$388,500 Amount Budgeted: \$3,175,000 Appropriation Required: \$0	
<u>INFORMATION/BACKGROUND:</u> The Log Boom Park waterfront project is included in the adopted Park Capital Improvement Program (see Exhibit 1). A conceptual plan for the Log Boom Park waterfront project was developed by the Mott Macdonald team in 2015 (see Exhibit 2) and included as a project in the Walkways and Waterways Bond Measure. In November 2016 the voters passed the bond measure and up to \$3,175,000 in bond measure funds were allocated for the Squires Landing waterfront project to complete design, permitting and construction. Approximately 68% of bond measure funds are estimated for construction (\$2,159,000). The remaining 32% of bond measure funds (\$1,016,000) are to cover administration, design, permitting and engineering costs. The scope of the proposed contract with Mott Macdonald is to take the conceptual plan to a 30% design level and develop information to submit for City land use permits (shoreline permit, SEPA) and other agency permits (e.g. WDFW, US Army Corps). Tasks include: data collection (e.g. surveying, wetland delineation); creating a mitigation strategy; consulting with agencies; updating the conceptual design; presenting preliminary design at a public meeting; preparing permit submittals. A contract amendment will be needed to take the project from 30% through construction. Staff recommends that Council authorize the City Manager to execute Contract 17-C1656 with Mott Macdonald.	
<u>FISCAL CONSIDERATION:</u> The Log Boom Park project budget is estimated to be \$3,175,000 in the 2017-2022 Park Capital Improvement Program. \$600,000 is allocated with the 2017-18 biennial budget for design and permitting. The funds to pay for the services to be completed under this contract are allocated within the 2017-2018 project budget.	
<u>COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:</u> Council Goal 2: To continue to implement the Economic Development Plan in including advance the public's access and connection to the waterfront.	

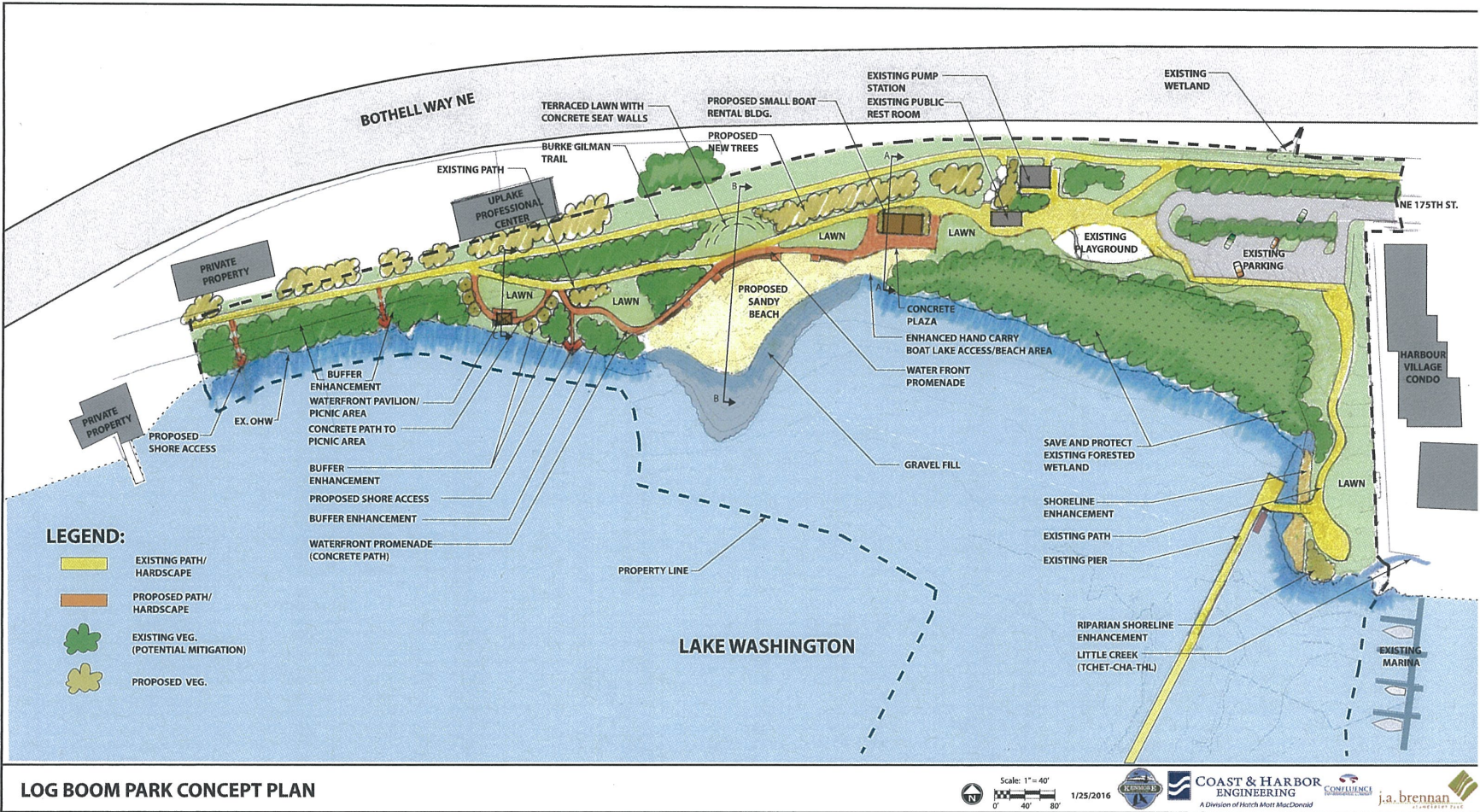
ATTACHMENT

1

EXHIBIT B

**CITY OF KENMORE, WASHINGTON
PROPOSED PARK CAPITAL IMPROVEMENT PROGRAM
FOR THE YEARS 2017-2022**

Project Description	2017 Proposed	2018 Proposed	2019 Proposed	2020 Proposed	2021 Proposed	2022 Proposed	2017-2022 Totals
P 1 Twin Springs Interim Use Plan	\$40,000	\$0	\$0	\$0	\$0	\$0	\$40,000
P 2 Tolt Pipeline Trail Phase One	206,936	0	0	0	0	0	206,936
P 6 Moorlands Park Improvements	1,000,095	566,925	0	0	0	0	1,567,020
P 18 Rhododendron Park Waterfront & Open Space Access	160,000	615,000	5,000	5,000	5,000	5,000	795,000
P 18a Rhododendron Park Float	60,000	200,000	25,000	0	0	0	285,000
P 26 Squires Landing Dock/Float	195,000		0	0	0	0	195,000
P 27 Squires Landing Park Waterfront & Open Space Access	250,000	600,000	500,000	220,000	1,715,000	1,690,000	4,975,000
P 28 Log Boom Park Waterfront Access and Viewing	200,000	400,000	300,000	120,000	1,090,000	1,065,000	3,175,000
P 29 St Edward Ballfield Improvements & Lighting	TBD	TBD	0	0	0	0	0
Total Project Costs	\$2,112,031	\$2,381,925	\$830,000	\$345,000	\$2,810,000	\$2,760,000	\$11,238,956
Funding As Proposed:							
Park Impact Fees	\$639,500	\$115,000	\$25,000	\$0	\$0	\$0	\$779,500
Real Estate Excise Tax	0	380,000	0	0	0	0	380,000
Strategic Opportunity Fund	0	235,000	0	0	0	0	235,000
RCO Grants	600,595	36,925	0	0	0	0	637,520
King County Trail Levy	181,936	0	0	0	0	0	181,936
King County Park Levy	80,000	0	0	0	0	0	80,000
Walkways & Waterways Bond Measure	610,000	1,615,000	805,000	345,000	2,810,000	2,760,000	8,945,000
Total Project Funding	\$2,112,031	\$2,381,925	\$830,000	\$345,000	\$2,810,000	\$2,760,000	\$11,238,956





City Council Business Agenda Item
City of Kenmore, WA

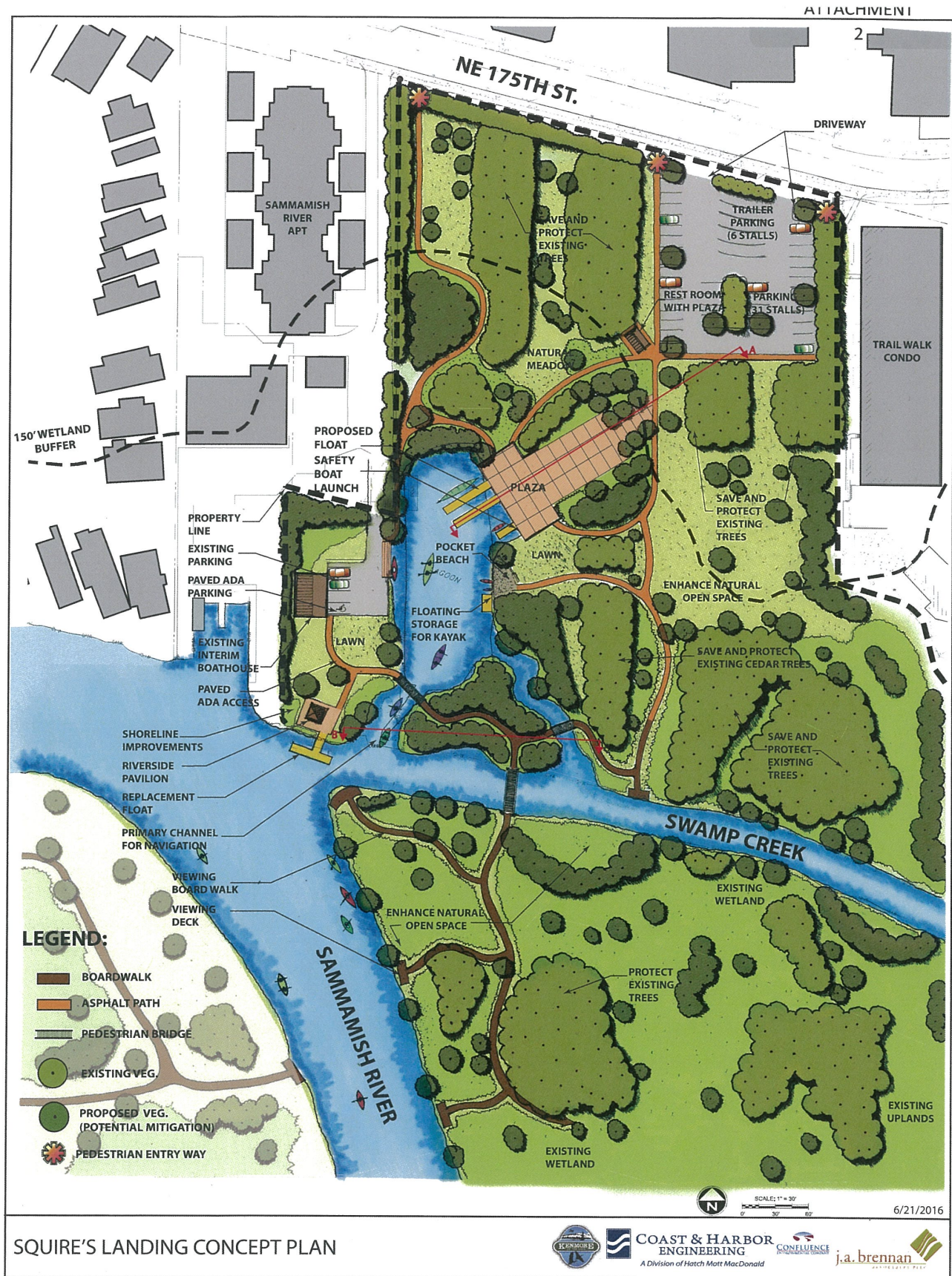
Subject/Topic: Contract 17-C1657 with Mott Macdonald for the Squires Landing Park waterfront project design Proposed Council Action/Motion: Authorize the City Manager to execute Contract 17-C1657 with Mott Macdonald in an amount up to \$503,200 for the Squires Landing Park waterfront project design	For Council Meeting Agenda of: February 27, 2017 Department: <u>Community Development</u> Prepared by: <u>Debbie Bent</u> Initial & Date Approved by Department Head: <u>DS 2/16/17</u> Approved by City Attorney: _____ Approved by Finance Director: <u>me 2/16/17</u> Approved by City Manager: <u>DBK</u> Exhibits/Attachments: 1. 2017-2022 Park Capital Improvement Program 2. Squires Landing conceptual plan
Expenditure Required: \$503,207 Amount Budgeted: \$4,975,000 Appropriation Required: \$0	
<u>INFORMATION/BACKGROUND:</u> The Squires Landing Park waterfront project is included in the adopted Park Capital Improvement Program (see Exhibit 1). A conceptual plan for the Squires Landing waterfront project was developed by the Mott Macdonald team in 2015 (see Exhibit 2) and included as a project in the Walkways and Waterways Bond Measure. In November 2016 the voters passed the bond measure and up to \$4,975,000 in bond measure funds were allocated for the Squires Landing waterfront project to complete design, permitting and construction. Approximately 68% of bond measure funds are estimated for construction (\$3,383,000). The remaining 32% of bond measure funds (\$1,592,000) are to cover administration, design, permitting and engineering costs. The scope of the proposed contract with Mott Macdonald is to take the conceptual plan to a 30% design level and develop information to submit for City land use permits (shoreline permit, SEPA) and other agency permits (e.g. WDFW, US Army Corps). Tasks include: data collection (e.g. surveying, wetland delineation); creating a mitigation strategy; consulting with agencies; updating the conceptual design; presenting preliminary design at a public meeting; preparing permit submittals. A contract amendment will be needed to take the project from 30% through construction. Staff recommends that Council authorize the City Manager to execute Contract 17-C1657 with Mott Macdonald.	
<u>FISCAL CONSIDERATION:</u> The Squires Landing Park project budget is estimated to be \$4,975,000 in the 2017-2022 Park Capital Improvement Program. \$850,000 is allocated with the 2017-18 biennial budget for design and permitting. The funds to pay for the services to be completed under this contract are allocated within the 2017-2018 project budget.	
<u>COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:</u> Council Goal 2: To continue to implement the Economic Development Plan in including advance the public's access and connection to the waterfront.	

EXHIBIT B
ATTACHMENT
1

**CITY OF KENMORE, WASHINGTON
PROPOSED PARK CAPITAL IMPROVEMENT PROGRAM
FOR THE YEARS 2017-2022**

Project Description	2017 Proposed	2018 Proposed	2019 Proposed	2020 Proposed	2021 Proposed	2022 Proposed	2017-2022 Totals
P 1 Twin Springs Interim Use Plan	\$40,000	\$0	\$0	\$0	\$0	\$0	\$40,000
P 2 Tolt Pipeline Trail Phase One	206,936	0	0	0	0	0	206,936
P 6 Moorlands Park Improvements	1,000,095	566,925	0	0	0	0	1,567,020
P 18 Rhododendron Park Waterfront & Open Space Access	160,000	615,000	5,000	5,000	5,000	5,000	795,000
P 18a Rhododendron Park Float	60,000	200,000	25,000	0	0	0	285,000
P 26 Squires Landing Dock/Float	195,000		0	0	0	0	195,000
P 27 Squires Landing Park Waterfront & Open Space Access	250,000	600,000	500,000	220,000	1,715,000	1,690,000	4,975,000
P 28 Log Boom Park Waterfront Access and Viewing	200,000	400,000	300,000	120,000	1,090,000	1,065,000	3,175,000
P 29 St Edward Ballfield Improvements & Lighting	TBD	TBD	0	0	0	0	0
Total Project Costs	\$2,112,031	\$2,381,925	\$830,000	\$345,000	\$2,810,000	\$2,760,000	\$11,238,956

Funding As Proposed:							
Park Impact Fees	\$639,500	\$115,000	\$25,000	\$0	\$0	\$0	\$779,500
Real Estate Excise Tax	0	380,000	0	0	0	0	380,000
Strategic Opportunity Fund	0	235,000	0	0	0	0	235,000
RCO Grants	600,595	36,925	0	0	0	0	637,520
King County Trail Levy	181,936	0	0	0	0	0	181,936
King County Park Levy	80,000	0	0	0	0	0	80,000
Walkways & Waterways Bond Measure	610,000	1,615,000	805,000	345,000	2,810,000	2,760,000	8,945,000
Total Project Funding	\$2,112,031	\$2,381,925	\$830,000	\$345,000	\$2,810,000	\$2,760,000	\$11,238,956



Subject/Topic: Common Interest and Confidentiality Agreement Between City, State Parks and Daniels Real Estate

Prepared by: Bryan Hampson

Proposed Council Action/Motion: Authorize the City Manager to execute Contract No. 17-CI658 a Common Interest and Confidentiality Agreement with Washington State Parks and Daniels Real Estate.

Approved by Department Head:

Approved by City Attorney:

Approved by Finance Director:

Approved by City Manager:

Initial & Date

BA 2/16/17

✓ Rk

Due 2/16/1

oak

Exhibits/Attachments:

1. Contract No. 17-C1658

Expenditure Required N/A

Amount Budgeted N/A

Appropriation Required N/A

INFORMATION/BACKGROUND:

This Agreement pertains to the proposed rehabilitation of the Seminary building at Saint Edward State Park. The applicant, Daniels Real Estate, LLC has submitted applications for permits and regulatory approvals to rehabilitate and adaptively reuse the historic seminary building on the Site as a lodge-type hotel and undertake certain related infrastructure improvements.

The law firm of Hillis Clark Martin & Peterson P.S. represents Daniels in connection with the Project. The law firm of Inslee, Best, Doezie & Ryder, P.S. represents the City in connection with the Project. The Office of the Attorney General of Washington represents Parks.

As part of the permit and approval process, the City and Parks have completed an environmental impact statement. Citizens for Saint Edward State Park have appealed the Environmental Impact Statement (EIS) to the Hearing Examiner for the City of Kenmore.

The parties agree that they have a common and mutual interest in the appeal, thus making essential joint defense efforts. The parties wish to work together and cooperate with each other on issues of common interest without waiving applicable rules of privilege and confidentiality vis-à-vis adverse and potentially adverse parties.

FISCAL CONSIDERATION: N/A

City of Kenmore Contract No. 17-C1658

COMMON INTEREST AND CONFIDENTIALITY AGREEMENT

This Common Interest and Confidentiality Agreement ("Agreement") is entered into by Daniels Real Estate, LLC ("Daniels"), the City of Kenmore ("City"), and the State of Washington, Washington State Parks ("Parks") and made effective on the date each party signs below (the "Effective Date").

I. RECITALS AND DEFINITIONS

A. This Agreement pertains to the proposed rehabilitation of certain facilities located within a 5.5 acre area in the central portion of Saint Edward State Park in the City of Kenmore, further described by its street address of 14445 Juanita Drive NE, Kenmore, Washington 98028 (the "Site").

B. In particular, Daniels has submitted applications for permits and regulatory approvals to rehabilitate and adaptively reuse the historic seminary building on the Site as a lodge-type hotel, undertake certain related infrastructure improvements, and acquire and dedicate an adjacent privately-owned parcel of real property for the public use consistent with existing park uses (the "Project").

C. The law firm of Hillis Clark Martin & Peterson P.S. ("Hillis") represents Daniels in connection with the Project. The law firm of Inslee, Best, Doezie & Ryder, P.S. ("Inslee") represents the City in connection with the Project. The Office of the Attorney General of Washington ("AG") represents Parks.

D. As part of the permit and approval process, the City and Parks have completed an environmental impact statement ("EIS"). Citizens for St. Edward State Park has appealed the EIS to the Hearing Examiner for the City of Kenmore (the "Appeal").

E. Other capitalized terms are defined where they are first used.

F. The parties agree that they have a common and mutual interest in the Appeal, thus making essential joint defense efforts. The parties wish to work together and cooperate with each other on issues of common interest without waiving applicable rules of privilege and confidentiality vis-à-vis adverse and potentially adverse parties. They enter into this Agreement for those purposes.

II. TERMS

1. Incorporation of Recitals. The statements and definitions in the foregoing Recitals are hereby incorporated in these terms.

2. Joint Defense Materials. To further the common interests of the parties, the parties agree it is in their mutual best interests to share, as they and their respective attorneys deem appropriate given each parties' unique interests and concerns, documents and information that is otherwise subject to the attorney-client privilege or protected by the attorney-work-product doctrine, including without limitation, factual analyses, mental impressions, legal memoranda, reports of witness interviews, draft briefs, and other similar information ("Materials"). No party would disclose Materials to the other parties but for the parties' mutual and common interests in the Appeal and but for the undertakings in this Agreement. The parties agree that the Materials they intend to exchange are privileged from disclosure to adverse or other third parties as a result of the attorney-client privilege, the attorney work product doctrine, or other applicable privileges or protections.

3. No Waiver. The Parties do not intend to waive any applicable privilege or protection. They intend instead to preserve to the maximum extent permitted by applicable law the attorney-client privilege, the work-product doctrine, and all other privileges or protections which they may have.

4. No Obligation to Exchange. This Agreement does not and should not be construed to obligate any party to exchange or otherwise share information or documents, except to the extent they may be obligated to disclose information or documents pursuant to the Washington Rules of Civil Procedure, the City of Kenmore Hearing Examiner Rules of Procedure, or by an order of the Hearing Examiner or a court of competent jurisdiction.

5. Nondisclosure. The parties agree to maintain the confidentiality of all Materials. Except as may be required by court order, Hearing Examiner order, or permitted by written agreement of all parties, no party will disclose Materials received from another party except as set forth in this Agreement to any person or entity. The parties agree they will use Materials solely in connection with the Appeal, and for no other purpose, including for purposes of resolving any disputes between the parties or in connection with any other appeal arising from the Project. In the event a party receives a request, including a subpoena or request pursuant to Washington's Public Records Act (RCW Ch. 42.56), for the production of Materials provided to it by another party pursuant to this Agreement, the party receiving the request will so notify all other parties, and will provide an opportunity for the producing party to oppose production of the requested Materials, if necessary, through a request for an injunction in superior court. This Agreement shall not prohibit disclosure by a party of Materials which that party alone has prepared or obtained, and which contain no privileged or protected information obtained directly or indirectly from any other party; nor shall this Agreement prevent a party from using non-privileged facts, documents (including Materials), and theories which are learned or derived from Materials.

6. No Waivers. This Agreement does not create any separate agency or similar relationship between the parties. No party will have the authority under this Agreement to waive any applicable privilege or protection on behalf another party, nor will any waiver of an applicable privilege or protection by the words or conduct of one party be construed under this Agreement to apply to any other party.

7. Separate and Independent Representation. Each party understands and acknowledges that Daniels Real Estate is represented by Hillis, the City of Kenmore is represented

by Inslee, and Washington State Parks is represented by the AG. While Hillis, Inslee, and the AG each have a duty to preserve the confidences disclosed to them pursuant to this Agreement, they will not act or be deemed to have acted for any party other than their own client. This Agreement does not and will not create any attorney-client relationship that does not already exist prior to its execution. Daniels Real Estate acknowledges that Inslee owes a duty of loyalty only to the City of Kenmore and that the AG owes a duty of loyalty only to Washington State Parks. The City of Kenmore acknowledges that Hillis owes a duty of loyalty only to Daniels Real Estate and that the AG owes a duty of loyalty only to Washington State Parks. Washington State Parks acknowledges that Hillis owes a duty of loyalty only to Daniels Real Estate and that Inslee owes a duty of loyalty only to the City of Kenmore. The parties each agree: (a) to waive any claim they may have for disqualification of one another's counsel based upon access to Materials; and (b) not to assert that any action taken or communication made under this Agreement creates a conflict of interest.

8. Termination. A party may terminate this Agreement on written notice to all other parties. The parties shall continue to be bound by this Agreement with regard to any Materials received, learned, or obtained at any time, and this Agreement will continue to protect all Materials notwithstanding termination. Upon termination, each party will prospectively cease to be entitled to receive any Materials from the other parties. In addition, each party will return to the other parties all Materials received after termination and destroy or return all copies thereof in the terminating party's possession. The parties will continue to keep in confidence and not disclose to any person or entity, except as set forth in this Agreement, any Materials received, learned, or obtained by that party at any point in time. If counsel for a party ceases to be counsel for that party, such counsel will remain bound by this Agreement.

9. Successors, Assigns, and Additional Professionals. This Agreement will be binding on each and every successor and assignee of each party's interest in the Project and the Appeal. In the event that a party transfers its interest in the Project or the Appeal, the transferring party must obtain the transferee's written consent to be bound by this Agreement before sharing any Materials with the transferee. This Agreement shall also be binding on each and every attorney, expert, and other professional ("Additional Professional") retained by a Party in connection with the Appeal after the Effective Date. A party must obtain the written agreement of any Additional Professional retained by such party in connection with the Project to be bound by the obligations of this Agreement before sharing any Materials with the Additional Professional.

10. Settlement. Nothing contained herein limits the authority that any party may otherwise have to settle, or offer to settle, some portion or all of the Appeal or any other dispute or appeal arising from the Project.

11. Enforcement. The interpretation and enforcement of this Agreement will be governed by Washington law, without regard to its choice-of-law principles. The parties agree that a breach of the provisions of this Agreement will cause irreparable harm to the other parties and therefore agree that injunctive relief is the appropriate means to enforce this Agreement. The Parties further agree to exclusive jurisdiction and venue in the Superior Court of King County, Washington; and that in any dispute arising from or relating to this Agreement each party will be responsible for its own attorneys' fees and costs.

12. Execution. This Agreement is executed by the parties and their respective counsel. This Agreement may be executed in counterparts, all of which will comprise one Agreement.

13. Past Communication and Information-Sharing. To the extent that the parties or their counsel have already been in communication with one another regarding the Appeal, their communications and work product, to the extent it would be covered by the privileges and protections of Paragraph 2, are now subject to this Agreement.

14. Amendment. This Agreement may be amended only by a writing signed by each of the parties.

15. Authority. The undersigned represent that they are fully authorized to enter into this Agreement and, upon execution, this Agreement shall be binding on that party.

DATE: _____

DANIELS REAL ESTATE, LLC

HILLIS CLARK MARTIN & PETERSON

By _____
Kevin Daniels

Amit D. Ranade
Attorney for Daniels Real Estate, LLC

CITY OF KENMORE

INSLEE BEST

By _____
Bryan Hampson
Development Services Director

By _____
Rod P. Kaseguma
Attorney for City of Kenmore

STATE OF WASHINGTON,
WASHINGTON STATE PARKS

ROBERT FERGUSON,
ATTORNEY GENERAL

By _____
Peter Herzog
Assistant Director, Parks Development

By _____
Martha Wehling
Assistant Attorney General



City Of Kenmore, Washington

Memorandum

Date: 2/15/2017

To: Honorable Members of the City Council

From: Rob Karlinsey/Janet Quinn

Re: Changes from 04-C375 to 16-C1623 Rhododendron Park Lease/Use Agreement

For information purposes, following are the substantive changes between the former Senior Center Lease/Use Agreement (04-C375) and the current one (16-C1623).

Corrects name of the park to Rhododendron.

Leases the building and annex, excluding upstairs and attic for safety reasons (City will provide some type of storage on grounds for Center's decorations currently stored in the attic).

Term & Rent: 5 years (same as 2004) with automatic one-year successive term renewal unless terminated by either Party (new). Termination is 30 day notice with cause, or upon 90 day notice from either party. Rent remains \$1 per year, but now payable for the initial term in advance (\$5).

Open 30 hours per week at minimum (not referenced in 2004).

Scheduling changes: City retains right to use shelter and displace users (same as 2004), but in order to minimize the likelihood of this happening we've restructured the rental periods to:

Feb. 1 – open date for reservations through September 30th

April 1 – open date for reservations through January 31st of succeeding year

Shared Google calendar will show reservations in real time, including a link to applications so Public Works can schedule appropriate maintenance/support

Adds Recordkeeping and Reporting requirements since they are acting as an Agent for the City.

Requires an annual report on programming and use of premises, including number of participants by program.

Clarifies responsibilities of Senior Center and City with regard to maintenance, landscaping, etc.

Updates insurance, hold harmless, indemnification and anti-discrimination clauses.

Standardizes Northshore Senior Center Reservation Application Form (Exhibit C of Lease/Use Agreement) to resemble other City of Kenmore facility use applications and includes park policy language from the Kenmore Municipal Code: Title 9.40 Parks – Rules for Use of Facilities. Also requires Senior Center to charge City Council-approved fees, in alignment with City practice.

18120 68th Ave NE · PO Box 82607 · Kenmore, WA 98028

Office: (425) 398-8900 · Fax: (425) 481-3236 · cityhall@kenmorewa.gov · www.kenmorewa.gov

RHODODENDRON PARK
LEASE/USE AGREEMENT

THIS LEASE/USE AGREEMENT ("Lease") is made and entered into between CITY OF KENMORE, a Washington municipal corporation ("City") and NORTSHORE SENIOR CENTER, a Washington nonprofit corporation ("Lessee"). City and Lessee are each individually referred to herein as a "Party" and jointly as the "Parties."

RECITALS:

A. City owns real property commonly known as Rhododendron Park (the "Park") located at 6910 NE 170th Street, Kenmore, Washington, and legally described on Exhibit A attached hereto (the "Property"). Improvements on the Property include the Rhododendron Park Building (the "Building"), an adjoining annex (the "Annex"), and a covered picnic shelter (the "Shelter").

B. Pursuant to Kenmore Lease/Use Agreement dated November 8, 2004 (the "Prior Lease"), City leased the improvements on the Property to Lessee for the operation of Lessee's Senior Center activities.

C. The term of Prior Lease was for an approximately five (5) year term, commencing November 8, 2004, and terminating December 31, 2009. Lessee remains in possession of the improvements on a holdover basis as of the date hereof.

D. The Parties desire to terminate the Prior Lease and to enter into a new Lease/Use Agreement for those Premises described herein, subject to and in accordance with the provisions hereof.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the Parties agree as follows:

1. Lease of Premises. The City leases to the Lessee, and Lessee leases from the City the ground floor of the Building and the Annex (collectively, the "Premises"), subject to the terms hereof. The Building and Annex are depicted on Exhibit B attached hereto and incorporated herein by this reference.

2. Term. The initial term of this Lease shall be for a period of five (5) years and shall commence on the 1st day of January 2017 and end on the 31st day of December 2021, unless earlier terminated as provided for herein. At the end of the initial five-year term, this Lease will automatically renew for one-year successive terms unless terminated by either Party as set forth in Paragraph 11.

3. Purpose and Use. Lessee agrees to keep the Kenmore Senior Center open a minimum of 30 hours per week throughout the term hereof and to use the Premises primarily for operation of the Kenmore Senior Program, which use shall include, without limitation, (a) the provision of classes and programming of interest and benefit to seniors in the Kenmore community, including, by way of example and not limitation, arts and crafts, creative writing, yoga, social bridge, driving, diet, nutrition, massage therapy, and computers and technology; (b) hosting of AARP meetings, Kenmore Mayor's Monthly Address, Evergreen Hospital speakers, and Medicare and Healthcare Services Assistance (SHIBA) and similar presentations and events; (c) coffee bar; and (d) six to eight planned trips per year, and other special events. Lessee represents that it has been granted and will maintain all necessary federal, state and local licenses and permits required to operate a Senior Center, and any other incidental activities thereto approved by the City. Lessee further covenants and agrees that it will not use or allow the use of the Premises or any part thereof for any purpose which shall be unlawful or a nuisance or contrary to any permits or licenses held by Lessee from any regulatory agency or in any manner contrary to any law, ordinance or regulation of any public authority.

4. Third Party Use of Premises; Shelter Reservations. Lessee shall have the right to permit third parties to reserve rooms in the Building and in the Annex for temporary meeting or event use, and further to use and coordinate the reservation and rental, according to the Schedule outlined in succeeding paragraph 5, of the Shelter on the Property for temporary recreational or senior-oriented events consistent with the purposes set forth in Section 3, above.

5. Scheduling. Lessee may schedule bookings for the Shelter through September 30 of that year beginning on February 1, and through January 31 of the succeeding year beginning on April 1. Lessee shall use for scheduling a Northshore Senior Center reservation application in the form attached as Exhibit C hereto. Lessee shall charge users City Council-approved Fees for scheduling any third-party use of the Shelter, and any increase in fees must be approved by Council. Lessee shall create and maintain a Google Calendar or other similar shared calendar that shows real-time rentals and reservations of such facilities, and will post a link on the calendar to reservation applications when they are approved. In consideration of the community services provided by Lessee, and to assist with offsetting the cost of program and facility operations as outlined in the 2017 Projected Budget attached as Exhibit D hereto and incorporated herein by this reference, and subsequent budgets to be submitted annually by December 31st, all rental revenue received by Lessee during the term hereof from community and other use of the Building or Annex, and or from Lessee's reservation of the Shelter may be retained by Lessee, so long as Lessee shall not be in default under this Lease.

6. Priority Use of Picnic Shelter; City Scheduled Events. Notwithstanding the provisions of Sections 4 and 5, above, City shall at all times have priority use of the picnic Shelter and reserves the right throughout the term to use the Shelter and Park grounds for City and community events. City agrees prior to January 31st of each calendar year to notify Lessee of known annual reservations for that year, and thereafter to notify Lessee if City requires use of the Shelter and Park areas for additional events throughout the year. City shall use reasonable efforts to provide Lessee with as much advance notice of such events as is reasonably practicable. Except where City requires emergency use of the Shelter, City will use reasonable efforts not to terminate or displace any reserved use of the Shelter upon less than thirty (30) days' prior written notice. As owner of the Property, the City shall not be responsible for any rental loss suffered by Lessee, or for any other claims, losses, liabilities or damages if the City displaces other users, and Lessee agrees to release and indemnify, defend, and hold City harmless from and against any and all of the same. In the event of any termination or displacement by City of any reserved use of the Shelter, Lessee shall be responsible for and shall promptly refund to any third party user any unearned fees or rental amounts previously paid to Lessee.

7. Rent. In consideration of the public programming services provided to Kenmore residents as set forth in Section 3, above, the rental amount paid by the Lessee to the City for the use of the leased premises shall be \$1.00 per year for the initial five-year term of this Agreement, payable in advance upon signing of this contract.

8. Access. Lessee shall have access to the Premises during the normal operating hours for the Park. If, in connection with any Lessee-sponsored activity, Lessee desires afterhours access to the Premises, City shall use reasonable efforts to accommodate the same upon Lessee's reasonable request.

9. Recordkeeping and Reporting.

A. Lessee shall maintain accounts and records, including personnel, property, financial and programmatic records which sufficiently and properly reflect all direct and indirect costs of any nature and services performed in the performance of this Agreement and other such records as may be deemed necessary by the City to ensure the performance of this Agreement.

B. Records shall be maintained for a period of seven (7) years unless permission to destroy them is granted by the office of the State Archivist in accordance with RCW Chapter 40.14 and/or by the City.

C. By May 15 of each year, Lessee shall submit to the City an annual report which shall provide relevant information about Lessee's programming and its use of the Premises during the prior calendar year, including, but not

limited to, descriptions of and data on programs offered and number of participants for each program, and any third-party use of the Premises.

10. Non-interference. The Lessee shall not use the Premises or access areas in any way that materially interferes with the City's use of the Property or the City's authorized use of the Premises, including the second floor of the Building. Subject to the City's right of access to the Premises for purposes of inspection, repairs and maintenance, as set forth in Sections 16 and 22, City shall not use, nor shall the City permit its officers, employees or agents to use, any portion of the Premises in any way that materially and unreasonably interferes with the operations of the Lessee authorized in Section 3 of this Lease. Such interference shall be terminated upon written notice by the other Party. In the event any such interference does not cease within five (5) business days, the Parties acknowledge that continuing interference may cause irreparable injury and, therefore, the injured Party shall have the right to bring an action to enjoin such interference or to terminate this Lease immediately upon written notice given to the other Party at any time until such interference shall have ceased.

11. Termination. If Lessee fails to make any payment or cure any other default of Lessee under this Lease within thirty (30) days following written notice thereof from City, City may, in addition to any other rights and remedies available at law or in equity, immediately terminate this Lease. In addition, either City or Lessee may terminate this Lease upon ninety (90) days' prior written notice to the other Party for any reason.

12. Encumbrances. The Lessee shall not encumber the Premises.

13. Laws, Ordinances, Regulations. The Lessee shall at all times and at its sole expense, comply with all laws and ordinances, orders, guidelines, policies, directives, rules and regulations of municipal, county, state and federal governmental authorities or regulatory agencies ("Laws"). The Lessee shall defend, indemnify and hold harmless the City, its officers, employees and agents against any claims arising from any violations by the Lessee, its officers, employees or agents of any such Laws. The indemnity provision of this paragraph shall survive the termination or expiration of this Lease.

14. Improvements. Except for interior, non-structural alterations or improvements that do not affect the electrical, plumbing or heating systems in the Premises, Lessee shall make no alterations or improvements to the Premises without the prior written consent of the City. Regardless of whether the City's consent is required, Lessee shall give the City written notice describing any proposed alterations or improvements at least thirty (30) days prior to commencement of any alteration or improvement work.

15. Maintenance/Repairs by Lessee. Lessee accepts the Premises in their current condition. Except for those portions of the Premises required to be maintained and repaired by the City, as set forth in Section 16, below, Lessee covenants and agrees to make all necessary repairs to the interior of the Premises as determined by the City. Lessee shall, at its own expense and at all times, keep the Premises neat, clean and in a sanitary condition, and keep and use the Premises in accordance with all applicable laws, ordinances, rules, regulations and requirements of governmental authorities. Lessee shall permit no waste, damage or injury to the Premises. Lessee shall be responsible for the repair of any damage or injury the Lessee, its agents, employees, contractors, or invitees cause to the Premises, other than for ordinary wear and tear of the Premises.

In no event may Lessee or any of its agents, employees, contractors, invitees or licensees access the second floor of Building or the attic without the City's prior written consent.

16. Maintenance/Repairs by City. Except for any damage or injury caused by Lessee, its agents, employees, contractors, or invitees, City shall be responsible for any maintenance and repair, as determined necessary by City, of the exterior and structural portions of the Building and Annex, all building mechanical and electrical systems, the interior portions of the second floor and attic in Building (which second floor and attic portions are specifically excluded from the leased Premises), and the surrounding grounds. City may make periodic inspections of

the second floor and attic portions of the Building, and Lessee shall give prompt written notice to the City of any noted conditions in or on the Building requiring attention by the City.

17. Landscaping. The Lessee agrees not to install or remove any vegetation on the Property without City's prior written approval, which approval may be granted or withheld at the sole discretion of the City. Lessee agrees to contact the City Volunteer Coordinator for permission to install or remove any vegetation, and if approved by City, the City may provide at its sole discretion landscape materials, and installation and maintenance of the landscaping on the Property.

18. Signs. All signs or symbols placed in the windows or doors of the Premises, or upon any exterior or interior part of the Premises, shall be subject to the approval of the City. Any such signs shall be so placed upon the understanding and agreement that the Lessee will remove such signs at the termination of the tenancy herein created and repair any damage or injury to the Premises caused thereby, and if not so removed by the Lessee then the City may have such signs so removed at the Lessee's expense.

19. Taxes and Assessments.

A. Lessee agrees to pay all taxes and assessments which are the result of the Lessee's uses of the Premises and/or which may hereafter become a lien on the interest of the Lessee. Lessee shall pay all taxes that may hereafter be levied or imposed upon the interest of the Lessee or by reason of this Lease.

B. Lessee shall be responsible to pay when due any and all leasehold taxes imposed on the Lessee and in the manner prescribed by the Kenmore Municipal Code and Chapter 82.29A of the Revised Code of Washington.

20. Utilities. Except for those identified in this paragraph as the responsibility of the City, the Lessee shall pay for all outside services serving the Lessee, including telecommunication and data transfer service connection and services fees. The City is responsible for and agrees to pay for the electricity, garbage, sewer and water utilities that serve the Premises.

21. Liens. Nothing in this Lease shall be deemed to make the Lessee the agent of the City for purposes of construction, repair, alteration, or installation of structures, improvements, equipment or facilities on the Premises. The Lessee acknowledges that the City may not, and shall not, be subject to claims or liens for labor or materials in connection with such activities by the Lessee. The Lessee shall not encumber the Premises with any liens.

22. City's Right of Entry and Inspection. The City, for itself and its officers, employees and agents, reserves the right to enter upon the Premises at any time and without notice to the Lessee, for the purpose of operation, inspection, maintenance, construction, or reconstruction of the Premises or any element thereof. The City will take all reasonable measures to minimize any disruption to the Lessee. The City shall in no way be responsible for any incidental or consequential damages, including, but not limited to, lost revenue due to such loss of use by the Lessee.

23. Insurance. At its sole expense, the Lessee shall secure and maintain in effect a policy of commercial general liability insurance issued by an insurer licensed to conduct business in the State of Washington. The insurance policy shall provide liability coverage for any and all claims of bodily injury, property damage, and personal injury arising from the Lessee's business operations and use of the Premises. The insurance policy required by the section shall provide coverage of no less than \$1,000,000 combined single limit of liability per occurrence, with a general aggregate limit of no less than \$3,000,000 per policy period. The Lessee agrees that the City may require increases in said coverages by written notice to the Lessee, as the City deems reasonably necessary. Coverages under said policy shall be triggered on an "occurrence" basis. The City shall be named as an additional insured in the commercial general liability policy required by this section. The policy shall be endorsed with a provision relieving the City of any responsibility for the payment of any policy premium. The endorsement shall require the insurer to provide the City, with no less than thirty (30) days' written notice before any cancellation of the coverages required by this section. The liability coverages required by this section shall not be subject to any self-insured retained limit of liability of any

amount (No Liability Coverage Deductibles). Coverages, if obtained by the Lessee in compliance with this section, shall not be deemed as having relieved the Lessee of any liability.

Further, the Lessee shall provide the City with a certificate of insurance and an additional named insured endorsement reflecting the insurance coverage required by this section within ten (10) business days of the execution of this Lease, and within ten (10) days of receiving a written notice from the City for an increase in the coverage amounts.

24. Hold Harmless; Indemnification.

A. Lessee shall defend, indemnify, and hold harmless the City, its officers, officials, employees, agents and volunteers from any and all claims, damages, suits, actions, or liabilities for injury or death of any person, or for loss or damage to property, which arises out of Lessee's use of Premises, or from the conduct of Lessee's business, or from any activity, work or thing done, permitted, or suffered by Lessee in or about the Premises, except only such injury or damage as shall have been occasioned by the sole negligence of the City.

B. The Lessee further agrees to defend, indemnify and hold the City, its officers, officials, employees, agents and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

For purposes of Paragraphs 24 A. and B., Lessee waives its immunity under Title 51 RCW, the Industrial Insurance Act, and agrees to protect, hold harmless, and indemnify the City for any claims asserted against it by employees or agents of Lessee. This waiver is specifically negotiated between the Parties. The indemnification provisions contained in this Paragraph shall survive the termination or expiration of this Lease.

25. Discrimination Prohibited. The Lessee shall not discriminate against any employee, applicant for employment, or any person seeking the services of the Lessee, on the basis of race, color, religion, creed, sex, sexual orientation, age, national origin, marital status, presence of any sensory, mental or physical disability, or other circumstance prohibited by federal, State or local law or ordinance, except for a bona fide occupational qualification.

26. Assignment and Subletting. Neither this Lease, nor any rights created by it, may be assigned, sublet, or transferred by Lessee without the City's prior written approval. Any such assignment shall be in writing on a form approved by the City and shall include an assumption of this Lease by the assignee. Should the City sell, lease, transfer, or otherwise convey all or any part of the Premises that is subject to this Lease to any transferee other than the Lessee, such transfer shall be subject to this Lease.

27. Vacation and Surrender of Premises. Upon termination of this Lease, or any extension or renewal thereof, the Lessee shall cease its operations on and/or use of the Leased Premises. In the event the Lessee fails to vacate the Leased Premises on the date of termination, it shall be liable for any and all costs to the City arising from such failure.

Upon termination of this Lease, or any extension or renewal thereof, all machinery, apparatus, equipment or other thing installed by Lessee or its agents in or upon the leased Premises shall become property of the City, provided, that upon written notice to the City thirty (30) days or more prior to termination of the Lease advising of Lessee's intent to remove any such thing, and upon written approval obtained from City, Lessee shall have the right to remove from the leased Premises all such things installed by it or its agents not paid for in whole or in part by City. Lessee hereby covenants that it shall restore and repair any damage to the leased Premises caused by the removal of such machinery, apparatus and equipment.

28. Waiver. No failure on the part of either Party to enforce any covenant or provision herein contained, nor any waiver of any right hereunder by the City, unless in writing, shall discharge or invalidate such covenant or provisions or affect the right of either Party to enforce the same in the event of any subsequent breach or default.

29. Headings. The headings or captions to paragraphs or sections of this Lease are for convenience only and shall have not effect on the construction or interpretation of any section or paragraph hereof.

30. Entire Agreement. This Agreement contains the entire agreement between the Parties, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind either of the Parties. If there is a conflict between the terms and conditions of this Lease and the attached exhibits, then the terms and conditions of this Lease shall prevail over the exhibits. Either Party may request changes to this Lease. Changes that are mutually agreed upon shall be incorporated by written amendments to this Lease. It is further understood that this Lease shall not be valid and binding upon the City unless and until accepted and approved by the City Council.

31. Applicable Law; Venue; Attorney's Fees. This Lease shall be governed by and construed in accordance with the laws of the State of Washington. In the event any suit, arbitration, or other proceeding instituted to enforce any term of this Agreement, the Parties specifically understand and agree that venue shall be properly laid in King County, Washington. The prevailing Party in any such action shall be entitled to its attorney's fees and costs of suit.

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

33. Notices. Except as otherwise designated in this Lease, wherever in this Lease written notices are to be given or made, they will be delivered or sent by certified mail addressed to the Parties at the addresses listed below unless a different address shall be previously designated in writing and delivered to the other Party. Notice shall be deemed effective as of the delivery date. Lessee agrees to accept service of process or certified mail at the address provided for herein, provided such address is located in the State of Washington.

NORTHSHORE SENIOR CENTER

Attn: _____,

Executive Director

10201 East Riverside Drive

Bothell, WA 98011-3708

(425) 487-2441

THE CITY OF KENMORE

Attn: Jennifer Gordon,

Public Works Operations Manager

P.O. Box 82607

6700 N.E. 181st St.

Kenmore, WA 98028-0607

(425) 398-8900

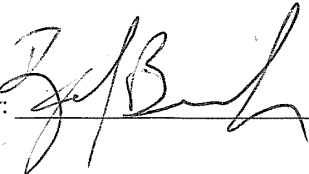
34. Recitals. The Recitals are a part of this Lease agreement.

35. Termination of Prior Lease. The Prior Lease between the Parties shall be deemed terminated effective December 31, 2016.

IN WITNESS WHEREOF, the Parties have entered into this Lease effective _____, 2017.

NORTHSHORE SENIOR CENTER

By: _____



CITY OF KENMORE

By _____

Its President Board

Its City Manager

APPROVED AS TO FORM:

Rod Kaseguma, City Attorney

STATE OF WASHINGTON)
)ss.
COUNTY OF KING)

I CERTIFY that I know or have satisfactory evidence that **Rob Karlinsey** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute this instrument and acknowledged it as the **City Manager of City of Kenmore**, a Washington municipal corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

(Print name)
NOTARY PUBLIC in and for the
State of Washington, residing at

My appointment expires: _____

STATE OF WASHINGTON)
)ss.
COUNTY OF KING)

I CERTIFY that I know or have satisfactory evidence that Randy Busch is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute this instrument and acknowledged it as the President of **Northshore Senior Center**, a Washington nonprofit corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 14 Feb 2017

Randy Busch

(Print name)
NOTARY PUBLIC in and for the
State of Washington, residing at
King

My appointment expires: 09/23/2019

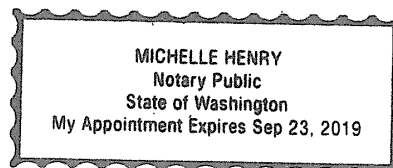


EXHIBIT A

Legal Description of Property

KENMORE PARK

That portion of Government Lot 4 in Section 12, Township 26 North, Range 4 East, W M , in King County, Washington, described as follows: Beginning at a point 1,350 feet North and 30 feet East of the S W corner of said Section 12; thence East parallel with the South line of said Section, 628 12 feet, thence North parallel with the West line of said Section to the Northerly line of said Government Lot, thence Westerly along said Northerly line to a point 30 feet East of the West line of said Section, thence South to the point of beginning, TOGETHER WITH second class shore lands adjoining and lying between the East and West lines of the above described tract of land produced North (Being known as Tracts 42 & 43, The Moorlands, according to the unrecorded plat thereof)

TOGETHER WITH water rights as described in Certificate of Water Right issued by the State of Washington on November 10, 1930

EXHIBIT B

Depiction of Building and Annex



Building



Annex

**EXHIBIT C****Northshore Senior Center Reservation Application Form**

**NORTHSHORE SENIOR CENTER
Reservation Application
Rhododendron Park Shelter**

Northshore Senior Center
Kenmore Branch
Rhododendron Park
6910 NE 170th St.
Kenmore, WA 98028
425-489-0707
Email: _____

The Northshore Senior Center ("Senior Center"), by agreement with the City of Kenmore ("City"), is responsible for scheduling reservations for use of the Shelter within the posted "Picnic Area" (the "Facilities") at the City's Rhododendron Park. Use of the Facilities and the Park is subject to all applicable laws, rules, and regulations, including City of Kenmore Municipal Code.

The maximum capacity of the Shelter, including non-covered portion of Shelter pad, is 100 persons. Areas of the Park outside of the Shelter and pad are open to the general public during the reservation period.

Park Reservation Date: ____/____/____
MM DD YYYY

Confirmation Date: ____/____/____
(Date application rec'd) MM DD YYYY

**APPLICANT/ATTENDEE INFORMATION
(Please Print)**

Name of Organization, Entity or User Group: _____

Name of Primary Contact ("Applicant"): _____

Street Address: _____

City: _____ State: _____ Zip: _____

Phone Numbers: Home: _____ Business: _____ Cell: _____

Email: _____

**SHELTER RESERVATION INFORMATION
Activity Details**

Reservation Date: _____ Type of Event: _____

Reservation Period: [] Half Day 10 am to 2 pm [] Half Day 2:30 pm to dusk [] Full Day 10 am to dusk

Estimated Number of Attendees: Adults: _____ Children under 18: _____

Description of Event: _____

FEES

Kenmore Residents: \$60 for half day reservation; \$120 for all day **Non-Residents:** \$80 for half day reservation; \$160 for all day.

Reservation Fee: _____	Receipt Number: _____
------------------------	-----------------------

Cancellations:

Cancellations MUST be received two (2) weeks prior to reservation date to receive full refund. Reservations are non-transferable.

Indemnity:

Applicant and the group, organization or entity using the Facilities pursuant to this Application agree to indemnify, protect and save and hold the City, its elected and appointed officials and employees while acting within the scope of their duties, and the Senior Center, its officers, employees and agents, harmless from and against all claims, demands and causes of action of any kind or character, on account of any action, including, but not limited to, personal injuries, death or damage to property arising out of the use of the Facilities, or in any way arising out of the acts or omissions of Applicant and/or the attendees using the Facilities, and any of their agents, employees, or representatives.

Priority Use:

The City of Kenmore retains priority use of the Shelter Facilities and reserves the right to use the Facilities for City and community events. Except for cancellations due to emergency, severe weather, or situations that may result in personal injury or damage to the Facilities, City will use reasonable efforts not to displace any reserved use of the Shelter upon less than thirty (30) days' prior written notice.

City will not be liable for any claims, losses, liabilities, or damages resulting from termination or displacement of any reserved use of the Shelter Facilities. Fee refunds are the responsibility of Northshore Senior Center and shall be issued to the Applicant within ten (10) days of cancellation.

Applicant's Certification:

I, the undersigned, hereby certify that I am the authorized and responsible representative for the petitioning group, organization or entity identified above, and that the above statements are true to the best of my knowledge. I agree to accept any and all legal liability for damages to any and all parts of the Facilities covered by this Application and/or any permit issued pursuant to this Application, and for any injuries caused by me or any or all of the group's, organization's, or entity's members or users of the Facilities, or by my breach or the attendees' breach of the rental policies included with this Application. I further certify that I have read and that I and all attendees will abide by the Park Policies and requirements governing use of City Facilities which are included with this Application. The City is not responsible for lost, stolen, or damaged items.

Applicant Signature: _____
 Print Name: _____

Date: _____

Accepted and approved:

Northshore Senior Center

By _____
 Print Name: _____
 Facility Scheduler

Rhododendron Park Shelter Use Policies

Shelter Available for Rental: The Shelter is available for rental use when not being used for City-sponsored or co-sponsored activities. Reservations are accepted for the Shelter only. The rest of the Park remains open to the general public during the reservation period.

Times Available for Rental: Any day during regular Park Operating Hours. Reservation periods are 10 am to 2 pm and/or 2:30 pm to dusk. Full Day rentals are also available between 10 am and dusk.

Age of Applicant / Responsible Applicant: Any person seeking to reserve the Shelter must be 21 years or older and sign the City's Rhododendron Park Reservation Application, to which these policies are attached. The Applicant must be present during the entire time of the rental. Rental groups composed of minors (under 18 years of age) must be supervised by a sufficient number of adults at all times while using the Shelter. The Applicant is considered to be the responsible party in case of damage, theft, or disturbance during use of the Shelter.

Deliveries: Applicant must be present to accept or sign for any deliveries related to the event, and the delivery/pick-up time will be considered part of the rental period. No storage space is available at the Picnic Shelter for event supplies.

Qualification for Kenmore Resident Rate: In order to qualify for the Kenmore Resident Rate, Applicant (Signer) must have a Kenmore street address.

Prioritized Uses: The City of Kenmore retains priority use of the Shelter and reserves the right to use the Shelter and Park grounds for City and community events. Except for cancellations due to emergency, severe weather, or situations that may result in personal injury or damage to the Facilities, City will use reasonable efforts not to terminate or displace any reserved use of the Shelter upon less than thirty (30) days' prior written notice.

Rental Arrangements: All reservation requests are subject to review and approval by the Senior Center.

1. **Beginning on February 1**, bookings may be scheduled through September 30th of that year.
Beginning on April 1, bookings may be scheduled through the remainder of that year and through January 31st of the succeeding year.
The rental period begins with any renter set up and ends with the renter's clean-up completion.
2. Requests to change reservation dates must be made in writing and delivered by mail, personal delivery, or via email to the Kenmore Senior Center, and a response in writing by mail or via email back to the applicant will be sent by the Senior Center acknowledging and confirming the request.

Cancellations: Cancellations MUST be received two (2) weeks prior to reservation date to receive a full refund.

Non-Transferrable: All reservations are non-transferable.

Fireworks Prohibited: Pursuant to Ordinance No. 04-0204, all fireworks are prohibited in Kenmore parks, as within all of Kenmore City limits.

No Alcohol: No alcohol is allowed.

Flammable Materials: The use of candles or any other type of open flame, flammable materials or fog/smoke machines is prohibited in City Parks, except within designated fire pit areas.

Animals: All pets must be kept on leash at all times. Owners must clean up after their pets.

No Endorsement: Receiving permission to use City Park facilities does not constitute an endorsement by the City of Kenmore or the Northshore Senior Center of a group's philosophies, policies or beliefs.

Parking: Parking is allowed in designated parking spaces only. Vehicles are prohibited anywhere on Park Green.

Signage: Signage is permitted in designated areas on NE 170th Street along the park perimeter.

Amplification/Sound: Noise levels must comply with the City of Kenmore Ordinance 98-0042 as now in effect or hereafter amended. Sound shall not be audible at a distance greater than 75 feet from the source.

Films: Organizer assumes responsibility for appropriateness of any film viewed in an open air venue. Renters shall be responsible for their own equipment.

Cleaning/Maintenance: Applicant shall be responsible for restoring the Shelter to the condition it was in prior to rental. All garbage/recycling shall be deposited in the appropriate container, and all food and beverages shall be removed from the premises.

Non-discrimination Laws are to be followed: Groups renting City facilities must adhere to federal and state laws regarding non-discrimination on the basis of race, gender, color, creed, national origin, religion, marital status, age, sexual orientation, political affiliation or sensory, mental or physical disability.

No Election/Campaign Activity: Pursuant to RCW 42.17A.555, the use of City facilities by persons or organizations for election, campaign or ballot-proposition purposes is not allowed.

Religious services or group rallies: Religious services or group rallies may be permitted in City of Kenmore park areas where facilities are adequate, and where such activities will not conflict in any way with normal park usage. To avoid conflict, permission for such activities must be obtained in advance from the City.

Additional Restrictions/Requirements: Depending on the use or event, the City may add insurance and/or other requirements and/or restrictions as deemed necessary. Any such additional requirements and/or restrictions will be identified to Applicant at least five (5) business days in advance of the reserved use date, in which event Applicant's signature agreeing to the additional conditions will be required. The City reserves the right to terminate use of the Facilities if risks to safety of persons or property exist or if users are violating Facility use policies or other laws, codes or regulations.

Application Approval: Applications are not approved until signed by the Facility Scheduler.

Exhibit D

Northshore Senior Center
Kenmore 2017 Operating Budget

	Budget 2016	Actual 7/31/16	Annualized 2016	Budget 2017	Manager's Budget 2017
4010 · Contributions:4020 · Individuals	3,198	1,398	2,397	2,456	2,456
4010 · Contributions:4030 · Corporate		100	171	176	200
4010 · Contributions:4090 · Other		325	557	571	571
4210 · Grants:4220 · Governmental:4224 · Kenmore	25,002	11,000	18,857	19,329	25,000
4310 · Program Service Revenues:4315 · Fees for Services	19,998	3,684	6,315	6,473	6,473
4310 · Program Service Revenues:4320 · Day Trips		1,664	2,853	2,924	2,924
4310 · Program Service Revenues:4340 · Classes		2,369	4,061	4,163	4,163
4310 · Program Service Revenues:4340 · Classes:4345 · Fitness		3,392	5,814	5,960	5,960
4410 · Membership Dues	3,750	1,817	3,115	3,193	3,193
4610 · Other Income		(28)	-	-	-
4610 · Other Income:4630 · Rentals Facility	7,998	8,172	14,009	14,359	11,000
4610 · Other Income:4635 · Other Events	1,500	890	1,526	1,564	1,600
4899 · Allocated Revenue - Senior Services	4,188	698	698	-	-
	<u>65,634</u>	<u>35,481</u>	<u>60,373</u>	<u>61,167</u>	<u>63,540</u>
5100 · Salaries and Burden-Program:5110 · Salaries and Wages-Program	29,556	9,113	18,226	21,268	21,268
5100 · Salaries and Burden-Program:5120 · Payroll Taxes-Program:5125 · Federal - 941 Taxes	2,262	1,227	2,455	1,691	1,691
5100 · Salaries and Burden-Program:5120 · Payroll Taxes-Program:5135 · State Unemploymer	366	163	325	319	319
5100 · Salaries and Burden-Program:5120 · Payroll Taxes-Program:5140 · L&I Insurance	252	129	259	412	412
5100 · Salaries and Burden-Program:5150 · Employee Benefits	2,724	371	742	898	898
5100 · Salaries and Burden-Program:5160 · Retirement	1,734	288	288	-	-
5100 · Salaries and Burden-Program:5512 · Gross Wages-Senior Services	-	7,802	7,802	-	-
5152 · Employee Benefits - SS	-	418	418	-	-
	<u>36,894</u>	<u>19,512</u>	<u>30,516</u>	<u>24,588</u>	<u>24,588</u>
5200 · Fees for Services:5201 · Activities and Classes	13,602	5,078	8,705	8,923	10,500
5600 · Travel-Program:5610 · Travel	102	882	1,512	1,550	1,550
5600 · Travel-Program:5620 · Meals	252	10	17	18	150
Other supplies	198			-	-
6200 · Professional Fees:6240 · Other	498	720	720	738	750
6300 · Office Expense:6310 · Supplies		209	358	367	400

6400 · Occupancy:6430 · Repairs and Maintenance	1,536	166	284	291	500
6400 · Occupancy:6440 · Janitorial		360	617	633	650
RE taxea	1,002			-	-
6750 · Insurance:6760 · PI Pd	468	293	502	515	515
6750 · Insurance:6780 · D&O	66	12	21	21	21
6800 · Telephone	1,068	813	1,394	1,429	1,500
6820 · Bank & Merchant Fees	-	28	48	49	-
Misc	354				-
6900 · Administrative Services - SS	9,396	1,566	1,566	-	
	28,542	10,137	15,744	14,532	16,536
6975 · Allocation of Admin Costs	-	-	-	-	-
	65,436	29,649	46,260	39,121	9,972
TOTAL	198	5,832	14,114	22,047	53,568



**City Council Business Agenda Item
City of Kenmore, WA**

Subject/Topic:

Resolution #17-292 A Resolution Reaffirming that the City of Kenmore is Welcoming to All People and All Ideas

For Council Meeting Agenda of:
February 27, 2017

Department: City Council

Prepared by: Kelly Chelin, City Clerk for City Council

Initial & Date

Approved by Department Head:

Approved by City Attorney:

Approved by Finance Director:

Approved by City Manager:

Proposed Council Action/Motion:

Discuss Resolution #17-292 and Provide Direction

Exhibits/Attachments: Proposed Resolution

Expenditure Required \$0

Amount Budgeted \$0

Appropriation Required \$0

INFORMATION/BACKGROUND:

The City may wish to adopt a resolution re-affirming the City's commitment to welcoming all people and ideas. At the February 13, 2017 Council meeting, the Mayor distributed draft language to consider a resolution welcoming all people and ideas. The Council agreed to discuss this draft Resolution at their February 27, 2017 meeting.

Comments have been received by some of the Councilmembers and are outlined below.

- Add the words "we reaffirm that" and "has been and will continue" to the second WHEREAS so that it reads as follows:

WHEREAS, as City government, we reaffirm that our role has been and will continue to be welcoming of all people and all ideas in recognition that we truly are stronger and smarter together.

- Add the words "immigration status" to the end of the second bullet so that it reads as follows:

To ensure that City services are always provided in a manner that does not discriminate based on race, sex, religion, national origin, disability, sexual orientation or gender identity and immigration status.

- Add a new bullet that reads as follows:

That we are a city of laws and ordinances that ensure the safety, freedoms, order and civility for our community. We exist within a system of Federal, State and County law. We reaffirm that we apply and enforce State, County and local laws equally within our community regardless of citizens' ethnic, racial, disability, sexual or lifestyle background. Without a commitment to law and order, a community descends to anarchy, which the City of Kenmore strives to avoid.

FISCAL CONSIDERATION: None.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

City of Kenmore Mission Statement:

- Public Safety
- Fair and friendly services responsive to the diverse needs of the citizens
- Forum for citizen participation and involvement

City of Kenmore Vision Statement:

- Supports the safety, health and welfare of all of its citizens.

CITY OF KENMORE, WASHINGTON

RESOLUTION NO. 17-292

**A RESOLUTION REAFFIRMING THAT THE CITY OF
KENMORE IS WELCOMING TO ALL PEOPLE AND ALL IDEAS**

WHEREAS, the City wishes to reaffirm its support to safety, health and welfare of all of its citizens; and

WHEREAS, as City government, our role is to be welcoming of all people and all ideas in recognition that we truly are stronger and smarter together; and

WHEREAS, the City recognizes certain essential principles and conducts our government, and hopefully our lives, consistent with those principles.

THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DOES RESOLVE
AS FOLLOWS:

- To do all we can to foster civil discourse.
- To ensure that City services are always provided in a manner that does not discriminate based on race, sex, religion, national origin, disability, sexual orientation or gender identity.
- To foster a community that always encourages people to achieve their potential.
- To protect our air, water and other parts of our environment to protect the health and future of our families and future generations.
- To welcome without reservation new people from all parts of our world, with an abiding faith in their potential to be part of and strengthen our community.
- To never marginalize or demonize any person or group of people.
- To respect and listen to people and their ideas.
- To understand that we have a responsibility not just to ourselves but to others in our region including many who are not as fortunate.

**PASSED by the City Council of the City of Kenmore this ____ day of
February, 2017, and signed in authentication of its passage this ____ day of
February, 2017.**

David Baker, Mayor

Attest:

Kelly Chelin, City Clerk

Language submitted on February 25, 2017 for Council discussion on February 27, 2017:

A PROCLAMATION OF THE CITY OF KENMORE

Proclaiming KENMORE as a Safe, Inclusive and Welcoming City for All People

WHEREAS, Kenmore's vision statement describes the City as a place that residents, business and visitors find welcoming and inclusive with courteous people, that offers a high quality of life to live, raise children, shop, work recreate and socialize; and

WHEREAS, Kenmore priority based budgeting allocates significant resources to ensure a Safe and Secure Community that fosters a feeling of personal safety; and

WHEREAS, Kenmore's priority based budgeting also prioritizes resources to encourage and facilitate a culture that values and supports a diverse population; and

WHEREAS, the City of Kenmore is committed to supporting the safety, health and welfare of all who reside, work, or visit Kenmore without discrimination based on race, religion, color, national origin, sex, age, income or economic status, political affiliation, military status, sexual orientation, or physical, mental or sensory ability; and

WHEREAS, Kenmore believes in the dignity, equality and constitutional and civil rights of all people, and will not tolerate, discrimination, harassment or any behavior that creates fear, isolation or intimidation; and,

WHEREAS, Kenmore vibrancy and sense of community are stronger for our diversity and shared values of acceptance and respect; and

WHEREAS, the Kenmore City Council supports these principles and strives to reflect them in their actions as Kenmore's elected leaders; and

NOW, THEREFORE, I, David Baker, Mayor of Kenmore do hereby proclaim that the City of Kenmore is deeply committed to promoting a safe and secure city that respects and welcomes all people.



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Discussion: Draft City Proposal for Puget Sound Energy Franchise Agreement Proposed Council Action/Motion: Discussion and Direction	For Council Meeting Agenda of: 27 February 2017 Department: Executive Prepared by: Nancy Ousley, Assistant City Manager <u>Initial & Date</u> Approved by Department Head: <u>NKO 16 Feb 2017</u> Approved by City Attorney: <u>D. REITAN/NKO</u> Approved by Finance Director: _____ Approved by City Manager: <u>PJ Kory</u> Exhibits/Attachments: 1. Draft Proposal for Franchise Agreement (track changes and clean versions) and Summary Sheet 2. January 2017 PSE Open House Information Sheet 3. Exponent Energy Report November 2016 4. 2005 Franchise Agreement	
Expenditure Required \$n/a	Amount Budgeted \$	Appropriation Required \$0
<u>INFORMATION/BACKGROUND:</u> The City of Kenmore's Franchise Agreement with Puget Sound Energy expired in 2015, coinciding with an increase in power outages and concerns raised by Kenmore residents and businesses. The concerns about power reliability and how it compares to neighboring jurisdictions served by other utilities prompted the City to consult with the Washington Utilities and Transportation Commission and other cities. The City also commissioned an independent energy reliability assessment, which was presented to the City Council and community in November, 2016. The report confirmed that the infrastructure and system serving Kenmore is outdated and lacks resiliency, and vegetation management is inadequate. The location of one particularly poor performing circuit through backyard easements makes power restoration difficult and time consuming. In fact, over the past several years, nine of the ten circuits serving Kenmore performed in the lower 50% of the PSE system, and of those, seven performed lower than 75% of the roughly 1100 circuits in the system. Following public meetings and discussions with PSE leadership and staff, PSE presented capital plans in January, 2017 outlining reliability projects in Kenmore that could help to improve the situation. The City administration and City Attorney have prepared a draft proposed agreement for Council review and discussion as we prepare to begin franchise discussions with the company. In addition to tighter procedures		

and requirements for construction and right of way use, this proposal stresses reliability investments, smart grid technology, accelerated vegetation management, customer rebate opportunities, and increased direct reporting to the City Council and community on energy reliability including how Kenmore circuit performance compares to neighboring jurisdictions and PSE's system as a whole.
<u>FISCAL CONSIDERATION:</u> Staff time devoted to franchise development and review is reimbursable by the utility provider. Kenmore residents and businesses will benefit from improved reliability.
<u>COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:</u> Public and Transportation Safety Economic Development Support Lakepointe Redevelopment



City Of Kenmore, Washington

February 16, 2017

TO: Rob Karlinsey, City Manager
 FR: Nancy Ousley, Assistant City Manager *NKO*
 RE: Draft Proposed PSE Franchise Agreement for Council Discussion: Summary of Key Points Added to the 2005 Franchise Agreement

This memo highlights many of the points that, based on comments from Council, community members, and the experiences of other jurisdictions, we have incorporated into the Draft Proposed agreement that will be discussed with the City Council on February 27, 2017. This summary does not capture all of the changes we propose, but it provides some reference points as the reader reviews the entire document. A clean copy as well as a track-changes version of the full draft agreement document are included in the agenda package.

Term: (Section 4)

- 5 years

Facilities in Franchise Area: (Section 2)

- Acknowledge that PSE may have existing or future agreements with third parties for the use and sharing of its facilities, such as poles. PSE shall require third parties to be named on any necessary City permits for pole removal, relocation, undergrounding and/or relocation in the Franchise Area. PSE will notify and require third parties to remove their equipment if the City requires relocation, relocation or undergrounding.

Construction and Maintenance of Facilities: Permit Required: (Section 9)

- PSE will apply for all necessary City permits when PSE excavates in the Franchise Area, and comply with all permit requirements and conditions, including but not limited to location restrictions, traffic control, restoration and repair work to restore the surface of the Franchise area. PSE shall provide to the City a copy of as-built drawings showing the location of its facilities affected by the work.

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Underground Installation of Facilities: (Section 12)

- If the City chooses to underground utilities, the City may require PSE to pay for the cost of undergrounding up front, and PSE may recover the cost of undergrounding from Kenmore rate payers over a period of years and at an interest rate (not to exceed the going rate for municipal bonds) agreed upon by the City and PSE.

Relocation of Facilities: (Section 13)

- Whenever the City initiates public works improvements in the Franchise Area, or the City Public Works Director determines that PSE facilities interfere with the free and safe passage of pedestrians, bicycles, the City's requirements under the Americans with Disabilities Act, and/or vehicular traffic, the City can require relocation. PSE will relocate the facilities, including third party facilities on PSE facilities, at no cost to the City.

City Use of Facilities: (Section 15)

- For PSE poles in the Franchise Area, the City, with PSE prior written consent, may install and maintain City-owned overhead communication facilities such as cables, antennas, routers, and wire for police, fire, traffic control, wifi/internet, weather and air quality monitoring equipment and other noncommercial municipal communication purposes. Installation and maintenance costs will be paid by the City, and PSE will not charge a fee for the use of the poles.

Records of Installation and Planning: (Section 17)

- PSE will provide maps/GIS layers of plans of improvements, relocations and conversions to its facilities.
- Upon request, PSE will provide available drawings showing PSE location of facilities at specified locations within the franchise area, and in connection with City's design of new and renovated streets and intersections, field markings showing the location of underground facilities.
- At the City's sole discretion and request, PSE will verify the actual location of its underground facilities within the Franchise Area by excavating, including pot holing, at no expense to the City.
- PSE will submit to the City a list of all parties that lease PSE facilities in the Franchise Area, including but not limited to, telecommunications facilities; and provide updated maps and lists within 30 days of executing new leases. PSE will ensure and confirm that companies leasing their facilities have obtained all necessary City permits, franchises and/or approvals prior to approving any leases.
- PSE shall submit to the City updated maps and lists within 30 days of executing any new or renewed leases for third party use of PSE facilities in the Franchise Area.

Vegetation Management: (Section 18)

- Perform annual vegetation review throughout the City and identify areas that need maintenance for reliable and safe operation of utilities. Provide ten business days notice to City of review; city staff may accompany PSE in the review.
- On an annual basis, provide the City with a list and maps of locations scheduled for annual vegetation maintenance that year. As long as Circuit 26 alignment remains in existing location, vegetation management and trimming will be accomplished at least once a year.
- Provide advance notice of non-emergency vegetation management to abutting property owners/ occupants. For vegetation management in or adjacent to City ROW, Obtain ROW permit from the City (1 per year, with maps) that specify the traffic control methods to be used during vegetation management activities.
- Use an arborist on proper pruning practices, and ensure that trimming crew foreperson(s) are educated on species and growth habits.
- Quarterly performance reviews of compliance of this section, and annual report to City detailing vegetation management work performed by PSE. If PSE doesn't use vegetation management standards adopted by public entities like Sno PUD or Seattle City Light, PSE must explain its standards and demonstrate how its standards provide comparable reliability to neighboring providers.
- Commit to a 24 hour response time to customer contacts regarding vegetation management at or near their residence.

Security Device to Insure Performance (Section 24)

- PSE will, within 30 days of acceptance of the Franchise, file and maintain a security device. The device will be a continuing obligation to ensure performance of the terms and conditions of the Franchise. The security device filed will be in the amount of \$500,000.

Emergency Management (Section 28):

- Meet annually, upon request from the City, with City, Fire, and Emergency Preparedness personnel to coordinate emergency management operations and at least twice a year, actively participate in emergency exercises or planning sessions.

Notice of Tariff Changes (Section 31):

- Notify the City of application to the WUTC for any changes in Tariffs affecting the provisions of the Franchise.

Reliability Reporting Requirements (Section 32):

- Use good faith efforts to maintain and improve reliability of electrical service to all customers in the City.
- Provide to the City annually the System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) for electric service by circuit and by the City

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as a whole for a period that covers the previous five years. PSE will also provide an annual comparison of its service reliability between the City, its individual circuits, and all cities and unincorporated areas that border Kenmore; as well as a comparison of the City to PSE's entire service area.

- On an annual basis provide a written report identifying any individual circuits serving the City having a SAIFI or SAIDI for the preceding year that is greater than the PSE system for the same period; and identify any corrective changes that PSE can take to improve the performance. The report shall include annual outage data by circuit within the City. The report will be submitted by January 31 of each year.
- If the reports show that any individual circuit serving the City has a SAIFI or SAIDI for the preceding year that is greater than the PSE system-wide metrics (average) for the same period, PSE agrees to work with the City on scheduling and implementing proactive steps to improve the reliability of such circuits, including, but not limited to, enhanced/expedited vegetation management or pole replacement, smart technology, transformer upgrades, tree wire installation, closer/recloser systems, etc.
- On an annual basis, report to the City information concerning all non scheduled outages and resulting service interruptions to customers within the City, identifying the individual circuit(s), cause, equipment, duration and number of customers (residential and commercial) affected by the outage.
- On an annual basis, report to the City any projects PSE anticipates constructing within a 3 year period to improve the reliability of facilities within the City, including but not limited to smart grid alternatives or other innovative power measures. PSE agrees to upgrade all system feeder to the City within the five year Franchise term.
- PSE agrees to consider implementing a plan to decrease system-wide fossil fuel generated power. PSE will offer incentives to install solar panels. PSE agrees to offer the Small Business Direct Install program to Kenmore businesses annually.
- Annually, provide the City a summary of communications received by PSE from customers within the city, and PSE's response to the communications. PSE shall include in the summary of all customer complaints for the preceding year and how PSE resolved the complaints.
- WUTC Complaints: PSE shall notify the City of complaints filed with the WUTC by Kenmore customers with ____ days of the WUTC's notification to PSE of said complaints. Status and disposition of the WUTC complaint should be included in the required annual report to the City.
- PSE agrees to attend at least two Council meetings annually (before and after the storm season) to report to the City Council on system reliability.

City Wide Reliability and Restitution (Section 33):

- PSE agrees to fund, construct and install the reliability improvements and according to the schedule, as shown in Exhibit __ to this agreement. Parties acknowledge that the reliability within the City as a whole needs to be improved, and further acknowledge that 9 of the 10 circuits serving the City are below the 50 percentile of system wide reliability, and of those, 7 fall below the 25% percentile when considering outage data for 2010-2014. This commitment will be in a MOU; if the MOU is not in place by 180 days of the effective date of the adopting Ordinance, the City may declare a forfeiture of the Franchise.

- Within 15 calendar days after event outage event in the City, PSE agrees to provide an online link to its customers providing notice of the process and appropriate form to file claims for restitution relating to damages caused by power outages.
- PSE agrees to install, at no cost to the City, one electric vehicle charging station in a location to be determined by the City.
- PSE agrees to set SAIFI and SAIDI goals for all Kenmore circuits that are higher than the PSE system average (for the previous ___ years); and PSE agrees to create a capital improvement and operational plan to meet these goals within 3 years of the execution of this agreement. Also, PSE agrees to create a Capital Improvement Plan to replace and rebuild the City's circuits and facilities with smart grid technology, similar to North Kirkland and South Kenmore.
- PSE agrees to allow facilities of Seattle City Light, Seattle Public Utilities or Snohomish PUD to collocate on PSE facilities, if determined to meet safety standards.
- PSE shall provide customers with an online link or other format upon request to initiate the process for obtaining rebates relating to non storm outages exceeding the duration of those of neighboring areas
- PSE shall dedicate a line crew responsible for PSE outages and facilities within the City. The contact information for the dedicated crew shall be provided to the city on an annual basis or as soon as changes in personnel occur. PSE shall report on the proximity of line /repair crews in North King County and their ability to respond to Kenmore outages in an expedited manner.
- PSE shall actively maintain its facilities located within private easements in order to ensure greater reliability throughout the City. PSE shall annually directly communicate with property owners impacted by private easements that contain PSE facilities, regarding easement enforcement and maintenance of facilities in the easement.
- Grid Tie Technology: PSE will allow residential and commercial customers to install grid-tie technology, allowing any Kenmore customer to net meter their electricity based on power generated on site via solar, wind, or other renewable source.
- PSE shall collect data specific to Kenmore and each January shall submit a written report to the City on Service Quality Indices by circuit and by the City as a whole:
 1. WUTC complaint ratio
 2. SAIDI (<320 minutes per year for 5-year average)
 3. SAIFI (<1.3 interruptions per year per customer)
 - a. N/A
 - b. Secondary core hours, non-emergency safety response and restoration time – electric (within 250 minutes from dispatch to restoration)
 - c. Secondary non-core hours, non-emergency safety response and restoration time – electric (within 316 minutes from dispatch to restoration)
 4. Gas safety response time
 5. Electric safety response time (55 minutes or less from customer call to arrival of field technician)

ORDINANCE NO. _____

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AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, GRANTING PUGET SOUND ENERGY, INC., A WASHINGTON CORPORATION, THE ~~NON-EXCLUSIVE~~ RIGHT, PRIVILEGE, ~~AND~~ AUTHORITY AND FRANCHISE TO SET, ERECT, CONSTRUCT, SUPPORT, ATTACH, CONNECT AND STRETCH FACILITIES BETWEEN, MAINTAIN, REPAIR, REPLACE, ENLARGE, OPERATE AND USE FACILITIES IN, UPON, UNDER, ALONG AND ACROSS THE FRANCHISE AREA FOR PURPOSES OF TRANSMISSION, DISTRIBUTION AND SALE OF ELECTRICAL ENERGY AND NATURAL GAS FOR POWER, HEAT, LIGHT AND ~~ANY~~ OTHER PURPOSES FOR WHICH ELECTRICAL ENERGY AND NATURAL GAS MAY BE USED.

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

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WHEREAS, RCW 35.47.040 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 electrical energy,...for gas..."_; and

WHEREAS, Puget Sound Energy, Inc. ("PSE") has requested a franchise for purposes of transmission, distribution, and sale of electrical energy and natural gas for power, heat, light, and any other purpose for which electrical energy and natural gas may be used_; and

WHEREAS, ~~on July 25, 2005, the City Council adopted Ordinance No. 05-023398-0030, which granted ing an extension of the King County a franchises to PSE for the construction, operation, maintenance and repair of natural gas and electric transmission and distribution facilities for a ten year period; under the same terms and conditions as Washington Natural Gas and Puget Power and Light Company, now collectively known as Puget Sound Energy_; and~~

WHEREAS, the franchise agreements with ~~PSEuget Sound Energy~~ expired ~~in August of 2015 or will expire on October 13, 2004 for electrical light and power and August 31, 2005 for natural gas_; and~~

WHEREAS, the City of Kenmore and ~~PSEuget Sound Energy~~ have negotiated a new, mutually acceptable franchise agreement_; and

WHEREAS, the City Council finds that it is in the best interest of the health, safety and welfare of residents of Kenmore to grant a non-exclusive franchise to ~~PSEuget Sound Energy~~ for the operation of electric distribution, electric transmission, and natural gas distribution systems within the City right-of-way;

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

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Section 1. Recitals Incorporated. The Recitals set forth above are herein incorporated by reference as if set forth in full.

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Section 2. Finding of Public Interest. The City Council hereby finds that the Non-Exclusive Franchise with Puget Sound Energy, Inc. attached hereto as Exhibit A, and herein incorporated by reference as if set forth in full, is in the public interest.

Section 3. Franchise Authorized. The City Council hereby approves and authorizes the City Manager to enter into the franchise agreement attached hereto as Exhibit A (the "Franchise") with Puget Sound Energy, Inc., to construct, operate and maintain its utility facilities, as defined in the Franchise, in, across, under, upon, along and over public roads and rights-of-way of the City of Kenmore.

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Section 4. Severability. Should any section, paragraph, sentence, clause, or phrase of this ordinance or the Franchise, or its or their application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance or the Franchise be pre-empted by State or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this ordinance or the Franchise, or its or their application to other persons or circumstances.

Section 5. Effective Date. This Ordinance, being in compliance with RCW 35A.47.040, shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

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APPROVED by the City Council this _____ day of _____, 2017.

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David Baker, Mayor

ATTEST/AUTHENTICATED:

Kelly Chelin, City Clerk

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APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

BY
Rod Kaseguma, City Attorney

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO. 17-

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EXHIBIT A TO ORDINANCE NO. 17-

**A NON-EXCLUSIVE FRANCHISE AGREEMENT BETWEEN
THE CITY OF KENMORE AND PUGET SOUND ENERGY, INC.**

Section 1. Definitions

Where used in this franchise (the "Franchise") the following terms shall mean:

1.1 "PSEuget" means Puget Sound Energy, Inc., a Washington corporation, and its respective successors and assigns.

1.2 "City" means the City of Kenmore, a municipal corporation of the State of Washington, and its respective successors and assigns. Specifically, the City includes all areas incorporated therein as of the effective date of this Ordinance and any other areas later added thereto by annexation or other means.

1.3 "City Manager" means the Kenmore City Manager, or his or her designee.

1.4 "Days" means calendar days.

1.54 "Franchise" means the grant of non-exclusive rights, privileges and authority embodied in this Ordinance.

1.65 "Franchise Area" means all public rights-of-way including the surface of and space along, above, and below any street, road, highway, freeway, lane, sidewalk, alley, court, boulevard, parkway and drive within the City as now and as may hereafter be laid out, platted, dedicated, acquired or improved within the present limits of the City and as such limits may be hereafter extended; and all City owned easements used for such rights-of-way and/or dedicated for the placement and location of utilities, provided such easements would allow PSEuget to fully exercise the rights granted under this Franchise within the area covered by such easements.

1.76 "Facilities" means collectively, any and all:

A. 1.6.1 natural gas distribution systems, including but not limited to, gas pipes, pipelines, mains, laterals, conduits, feeders, regulators, valves, meters, meter-reading devices, fixtures, and communications systems and all necessary facilities and appurtenances thereto, whether the same be located over or under ground;

B. 1.6.2 electrical transmission and distribution systems, including but not limited to poles (with or without cross arms), including Puget-owned street lighting poles and luminaires, wires, lines, conduits, cables, communication and signal lines, braces, guys, anchors, switches, transformers, ducts, vaults and all necessary facilities and appurtenances thereto, whether the same be located over or under ground.

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1.87 "Ordinance" means this Ordinance No. 1795-___0233, which sets forth the terms and conditions of this Franchise.

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1.98 "Permitting Authority" means the head of the City department authorized to process and grant permits required to perform work in the Franchise Area, 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.

1.109 "Public Works Director" means the head of the City Public Works Department or his or her designee.

1.110 "Tariff" means "tariff" as that term is defined in WAC 480-80-030(3), or such similar definition describing rate schedules, rules and regulations relating to charges and service as may hereinafter be adopted by the regulatory authority with jurisdiction, under the laws of the State of Washington, over public service companies.

1.124 "WUTC" means the Washington Utilities and Transportation Commission or such successor regulatory agency having jurisdiction over public service companies.

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Section 2. **Grant of Franchise; Facilities within the Franchise Area**

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2.1 Pursuant to the laws of the state of Washington, including but not limited to RCW 35A.47.040 and 80.32.010, the City hereby grants to PSEuget the non-exclusive right, privilege, authority and franchise subject to the terms and conditions set forth herein. after set forth, This Franchise grants PSE the privilege to install, construct, operate, maintain, repair, replace, and use Facilities for electric distribution and electric transmission and natural gas distribution and transmission systems, in, under, on across, over, through, along or below the Franchise Area, for the transmission, distribution and sale of electrical energy and natural gas power, heat and light, and any other purposes for which electrical energy and natural gas may be used, as approved under City permits issued by the Permitting Authority pursuant to this Franchise and City ordinances.

2.2 This Franchise specifically does not authorize PSEuget to install or use Facilities to provide telecommunications, cable television, point-to-point data communications, or similar services either via wire or wireless technologies regardless of whether these services are provided to any person outside PSEuget's organization. This section does not restrict PSEuget's ability to utilize telemetric devices to monitor and operate its electric distribution, electric transmission and natural gas distribution systems or to monitor and control the usage of electrical energy and/or natural gas. The City acknowledges that PSE may have existing or future agreements with third parties regarding the use and sharing of Facilities, such as poles. PSE shall require such third parties to be jointly named on any necessary City permits for pole removal, replacement, undergrounding and/or relocation in the Franchise Area. PSE shall notify said third parties and require them to remove their equipment/facilities if the City requires relocation, removal or undergrounding of PSE's Facilities. PSE shall also notify and require said third parties to remove their equipment/facilities from PSE Facilities in the same time frame that the City requires PSE to relocate, remove or underground its Facilities.

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2.3 PSEuget acknowledges the City's desire and intent that City rights-of-way be free of encumbrance by rights held by others, including PSEuget, and that the City requires that rights-of-way dedicated by property owners to the City be free of such encumbrances. All rights-of-way so dedicated during the term of this Franchise shall be Franchise Area and Facilities thereafter installed by PSEuget therein shall be subject to

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the terms and conditions of this Franchise.

2.4 In the event PSEuget has within the Franchise Area an prior existing easement or other right not derived from this Franchise or from a prior franchise granted by the City, and PSEuget desires to install Facilities within and using such prior right, then PSEuget will provide notice of same to the City prior to such installation. The City may request that PSEuget instead install its Facilities within the Franchise Area pursuant to rights granted by this Franchise. PSEuget will consider the facts and conditions that bear upon such request and will respond to the City, including meeting with the City to discuss such request, prior to installation of PSEuget's Facilities. When reasonably determined by PSEuget to be consistent with prudent utility practice, PSEuget will install its Facilities as so requested by the City.

Section 3. Nonexclusive Franchise

This Franchise is granted upon the express condition that it shall not in any manner prevent the City from granting other or further franchises in, along, over, through, under, below or across any portion of the Franchise Area. ~~This Such~~ Franchise shall in no way prevent or prohibit the City from using, ~~any portion of the Franchise Area or other City property~~ or affect its jurisdiction over, ~~them or any portion of the Franchise Area or other City property~~ them, and the City shall retain the authority to make necessary changes, relocations, repairs, maintenance, establishment, and improvement ~~to any portion of the Franchise Area or other City property~~ of the same as the City may deem fit, including the dedication, establishment, maintenance, and improvement of new rights-of-way or other public properties of every type and description.

Section 4. Term of Franchise/Acceptance

~~4.1~~ This Franchise is and shall remain in full force and effect for a period of ~~five ten~~ (510) years from the effective date of the Ordinance. This Franchise is granted upon the express condition that PSEuget, within sixty (60) days after the adoption of this Ordinance, shall file with the clerk of the City a written acceptance of the same, and when so accepted by PSEuget, shall constitute a contract between the City and PSE Puget for all the purposes herein set forth. If PSEuget fails to provide its written acceptance as provided above, this Ordinance and Franchise shall be null and void.

Section 5. Non-Franchise Area City Property

51 ~~Nothing contained in this Ordinance shall be construed as granting permission or conveying any right to PSE to install Facilities, use or otherwise go upon any City-owned or leased properties or other public place other than the Franchise Area. Permission to go upon any other property owned, leased or controlled by the City must be sought on a case by case basis from the City. Nothing in this Franchise shall be deemed to grant, convey, create or vest a real property interest in land to or in PSE, including any fee or leasehold interest or easement rights. This Franchise shall not convey any right to Puget to install Facilities on or to otherwise use City-owned or leased properties outside the Franchise Area.~~

5.2 Existing Facilities installed or maintained by PSEuget on public grounds and places within the City in accordance with prior franchise agreements, but which are not within the Franchise Area as defined by this Franchise, may be maintained, operated, repaired and/or replaced in like kind by PSEuget at the location where such Facilities exist as of the effective date of this Franchise for the term of this Franchise; provided, however, that no such Facilities may be ~~modified~~, enlarged, improved or expanded without the prior review

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and approval of the City pursuant to applicable ordinances, codes, resolutions, standards, and procedures. Any request to modify, enlarge, improve or expand the Facilities described in this Section shall also include a detailed map and description of the requested change to said Facilities.

Section 6. Compliance with State and Local Regulations

6.1 PSEuget shall comply with all federal, state, and local laws or regulations applicable to the exercise of PSEuget's rights and obligations under this Franchise. Upon written inquiry, PSEuget shall provide a specific reference to either the federal, state, or local law or the WUTC order or action establishing a basis for PSEuget's actions related to the exercise of such rights and obligations.

6.2 In granting this Franchise the City hereby reserves all lawful powers *and* franchise authority available to it under its general police authority; provided, however, such authority shall be exercised in a manner consistent with and so as not to impair the rights, privileges, authority and franchise conferred to PSEuget by this Franchise.

Section 7. Non-interference of Facilities

7.1 PSEuget's Facilities shall be located and maintained within the Franchise Area so as not to interfere with the free and safe passage of pedestrian, bicycle and/or vehicle traffic therein or with the reasonable ingress or egress to properties abutting thereto. For purposes of this section and Section 13 of this Franchise, free and safe passage of pedestrian, bicycle and/or vehicle traffic and reasonable ingress or egress to properties include, but are not limited to, compliance with standards set forth in the Americans with Disabilities Act and/or the City's Public Works Standards. PSEuget's Facilities shall be maintained in accordance with federal and state standards for safety, the laws of the State of Washington, Kenmore Municipal Code, and applicable ordinances, regulations and standards of the City.

7.2 In the event that the Public Works Director or designee reasonably determines, after providing written notice to PSEuget and a reasonable opportunity for PSEuget to respond to the Public Works Director's concerns, that any one or more of PSEuget's Facilities within the Franchise Area interfere with the free and safe passage of pedestrian, bicycle and/or vehicular traffic therein or with the reasonable ingress or egress to properties abutting thereto, then PSEuget shall promptly take such action as is reasonably necessary to eliminate such interference. In so doing, the City shall fully cooperate with PSEuget, including, without limitation, allowing changes to or modifications of the Franchise Area (and other City property), at PSEuget's expense, if such changes or modifications provide the most effective or economical means of eliminating such interference.

7.3 In the event such interference requires relocation of PSEuget's Facilities within the Franchise Area, such relocation shall be accomplished in accordance with Section 13 below (any such interference resulting from new development ingress or egress to properties abutting the Franchise Area in proximity to PSEuget's Facilities existing within the Franchise Area prior to the development shall be subject to Section 13.6).

Section 8. Dangerous Conditions, Authority for the City to Abate

8.1 -In the event that PSEuget's Facilities or operations cause or contribute to a condition that appears to endanger any person or substantially impair the lateral support of the Franchise Area or public or private

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property adjacent thereto, the Public Works Director or designee may direct PSEuget, at no charge or expense to the City, to promptly take such action as may be reasonably necessary to resolve such condition to eliminate such endangerment. Such directive may include compliance within a prescribed period of time.

8.2 In the event PSE fails to promptly take action as directed by the City pursuant to Section 8.1, or fails to fully comply with such direction, or if emergency conditions exist which require immediate action to prevent imminent injury or damages to persons or property, the City may take actions as it reasonably believes are necessary with respect to PSEuget's Facilities or operations to protect persons or property and in such event PSEuget shall be responsible to reimburse the City for its costs incurred in so doing. With respect to PSEuget's natural gas facilities, the City's authority to act upon PSEuget's Facilities hereunder is specifically limited to actions, taken by trained emergency response personnel, to stop the flow of natural gas actively contributing to a dangerous condition by closing the natural gas supply valve at a meter or appliance.

Section 9. Construction and Maintenance of Facilities in Franchise Area: Permit Required

9.1 Whenever PSEuget excavates in the Franchise Area for purposes of installation, construction, repair, maintenance or relocation of its Facilities, it shall apply to the City for all necessary a-City permits to do such work, so in accordance with all ordinances and regulations of the City. PSE shall comply with all requirements and conditions of such permits, including but not limited to location restrictions, traffic control, restoration and repair work to restore the surface of the Franchise Area. In no case shall any such work commence within the Franchise Area without a permit, except as otherwise provided in this Franchise. After the work is completed, PSE shall provide to the City upon request and at no cost, a copy of PSE's as-built drawings showing the location of its Facilities affected by such work. As to any such drawings so provided, PSE does not warrant the accuracy thereof and, to the extent the location of Facilities are shown, such Facilities will be shown in their approximate location.

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9.2 PSEuget shall at all times post and maintain proper barricades and traffic control and comply with all applicable safety regulations during any period of construction or maintenance activities within the right-of-way as required by City or state regulations, including RCW 39.04.180, for the construction of trench safety systems.

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9.3 In the event of any emergency where any Facilities located in the Franchise Area are broken or damaged, or if PSEuget's work area within the Franchise Area is in such a condition as to endanger any person or property, PSEuget shall immediately take any necessary emergency measures to repair or remove its Facilities or otherwise make its work area safe without first applying for and obtaining a permit as required by Section 9.1. This provision shall not relieve PSEuget from later obtaining any necessary permit for the emergency work. PSEuget shall apply for the required permit the next business day following the emergency work or, in the case of an extended state of emergency, as soon thereafter as practical.

9.4 Pavement Disturbance. In the event PSEuget proposes to cut or disturb pavement within the Franchise Area for any purpose (except as provided in Section 9.3) within three years of the surfacing or resurfacing of such pavement, PSEuget shall apply to the City for a permit to make such disturbance in accordance with Section 9. In its application PSEuget shall identify the specific paving proposed to be disturbed, describe the scope and extent of the proposed disturbance and explain the necessity for such disturbance. PSEuget shall minimize the extent of such pavement disturbance to that reasonably necessary to perform its work. PSEuget acknowledges the City's authority and discretion to approve (or not approve) disturbance of such pavement and to condition such approval and require compliance of the in accordance with Section 10 to include such

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pavement restoration ~~to requirements~~ the City's Public Works standards, as may be amended, and as may be determined by the Public Works Director to be reasonably necessary to restore the integrity of the paving disturbed by PSEuget's work. PSEuget shall not cut or disturb ~~any such~~ pavement within the Franchise Area (except as provided in Section 9.3) without written authorization from the Public Works Director ~~or designee~~.

Section 10. Restoration

10.1 PSEuget shall promptly restore the Franchise Area, at its sole cost and expense, after any installation, construction, relocation, maintenance, or repair of Facilities within the Franchise Area. PSE shall ~~promptly~~ restore the Franchise Area ~~disturbed by PSE to at least the same condition as existing~~ existing immediately prior to PSE's work in the Franchise Area or to the latest Public Works standards, whichever is greater. ~~any such installation, construction, relocation, maintenance or repair, in accordance with City standards, at PSE's sole cost and expense.~~ All survey monuments which are to be disturbed or displaced by such work shall be referenced and restored per WAC 332-120, as the same now exists or may hereafter be amended, and all pertinent federal, state and City standards and specifications. The Public Works Director shall have final approval of the condition of the Franchise Area after restoration.

10.2 If it is determined that PSEuget has failed to restore the Franchise Area in accordance with Section 10, the City shall provide PSEuget with written notice including a description of actions the City reasonably believes necessary to restore the Franchise Area. If the Franchise Area is not restored in accordance with the City's notice within thirty (30) days of that notice, the City, or its authorized agent, may restore the Franchise Area. PSE shall be responsible ~~and pay for~~ all costs and expenses incurred by the City in restoring the Franchise Area in accordance with this section. ~~PSE Shall pay said costs and expenses within thirty (30) days of receipt of the City's billing for such work, including City overhead (provided that in no event shall such overhead exceed 105% of the total costs, fees and expenses).~~ The remedy granted to the City under this section shall be in addition to those otherwise provided by this Franchise.

10.3 Except as otherwise provided herein, in the event PSE permanently ceases use of any of its Facilities within the Franchise Area, PSE shall within one hundred and eighty days (180) after such permanent cessation of use, or such additional time as is agreed to by the parties, remove such Facilities at its sole cost and expense. ~~Provided, that with the express written consent of the City, PSE may leave such Facilities in place subject to the conditions set forth in this Section. Any such Facilities to be left in place shall be made inert by purging all natural gas from such Facilities (including displacement of natural gas with an appropriate inert gas) and disconnecting and sealing such Facilities, all in compliance with applicable regulation and industry standards. The City's consent shall not relieve PSE of the obligation and/or costs to subsequently remove or alter such Facilities in the event the City reasonably determines that such removal or alteration is necessary or advisable for the health and safety of the public, in which case PSE shall perform such work at no cost to the City. The obligations contained in this section shall survive the expiration, revocation and termination of this Franchise.~~

10.43 All work by PSEuget pursuant to this Section 10 shall be performed in accordance with the permit issued by the City, together with the laws of the State of Washington, Kenmore Municipal Code and applicable regulations and standards of the City as the same now exists or as may be hereafter amended or superseded.

Section 11. Bonding Requirement

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11.1 Before undertaking any of the work authorized by this Franchise, PSEuget shall furnish a bond executed by PSEuget and a corporate surety authorized to do surety business in the State of Washington, ~~with an AM Best rating of A XII in the amount set forth in Section 24 of this Franchise, in a sum to be set and approved by the Public Works Director as reasonably sufficient to ensure~~ performance of PSEuget's obligations under this Franchise. The bond shall be conditioned so that PSEuget shall observe and keep all the covenants, terms and conditions and faithfully perform all of the obligations of this Franchise, and to restore or replace any defective work or materials discovered in the restoration of the Franchise Area within a period of two (2) years from the final City inspection date of any such restoration. PSEuget may meet the obligations of this section with one (1) or more bonds acceptable to the City. In the event that a bond furnished pursuant to this section is canceled by the surety, after proper notice and pursuant to the terms of said bond, PSEuget shall, prior to the expiration of said bond, procure a replacement bond which complies with the terms of this section.

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11.2 With respect to undertaking any of the work authorized by this Franchise, in the event PSEuget fails to perform its obligations under this Franchise and further fails to cure its deficiency within ~~the a time reasonable period identified in of time after receipt of the City's~~ written notice of such deficiency ~~by the City~~, then the City may use any bond(s) furnished by PSEuget pursuant to Section 11.1 to cure such deficiency. Neither the amount of such bond(s) nor the City's use thereof shall limit the City's full recovery from PSEuget of costs incurred by the City to cure such deficiency.

11.3 In the event the City makes use of such bond(s) furnished by PSEuget pursuant to Section 11.2, the City shall promptly provide written notice of same to PSEuget. Within thirty (30) days of receipt of such notice, PSEuget shall replenish or replace such bond(s) as provided in Section 11.1.

11.4 The rights reserved to the City by this Section 11 are in addition to other rights of the City whether reserved by this Franchise or authorized by law, and no action, proceeding, or exercise of right under this Section 11 shall constitute an election or waiver of any rights or other remedies the City may have.

Section 12. Underground Installation of Facilities

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12.1 PSEuget acknowledges that the City desires to promote a policy of underground installation of Facilities within the Franchise Area. The City acknowledges that PSEuget provides electrical and natural gas service on a non-preferential basis subject to and in accordance with applicable Tariffs on file with the WUTC. ~~Subject to and in accordance with such Tariffs, PSEuget agrees to will~~ cooperate with the City in the formulation of policy and development regulations concerning underground installation of PSEuget's Facilities within the Franchise Area.

12.2 New extensions of electric Facilities that operate at 15,000 volts (15kV) or less constructed by PSEuget within the Franchise Area during the term of this Franchise shall be located underground, at PSE's expense, subject to and in accordance with applicable Tariffs on file with the WUTC; ~~Provided, however,~~ that extensions of existing overhead Facilities of up to five spans or 500 feet (whichever is less) may, subject to the City's prior written consent which shall not be unreasonably withheld, be installed overhead in locations having other existing overhead utilities.

12.3 If, during the term of this Franchise, the City shall direct PSEuget to replace (convert) its overhead electric distribution Facilities (15kV or less) then existing within the Franchise Area with underground Facilities, such underground conversion shall be arranged and accomplished subject to and in accordance with

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Schedule 74 Conversion to Underground Service for Governmental Entities, unless otherwise agreed to in this Franchise Agreement, applicable Tariffs on file with the WUTC. All requests by the City for conversion of overhead Facilities to underground shall comply with applicable law. For any project in the Franchise Area, PSE shall submit, within 30 days written request from the City, a detailed estimate of the costs to relocate/move aerial to aerial Facilities.

12.4 This Section 12 shall govern all matters related to underground installation of PSEuget's Facilities within the Franchise Area. Temporary services provided by PSE during construction of a City public works improvement project where such services are necessary to construct project components that are not directly associated with underground conversion work shall be governed by Sections 7 and 13 herein.

12.5 PSE shall waive any service application/connection fees for new or upgraded public works facilities constructed by the City within the Franchise Area, including but not limited to service fees for private conversions completed on behalf of the property owner by the City as part of a City public works improvement project.

12.6 PSE shall maintain adequate staffing levels and provide the City with one constant point of contact during construction of a City public works improvement project to provide responsive customer service.

12.7 If the City desires to have PSE underground its Facilities in the Franchise Area, the City may require PSE to pay for the cost of said undergrounding up front, and PSE may recover the costs of undergrounding from Kenmore ratepayers over a period of years, with an interest rate (not to exceed the going interest rate for municipal bonds) agreed up on by the City and PSE.

Section 13. Relocation of Facilities

13.1 Whenever the City undertakes (or causes to be undertaken at City expense) the construction of any public works improvement within the Franchise Area, or the Public Works Director reasonably determines that PSEuget's Facilities interfere with the free and safe passage of pedestrian, bicycle and/or vehicular traffic pursuant to Section 7 above, and the City's requirements under the Americans with Disabilities Act, and such public works improvement or interference necessitates the relocation of PSEuget's Facilities then existing within the Franchise Area, the City shall:

(+) A. provide PSEuget, within ninety (90) days a reasonable time prior to the City's commencement of activities requiring such public works improvement, written notice requesting such relocation; and

B. provide PSEuget with copies of relevant portions of the City's plans and specifications for such public works improvement. After receipt of such notice and such plans and specifications, PSEuget shall relocate its such Facilities and any third party equipment/facilities located on PSE's Facilities within the Franchise Area at no charge to the City. If, during the construction of any such public works improvement, an emergency posing a threat to public safety or welfare, or a substantial risk of severe economic consequences to the City, arises requiring the relocation of PSEuget's Facilities within the Franchise Area, the City shall give PSEuget notice of the emergency as soon as reasonably practicable. Upon receipt of such notice from the City, PSEuget shall endeavor to respond as soon as reasonably practicable to relocate the affected Facilities at no charge to the City.

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13.2 The City shall act in good faith and shall use its best efforts to provide sufficient space within the Franchise Area for the safe and efficient installation, operation, repair and maintenance of the relocated Facilities. PSEuget shall act in good faith and shall use its best efforts to install relocated Facilities in such space within the Franchise Area, consistent with prudent utility practice. If the City and PSEuget agree that there is not sufficient space for the relocated Facilities in the existing Franchise Area, then, ~~unless otherwise mutually agreed by the City and PSEuget, the PSE City~~ shall provide sufficient space for the relocated Facilities by obtaining additional easements, right-of-way or other equivalent rights mutually agreeable to the City and PSEuget, ~~which shall be Franchise Area, title of which shall be in the City's name~~. PSE may, within twenty (20) days after receipt of written notice requesting a relocation of its Facilities, submit to the City written alternatives to such relocations. The City shall within twenty (20) days after receipt of written alternatives to a required relocation from PSE, evaluate such alternatives and notify PSE in writing whether one or more of the alternatives is suitable to accommodate work that would otherwise necessitate relocation of the Facilities. If so requested by the City, PSE shall submit such additional information as is reasonably necessary to assist the City in making such evaluation. The City shall give each alternative full and fair consideration. In the event the City ultimately determines that there is no other reasonable or feasible alternative, PSE shall relocate its Facilities as otherwise provided in this Section 13. The City will establish a date by which Facilities will be relocated, which date will be not less than ninety (90) days after the final written confirmation of the substitute or agreed upon new location for PSE's Facilities. PSE must finish relocation of each such Facility by the date so established.

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13.3 PSEuget may install relocated Facilities on property outside of the Franchise Area, the rights for which shall be obtained by PSEuget at no expense to the City, if:

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(i) ~~A.~~ notwithstanding the use of best efforts by the City and PSEuget as outlined above, the City and PSEuget does not agree whether there is or will be sufficient space within the Franchise Area for the relocated Facilities, or

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(ii) B. locating such relocated Facilities within such space within the Franchise Area would be inconsistent with prudent utility practice.

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The City and PSEuget shall each act in good faith and use their respective best efforts to mutually agree on the location of such relocated Facilities outside of the Franchise Area. Absent such mutual agreement, nothing in this Section 13 shall limit the rights of the City or PSEuget with respect to acquisition or use of property rights outside of the Franchise Area.

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13.4 If the City requires the subsequent relocation of any Facilities within five (5) years from the date of relocation of the same Facilities pursuant to Sections 13.1-13.3, the City shall reimburse PSEuget for all costs incurred by PSEuget in connection such subsequent relocation.

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13.5 PSEuget shall have the right as a condition of any relocation described in this Section 13.5 to require such person or entity other than the City to make payment to PSEuget, at a time and upon terms acceptable to PSEuget, for any and all costs and expenses incurred by PSEuget in the relocation of PSEuget's Facilities whenever:

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A) any person or entity, other than the City, requires the relocation of PSEuget's

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Facilities to accommodate the work of such person or entity within the Franchise Area, including but not limited to, activities relating to development, roadway frontage improvements or mitigation of impacts; or

—~~B(ii)~~ the City requires any person or entity to undertake work (other than a City project or work undertaken at the City's cost and expense) within the Franchise Area and such work requires the relocation of PSEuget's Facilities within the Franchise Area.

~~Then only those costs and expenses incurred by PSE in connecting such relocated Facilities with PSE's other Facilities shall be paid to PSE by such person or entity, and PSE shall otherwise relocate its Facilities within such segment of the Franchise Area in accordance with Sections 13.1-13.3.~~

13.6 Any condition or requirement imposed by the City upon any other person or entity (including, without limitation, any condition or requirement imposed pursuant to any contract or in conjunction with approvals or permits obtained pursuant to any zoning, land use, construction or other development regulation) which requires the relocation of PSEuget's Facilities within the Franchise Area shall be a condition or requirement causing relocation of PSEuget's Facilities to occur subject to the provisions of Section 13.5 above; provided, however:

~~A(i)~~ in the event the City reasonably determines and notifies PSEuget that the primary purpose of imposing such condition or requirement upon such person or entity is to cause the construction of a City project public works improvement within a segment of the Franchise Area on the City's behalf, and

~~B(ii)~~ such City project public works improvement is otherwise reflected in the City's adopted Six-Year Capital Improvement Program; Capital Facilities Plan; Transportation Improvement Program; ~~or~~ Transportation Facilities Program or Budget;

~~Then only those costs and expenses incurred by PSEuget in connecting such relocated Facilities with PSEuget's other Facilities shall be paid to PSEuget by such person or entity, and PSEuget shall otherwise relocate its Facilities within such segment of the Franchise Area in accordance with Sections 13.1-13.3.~~

13.7 As to any relocation of PSEuget's Facilities whereby the cost and expense thereof is to be borne by PSEuget in accordance with Sections 13.1 ~~through~~ -13.3, PSEuget may, after receipt of written notice requesting such relocation, submit in writing to the City alternatives to relocation of its Facilities. Upon the City's receipt from PSEuget of such written alternatives, the City shall evaluate such alternatives and shall advise PSEuget in writing if one or more of such alternatives is suitable to accommodate the work which would otherwise necessitate relocation of PSEuget's Facilities. In evaluating such alternatives, the City shall give each alternative proposed by PSEuget full and fair consideration with due regard to all facts and circumstances which bear upon the practicality of relocation and alternatives to relocation. No alternatives proposed by PSEuget shall be evaluated by the City in an arbitrary or capricious manner. In the event the City determines that such alternatives are not appropriate, PSEuget shall relocate its Facilities as otherwise provided in Sections 13.1-13.3. Nothing in this section shall be construed to be a waiver of any right of either PSEuget or the City to contest any claim or assertion by the other of responsibility to pay such costs or expense.

13.8 Nothing in this Section 13 shall require PSEuget to bear any cost or expense in connection with the location or relocation of any Facilities existing under benefit of easement or, except for the rights

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described in Section 5.2, other prior rights. Provided, however, PSE acknowledges the City's powers of eminent domain under Chapter 8.12 RCW, which may result in the City's acquisition of said easements, consistent with state law, and the relocation of PSE's Facilities in accordance with Sections 13.1 through 13.3 of this Franchise.

Section 14. Coordination/ Shared Excavations

14.1 PSEuget and the City shall each exercise best reasonable efforts to coordinate construction work either may undertake within the Franchise Area so as to promote the orderly and expeditious performance and completion of such work as a whole. Such efforts shall include, at a minimum, reasonable and diligent efforts to inform the other party and other utilities within the Franchise Area of its intent to undertake such construction work. PSEuget and the City shall further exercise best reasonable efforts to minimize delay or hindrance to construction work undertaken by themselves and other utilities within the Franchise Area.

14.2 If, at any time or from time to time, either PSEuget or the City shall cause excavations to be made within the Franchise Area, the party causing such excavation to be made shall afford the other, upon receipt of a written request to do so, an opportunity to use such excavation, provided that:

A(i) such joint use shall not unreasonably delay the work of the party causing the excavation to be made; and

B(ii) such joint use shall be arranged and accomplished on terms and conditions satisfactory to both parties.

Section 15. City Use of Facilities

15.1 During the term of this Franchise, and with respect to poles which are Facilities and which are (a) wholly owned by PSEuget and (b) within the Franchise Area, the City, subject to PSEuget's prior written consent which shall not be unreasonably withheld, may install and maintain City-owned or paid for overhead communication facilities such as cables, routers, antennas, and wires upon such poles for police, fire, traffic control, WiFi/Internet, weather and air quality monitoring equipment and other noncommercial municipal communications purposes. The foregoing rights of the City to install and maintain such facilities wires and cable are further subject to the following:

A(i) Such installation and maintenance shall be done by the City at its sole risk and expense, in accordance with all applicable laws, and subject to such reasonable requirements as PSEuget may specify from time to time (including, without limitation, requirements accommodating PSEuget's Facilities or the facilities of other parties having the right to use PSEuget's Facilities);

(i) PSEuget shall have no obligation arising under the indemnity and insurance provisions of this Franchise as to any circumstances directly or indirectly caused by or related to such City-owned wires or the installation or maintenance thereof; and The City shall indemnify, defend and hold harmless PSEuget in connection with the City's use of PSEuget's Facilities; and

(iii)

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~~C(iii)~~ PSEuget shall not charge the City a fee for the use of such poles in accordance with this Section 15 as a mean of deriving revenue therefrom (such as a rental or lease fee); provided, however, nothing herein shall require PSEuget to bear any cost or expense in connection with such installation and maintenance by the City.

Section 16. Moving Buildings Within the Franchise Area. If any person or entity other than the City obtains permission in the form of a permit from the City to use the Franchise Area for the moving or removal of any building or other object, the City shall endeavor, prior to granting such permission, to require such person or entity to make any necessary arrangements with PSEuget for the temporary adjustment of PSEuget's wires to accommodate the moving or removal of such building or other object to allow PSE and other party to make. Such necessary arrangements, with PSEuget shall be made, to PSEuget's satisfaction, not less than fourteen (14) days prior to the moving or removal of said building or other object. In such event, PSEuget shall, at the expense of the person or entity desiring to move or remove such building or other object, adjust any of its wires which may obstruct the moving or removal of such building or other object, provided that:

the moving or removal of such building or other object which necessitates the adjustment of wires shall be done at a reasonable time and in a reasonable manner so as not to unreasonably interfere with PSEuget's business; and

(i) the person or entity other than the City obtaining such permission from the City to move or remove such building or other object shall be required to indemnify and hold PSEuget harmless from any and all claims and demands made against it on account of injury or damage to the person or property of another arising out of or in conjunction with the moving or removal of such building or other object, to the extent such injury or damage is caused by the negligence of the person or entity moving or removing such building or other object or the negligence of the agents, servants or employees of the person or entity moving or removing such building or other object.

(ii)
Section 17. Records of Installation and Planning

17.1 Upon the City's reasonable request, PSEuget shall promptly provide to the City copies of available maps and plans of improvements, relocations and conversions to its Facilities within the Franchise Area. PSE shall provide to the City GIS mapping of its Facilities within the Franchise Area on an annual basis, which shall include third party equipment/facilities which are located on PSE Facilities; provided, however, any such plans so submitted shall be for informational purposes only and shall not obligate PSEuget to undertake any specific improvements within the Franchise Area, nor shall such plan be construed as a proposal to undertake any specific improvements within the Franchise Area.

17.2 Upon the City's reasonable request, PSEuget shall provide to the City electronic and paper copies of available drawings in use by PSEuget showing the approximate location of PSEuget's Facilities at specified locations within the Franchise Area. PSEuget shall further provide, upon the City's reasonable request in connection with the City's design of new streets and intersections and major renovations of existing streets and intersections, field marking of PSEuget's underground Facilities within the Franchise Area, if such Facilities can be so field marked with reasonable accuracy using devices designed to respond to the presence of PSEuget's underground Facilities. Notwithstanding the foregoing, however, PSEuget does not warrant the accuracy or sufficiency of any such drawings or field markings or other information provided

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by PSEuget, and PSEuget shall not be liable to the City or others for any errors or defects in the same.

17.3 In addition, whenever PSEuget and the at the City's sole discretion, agree that it is mutually beneficial to both parties in connection with the design of new streets and intersections and major renovations of existing streets and intersections, PSEuget shall, upon request of the City, verify within 10 days of said request, the actual location of its underground Facilities within the Franchise Area by excavating, including pot holing, at no expense to the City.

17.4 PSE shall, within 30 days of acceptance of this Franchise, submit to the City a list of all other parties that lease PSE Facilities within the Franchise Area, including but not limited to, telecommunication facilities regulated under Chap. 18.20 KMC, and provide maps locating such leased facilities. PSE shall ensure and confirm that all parties seeking to lease PSE Facilities in the Franchise Area have obtained all necessary City permits, franchises and/or approvals prior to approving said leases. PSE shall submit to the City updated maps and lists within 30 days of executing any new or renewed leases for third party use of PSE Facilities in the Franchise Area.

17.54 Notwithstanding the foregoing, nothing in this Section 17 is intended (nor shall be construed) to relieve either party of their respective obligations arising under applicable law with respect to determining and disclosing the location of utility facilities.

Section 18. Vegetation Management

18.1 PSE shall on an annual basis perform vegetation review throughout the City and identify areas that need vegetation management for the reliable and safe operation of PSE Facilities. PSE shall notify the City within ten (10) calendar days of when such review will occur, and the City may accompany PSE or its consultants, in the review of City vegetation, at its discretion. PSEuget shall, on an annual basis identify those areas targeted for accelerated tree trimming and vegetation management and provide the City a written list and maps of locations within the Franchise Area at which PSEuget anticipates performing vegetation management activities for that year; provided that such list shall not limit PSEuget's right under this Franchise to cut, trim or otherwise remove vegetation at any time within the Franchise Area which, due to proximity to PSEuget's facilities, pose an imminent threat to public safety or the reliable operation of PSEuget's facilities. PSE agrees that as long as the Circuit 26 distribution line remains in its current location, tree trimming and vegetation management on Circuit 26 shall occur annually. PSE shall within ninety (90) days from the acceptance of this Franchise, trim and perform vegetation management activities in those areas of the City where outages have been caused by trees in a higher percentage than in other areas of the City.

18.2 PSEuget shall, in coordination with the City, identify vegetation species appropriate for location in proximity to PSEuget's facilities and shall cooperatively act with the City to promote use of such identified species within and adjacent to the Franchise Area.

18.3 On an annual basis, PSE shall apply for and obtain a right-of-way permit, with traffic control plan, for all vegetation management within the City. PSEuget shall not commence non-emergency vegetation management work without notice to abutting private property owners or occupants at least ten (10) working days in advance of the work to be performed, including the location and description of the work to be performed, the date work is planned to commence, and a contact name and telephone number at PSEuget. In performing vegetation management work, PSEuget shall comply with ANSI 300 pruning standards. PSE shall

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notify the City at least ten (10) calendar days prior to any vegetation management work being conducted within City limits; except that emergency work can be done the same day providing the City is contacted either by phone or email as soon as feasible.

18.4 At the request of an abutting private property owner, PSEuget shall employ or consult with a certified arborist to assess the type of pruning proposed to be done and/or shall provide the abutting owner with alternatives to the type of pruning proposed to be done. PSEuget will reasonably consider alternatives proposed by the abutting property owner and any arborist hired by the property owner.

18.5 Nothing in this Franchise is intended to absolve PSEuget from any liability resulting from damage caused by trees that are severely pruned or topped by PSEuget and subsequently fall as a result of such pruning or topping.

18.6 PSE or its contractors should trim trees according to species growth habits. Crew foreman will be educated of different tree species and understand their corresponding growth habits.

18.7 In the event trees need to be trimmed within and/or adjacent to the Franchise Area, PSE shall notify the City in writing ten (10) days ahead of time. The City shall have final determination of whether a tree needs to be removed in the Franchise Area, and replacement trees shall be negotiated between the City and PSE of their contractor on a case by case basis.

18.8 All debris associated with line clearance tree trimming and/or removal work within or adjacent to the Franchise Area will be chipped and removed by PSE or its contractor from the site at no cost to the City. "Drop and Scatter" practices will require prior written approval from the City.

18.9 When trees are heavily trimmed or removed from or adjacent to the Franchise Area, PSE shall perform the work in such a way as to avoid damage to other trees within that area. If additional trees are accidentally damaged during such work, PSE, or its contractor, will use its best efforts to appropriately prune any such damaged trees. The City is to be contacted immediately in the event of any unplanned damage to City owned trees.

18.10 Climbing trees with gaffs or spikes is strongly discouraged on any deciduous, hardwood or thin bark tree species unless the tree is to be removed.

18.11 A knowledgeable PSE representative will stay in close communication with the City while vegetation management work is performed within the City. Quarterly performance reviews of compliance with this section shall be conducted by PSE at the request of the City. PSE shall submit semi-annual written reports to the City detailing the vegetation management work performed by PSE, and the reports shall include a narrative of the vegetation management work performed by PSE, the locations where said work was performed and the vegetation management work that will be performed by PSE in the next six months. In addition, if PSE does not utilize vegetation standards adopted by public entities such as Snohomish County Public Utility District or Seattle City Light, then PSE shall explain in the report what vegetation standards it utilizes and demonstrate how such standards provide comparable reliability within the City of Kenmore.

18.12 PSE shall commit to providing a 24 response time when a customer contacts PSE about vegetation management on or near their residence.

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Section 19 — Condemnation. The existence of this Franchise shall not preclude the City from acquiring by condemnation, in accordance with applicable law, all or a portion of PSEuget's Facilities within the Franchise Area.

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Section 20 — Indemnification

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20.1 PSEuget shall indemnify, defend and hold the City, its agents, officers or employees harmless from and against any and all claims, demands, liability, loss, cost, damage or expense of any nature whatsoever including all costs and attorneys' fees, made against the City, its agents, officials, officers or employees on account of injury, harm, death or damage to persons or property which is caused by, in whole or in part to the extent of, the willfully tortious, or negligent acts, or negligent omissions of PSEuget or its agents, servants, employees, contractors, or subcontractors in the exercise of the rights granted to PSEuget by this Franchise. Provided, however, such indemnification shall not extend to any portion of any and all claims, demands, liability, loss, cost, damage or expense of any nature whatsoever including all costs and attorneys' fees caused by the negligence of the City, its agents, employees, officials, officers, contractors or subcontractors.

20.2 PSEuget's indemnification obligations pursuant to Subsection 20.1 shall include assuming potential liability for actions brought by PSEuget's own employees and the employees of PSEuget's agents, representatives, contractors, and subcontractors even though PSEuget might be immune under Title 51 RCW from direct suit brought by such employees. It is expressly agreed and understood that this assumption of potential liability for actions brought by the aforementioned employees is limited solely to claims against the City arising by virtue of PSEuget's exercise of the rights set forth in this Franchise. The obligations of PSEuget under this Subsection 20.2 have been mutually negotiated by the parties hereto, and PSEuget acknowledges that the City would not enter into this Franchise without PSEuget's waiver thereof. To the extent required to provide this indemnification and this indemnification only, PSEuget waives its immunity under Title 51 RCW as provided in RCW 4.24.115.

20.3 In the event any matter (for which the City intends to assert its rights under this Section 20) is presented to or filed with the City, the City shall promptly notify PSEuget thereof and PSEuget shall have the right, at its election and at its sole cost and expense, to settle and compromise such matter as it pertains to PSEuget's responsibility to indemnify, defend and hold harmless the City, its agents, officers or employees. In the event any suit or action be started against the City based upon any such matter, the City shall likewise promptly notify PSEuget thereof, and PSEuget shall have the right, at its election and at its sole cost and expense, to settle and compromise such suit or action, or defend the same at its sole cost and expense, by attorneys of its own election, as it pertains to PSEuget's responsibility to indemnify, defend and hold harmless the City, its agents, officers or employees.

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20.4 The provisions of this Section shall survive the expiration and termination of this Franchise.

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Section 21. Insurance

21.1 PSEuget shall procure and maintain for the duration of the Franchise, insurance, or in lieu thereof provide self-insurance, against all 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 PSEuget, its agents, representatives or employees. PSEuget shall provide certificate(s) of insurance (Form CG2010 ISO or equivalent) and/or evidence of self-insurance, together with an endorsement naming the City, its

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officers, elected officials, agents, employees, representatives, consultants and volunteers as additional insureds, to the City for its inspection prior to the commencement of any work or installation of any Facilities pursuant to this Franchise. Such certificate(s) of insurance and/or evidence of self-insurance shall evidence the following minimum coverages:

~~A~~ Commercial-Comprehensive general liability insurance or excess liability insurance, including coverage for premises-operations, explosions and collapse hazard, underground hazard and products completed hazard, written on an occurrence basis, with limits not less than:

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- (i) \$2,000,000 for bodily injury or death to each person; and
- (ii) \$2,000,000 for property damage resulting from any one accident; and
- ~~(iii)~~ (iii) \$5,000,000 for general liability.

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~~B~~ Automobile liability for owned, non-owned and hired vehicles with a limit of

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~~(iii)~~ (iii) \$2,000,000 for each person and \$2,000,000 for each accident.

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~~C~~ Worker's compensation within statutory limits and employer's liability insurance with limits of not less than \$2,000,000.

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~~D~~ Environmental pollution liability with a limit not less than \$5,000,000 for each occurrence, at a minimum covering liability from sudden and/or accidental occurrences.

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If coverage is purchase on a "claims made" basis, then PSE shall warrant continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of termination of this Franchise, and/or conversion from a "claims made" form to an "occurrence" coverage form.

21.2. PSEuget shall maintain the liability insurance policies required by this Section 21 throughout the term of this Franchise. Any deductibles or self-insured retentions must be declared to and approved by the City. Payment of deductibles and self-insured retentions shall be the sole responsibility of PSEuget. The insurance certificate required by this Section 21 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.

21.3 PSEuget's insurance shall be primary insurance with respect to the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers. Any insurance maintained by the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers shall be in excess of PSEuget's insurance and shall not contribute with it.

21.4 The cancellation clause of any certificate(s) of insurance (ACORD Form 25 or equivalent) provided to the City pursuant to Section 21.1 shall include the following provision:

"Should any of the policies described by this certificate be canceled before the expiration date thereof, the issuing company will provide at least sixty thirty (630) days written notice thereof to the certificate holder."

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21.5 In the event any of the insurance required by this Section 21 is canceled or otherwise not renewed during the term of this Franchise, PSEuget shall promptly acquire replacement insurance or shall utilize self-insurance to restore and maintain the amount of coverage required by this Section 21 and shall promptly provide to the City certificate(s) of insurance or evidence of self insurance as provided in this Section 21 as may be applicable.

Section 22. Default

22.1 If PSEuget shall fail to materially comply with any of the provisions of this Franchise, unless otherwise provided for herein, the City may serve upon PSEuget a written order to so comply within thirty (30) days from the date such order is received by PSEuget. If PSEuget is not in material compliance with this Franchise after expiration of said thirty (30) day period, the City may declare an immediate forfeiture of this Franchise, provided, however, if any failure to materially comply with this Franchise by PSEuget cannot be corrected with due diligence within said thirty (30) day period then the time within which PSEuget may so comply may be extended for a period of time as may be reasonably necessary and as agreed upon by the parties, so long as PSEuget commences promptly and diligently to effect such material compliance.

22.2 Notwithstanding PSEuget's obligation to comply and to proceed with due diligence to correct any default, the City recognizes that unavoidable delays and events beyond PSEuget's control may occur. In such event the parties agree that PSEuget shall make a good faith effort to expeditiously remedy the default. In the event of a declaration of forfeiture, should either party commence litigation against the other to appeal (in the case of PSEuget) or enforce (in the case of the City) such declaration of forfeiture, each the prevailing party in any such litigation shall be responsible for their own entitled to recover its costs, including costs and reasonable attorneys' fees.

Section 23. Reimbursement of Administrative Costs

23.1 As specifically provided by RCW 35.21.860, the City may not impose a franchise fee or any other fee or charge of whatever nature or description upon PSEuget, except, as provided in RCW 5.21.860.

23.2 As provided in RCW 35.21.860, PSEuget shall reimburse and pay to the City for all actual administrative expenses and costs incurred by the City that are directly related to the receiving, reviewing, negotiating and approving of any permit and license, and this Franchise, including, but not limited to, costs of time of City staff and consultants (such as attorneys and engineers), and technical personnel and agents negotiating, reviewing and approving this Franchise, to reviewing and approving a permit or license pursuant to this Franchise, for review of this Franchise, to inspection of ng plans and permits, analysis of reliability, review of PSE's compliance with the terms and conditions of this Franchise, including but not limited to review of vegetation management work, and construction of Facilities pursuant to this Franchise, and to preparing a detailed statement, as may be required by Chapter 43.21C RCW.

23.3 As such expenses are incurred by the City, the City shall invoice PSEuget for all administrative expenses and costs to be reimbursed by PSEuget hereunder including an itemized statement showing such expenses and costs. PSEuget shall promptly remit payment to the City within thirty (30) days of receipt of such invoice, therefore as provided in applicable adopted City codes, regulations and rules. Notwithstanding any other provision of this Franchise, no acceptance by PSEuget of this Franchise shall be effective ifn the absence of PSE fails to reimbursement the City for all administrative expenses and costs

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for negotiating, reviewing and approving of this Franchise.

23.4 If PSEuget disputes any expense or cost included on the City's invoice, PSEuget shall promptly notify the City thereof and shall otherwise promptly remit payment for any and all undisputed expense and costs included on the City's invoice. As to any expense or cost disputed by PSEuget, PSEuget shall promptly provide written identification of such disputed amount(s) together with its written justification for such dispute to the City for the City's consideration. PSEuget and the City shall work together in good faith to resolve any disputed amount(s), including provision by either or both parties of such further information and documentation supporting or refuting such disputed amount(s) as may reasonably and practically be provided. ~~In the event such dispute is not resolved through discussion of the parties, the dispute shall be resolved as otherwise provided for or prescribed by adopted City codes, regulations and rules.~~ Until any such dispute is resolved by the Parties the City may, at its sole discretion, suspend work being performed by the City or Puget and/or withhold City issued permits or City approvals related to such disputed amount(s). Except as set forth in this Section 23, sSuch dispute will not otherwise effect any other obligation of the parties under this Franchise, or under any applicable City code, regulation or rule.

Section 24. Security Device to Insure Performance.

24.1 Pursuant to RCW 35A.47.040, PSE shall, within thirty (30) days after its acceptance of this Franchise, file with the City and at all times thereafter maintain in full force and effect for the term of this Franchise a security device (such as a bond, letter of credit, or other security), effective for a two (2) year period, with automatic renewals, throughout the term of this Franchise. The security device shall be in a manner and form acceptable to the City and ensure PSE's faithful performance of the conditions and terms of the Franchise and to provide recovery on the security device in case of PSE's failure to perform the terms and conditions of the Franchise.

24.2 The security device shall be submitted to the City prior to issuance of any right-of-way permits relating to the Facilities, and shall be a condition of such permit approval.

24.3 In the event PSE shall fail to perform the conditions and terms of this Franchise, then the City may recover jointly and severally from PSE and the surety of such security device to ensure performance of the conditions and terms of the Franchise. This section shall be a continuing obligation for the duration of this Franchise and thereafter until PSE has discharged all of its obligations under this Franchise.

24.4 The security device filed in accordance with the requirement of this section shall be in the amount of Five Hundred Thousand Dollars and No/100 (\$500,000.00). In the event the City determines that an increase in volume of street space occupied by PSE's Facilities necessitates an increased bond amount under this section, then the City may require a corresponding change in the amount of such security device required herein. If the amount of the security device is depleted below \$500,000.00, or a later increased amount, for any reason, then PSE shall restore it to the full amount required herein within thirty (30) days of such depletion.

Section 25. Utility Tax

PSEuget acknowledges that the City is authorized under the laws of Washington State to impose certain taxes upon PSEuget. Nothing in this Franchise shall exempt (nor shall be construed to exempt) PSEuget from

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payment of any and all such taxes lawfully imposed by Kenmore Municipal Code, as may hereafter be lawfully amended or superseded, and due from PSEuget; provided, nothing in this Section 254 shall be construed in any way as a waiver of PSEuget's rights to contest the validity of any such tax or the amount of any tax due. If payment of such taxes is not made by PSEuget in a timely manner, the City reserves the right, at its sole option, to inter alia suspend the rights granted to PSEuget by this Franchise until such time that PSEuget pays such taxes or PSEuget and the City otherwise resolve any matter concerning payment thereof.

Section 26. Emergency Management

Annually, upon the request of the City, PSE will meet with the City Fire/Emergency Preparedness personnel to coordinate emergency management operations and, at least twice a year, at the request of the City, PSE personnel will actively participate with either the Northshore Emergency Management Coalition or City Emergency Personnel in emergency preparedness drills or planning sessions.

Section 275. Assignment of Franchise

All of the provisions, conditions and requirements herein contained shall be binding upon PSEuget and the City. PSEuget may not assign or otherwise transfer its rights, privileges, authority and franchise herein conferred without the prior written authorization and approval of the City, which such authorization and approval shall not be unreasonably withheld. The City hereby authorizes and approves PSEuget to mortgage its rights, privileges, authority and franchise in and under this Franchise to the Trustee for its bondholders.

Section 286. Severability and Survival

286.1 If any term, provision, condition or portion of this Franchise shall be held to be invalid such invalidity shall not affect the validity of the remaining portions of this Franchise which shall continue in full force and effect. The headings of the sections and paragraphs of this Franchise are for convenience of reference only and are not intended to restrict, affect or be of any weight in the interpretation or construction of the provisions of such sections or paragraphs.

286.2 All provisions, conditions and requirements of this Franchise that may be reasonably construed to survive the termination or expiration of this Franchise shall survive the termination or expiration of the Franchise. Subject to Section 6 above, the parties' respective rights and interests under this Franchise shall inure to the benefit of their respective successors and assigns.

Section 297. Amendments to Franchise.

297.1 This Franchise may be amended only by mutual agreement thereto, set forth in writing in the form of a City ordinance, signed by both parties, which specifically states that it is an amendment to this Franchise and is approved and executed in accordance with the laws of the State of Washington and the City of Kenmore. Without limiting the generality of the foregoing, this Franchise (including, without limitation the Sections addressing indemnification and insurance) shall govern and supersede and shall not be changed, modified, deleted, added to, supplemented or otherwise amended by any permit, approval, license, agreement or other document required by or obtained from the City in conjunction with the exercise (or failure to exercise) by PSEuget of any and all of its rights, benefits, privileges, obligations or duties in and under this

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Franchise, unless such permit, approval, license, agreement or other document specifically:

A(i) references this Franchise; and

(i)

B(ii) states that it supersedes this Franchise to the extent it contains terms and conditions which change, modify, delete, add to, supplement or otherwise amend the terms and conditions of this Franchise.

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297.2 This Franchise is subject to the provisions of ~~any~~ applicable ~~state and local law~~. ~~Tariff on file with and accepted by the WUTC.~~ In the event of any conflict or any inconsistency between the provisions of this Franchise and ~~local law such Tariff~~, ~~the provisions of such Tariff then this Franchise~~ shall control.

297.3 The parties agree to renegotiate the terms of this Franchise, if, during the term of this Franchise there becomes effective any change in federal or state law which:

~~(a)~~ A(a) Affords either party the opportunity to negotiate in good faith a term or condition of this Franchise which term or condition would not, prior to such change, have been consistent with federal or state law; or

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~~(b)~~ B(b) Pre-empt or otherwise renders null and void any term or condition of this Franchise which has been negotiated in good faith;

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Then, in such event, either party may, within one hundred eighty (180) days of the effective date of such change in federal or state law request in writing to commence negotiations to amend this Franchise. Such negotiations shall encompass only the specific term or condition affected by such change in federal or state law and neither party shall be obligated to re-open negotiations on any other term or condition of this Franchise. Within thirty (30) days from and after receipt of such written request, the parties shall, at a mutually agreeable time and place, commence such negotiations. Pending completion of such negotiations resulting in mutually agreeable amendment of this Franchise, adoption of such amendment by Ordinance by the City and acceptance of such Ordinance by ~~PSEuget~~, and except as to any portion thereof which has been pre-empted or otherwise rendered null and void by such change in federal or state law, this Franchise shall remain in full force and effect.

Section 3028. No Third Party Beneficiary

Nothing in this Franchise shall be construed to create any rights in or duties to any third party, nor any liability to or standard of care with reference to any third party. This Franchise shall not confer any right or remedy upon any person other than the parties. No action may be commenced or prosecuted against any party by any third party claiming as a third party beneficiary of this Franchise. This Franchise shall not release or discharge any obligation or liability of any third party to either party.

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Section 3129. Notice of Tariff Changes

~~PSEuget~~ shall, when making application for any changes in Tariffs affecting the provisions of the Franchise, notify the City in writing of the application and provide the ~~City Manager Works Director~~ with a copy of the

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submitted application within thirty-five (305) days of filing with the WUTC. PSEuget shall further provide the Public Works Director with a copy of any approved Tariff change affecting the provisions of this Franchise.

Section 30. Repealer Upon the effective date of this Ordinance and acceptance of such Ordinance and Franchise by Puget, City ordinance 98-0030 shall be deemed repealed.

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Section 32. Reporting Requirements; Proposed reliability projects. PSE will use good faith efforts to maintain and improve the reliability of electrical service to all customers within the City. In furtherance of this objective, PSE agrees to:

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32.1 On an annual basis, provide to the City the System Average Interruption Frequency Index ("SAIFI") and the System Average Interruption Duration Index ("SAIDI") for PSE electric service by circuit and the City as a whole for a period that covers each of the previous five (5) years. PSE shall also provide an annual comparison of its service reliability between the City and all cities that border the City, as well as a written comparison of the City to PSE's entire service area. PSE shall collect data on reliability metrics for the City, and in January of each year shall submit a written report to the City on the following Service Quality Indices for all service within the City: a) WUTC complaint ratio; b) SAIDI (<320 minutes per year for 5-year average); c) SAIFI (<1.3 interruptions per year per customer); d) Secondary core hours, non-emergency safety response and restoration time – electric – (within 250 minutes from dispatch to restoration); e) Secondary non-core hours, non-emergency safety response and restoration time – electric (within 316 minutes from dispatch to restoration); (f) electric safety response times (55 minutes or less from customer call to arrival of field technician); and g) natural gas safety response time.

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32.2 On an annual basis, provide a written report to the City identifying any individual circuits serving the City that have a SAIFI and/or SAIDI, for the preceding year, that is greater than the PSE system SAIFI and/or SAIDI for the same period and identify any corrective changes that may be taken by PSE to improve any such circulation. PSE shall include in the report, annual outage data by Circuit within the City, and each report shall be submitted by January 31st of each year.

32.3 If the reports required by this Section 32 show that any individual circuit serving the City has a SAIFI and/or SAIDI for the preceding year that is greater than the PSE system SAIFI and/or SAIDI for the same period, then PSE agrees to work with the City on scheduling and implementing proactive steps to improve the reliability of such circuits, including but not limited to, enhanced and expedited vegetation management and pole replacement, smart technology, transformer upgrades, tree wire installation, closer/re-closer systems, etc., within the City;

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32.4 On an annual basis, report to the City information concerning all non-scheduled outages (and resulting service interruptions to customers) within the City, identifying the individual circuit, cause, equipment, duration and number of customers affected by the outage. Such information shall be provided solely for the information of the City for the purpose of facilitating further inquiry by the City to PSE concerning particular circuits and/or outages of interest to the City;

32.5 On an annual basis, report to the City any projects PSE anticipates constructing within a three year period to improve the reliability of Facilities within the City, including but not limited to smart grid alternatives or other innovative power measures. PSE agrees to upgrade all system feeders to the City within the five year

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Franchise term:

32.6 On an annual basis, provide a report to the City identifying PSE's process of restoring power to its customers within the City during an outage, and identifying the steps necessary to expedite power restoration. PSE shall also designate and notify the City of specific staff members that will immediately communicate with City leadership or designated staff when outages occur and to report on areas affected, remedies planned or underway, and estimated restoration times; and

32.7 On an annual basis, provide to the City a summary of the communications received by PSE from customers within the City, and PSE's response to such communications. PSE shall include in the summary all customer complaints for the preceding year and how PSE resolved the complaints. PSE agrees to attend at least two city council meetings, before and after the storm season, to report to the City Council on system reliability. PSE shall notify the City Manager of complaints filed by City customers to the WUTC within five (5) business days of the WUTC's notification to PSE of the complaints. The status and disposition of City customer complaints to the WUTC should be included in the required annual reports to the City.

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32.8 PSE shall provide an annual report on its progress towards meeting system enhancements outlined in the Kenmore Comprehensive Plan Utilities Element or other applicable system plans.

32.9 PSE agrees to consider implementing a plan to decrease fossil fuel-generated power system wide. PSE agrees to provide Kenmore customers with solar installation incentives for the duration of this Franchise. PSE agrees to offer annually the Small Business Direct Install services that it offered to Kenmore businesses in 2015.

32.10 At a minimum, PSE shall present its report to the City Council at a public meeting on annual basis at a date determined by the City.

33. City Wide Reliability and Restitution.

33.1 PSE agrees to fund, construct and install the reliability improvements as shown, and in accordance with the schedule on Exhibit to this Franchise. The parties acknowledge that electrical reliability within the City as a whole, and more specifically those circuits in the lower 25% quartile of reliability, including but not limited to, Circuits 26 and 27, need to be improved ("Circuits"). PSE and the City agree in good faith to discuss and negotiate a process to further improve the reliability of the Circuits, which shall include, accelerated vegetation management activities within sixty (60) days of a power outage, pole replacement, tree wire insulation, and/or sectionalizing switches at specific locations to minimize faulted regions and restore power to unfaulted regions of the Circuits. The parties intend for this process to be developed by way of a Memorandum of Understanding. The Memorandum of Understanding shall, among other things, detail the expectations of the parties regarding the respective responsibilities and performance relating to the subject matter herein stated. In the event the Memorandum of Understanding is not in place (by mutual agreement of the parties) within 100 days of the effective date of this ordinance, then the City may, at its option and by ordinance, declare a forfeiture of this Franchise, which will make the Franchise void.

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33.2 Within fifteen (15) days after every event where there is a power outage within the City, PSE agrees to provide an online link to its customers providing notice of the process and the appropriate form to file claims for restitution relating to damages caused by such power outages.

33.3 PSE agrees to install, at no cost to the City, one Electric Vehicle (EV) charging station in a place to be determined by the City.

33.4 PSE agrees to set SAIFI and SAIDA goals for all City circuits that are higher than the PSE system average. PSE agrees to create a capital improvement and operational plan to meet these goals within three (3) years of the execution of this Franchise. In addition, PSE agrees to create a capital improvement plan to replace and rebuild the City's circuits and Facilities with smart grid technology that provides smart, automated systems and switches to provide reliability, redundancy and resiliency in the City's electric power system, similar to the system that PSE is implementing in South Kenmore/North Kirkland area. PSE agrees to provide the City with plans to install and construct such smart grid technology projects within the City. PSE agrees to create and implement plans to provide automated and redundant smart grid technology for new development areas, such as Saint Edward State Park and Lakepoint.

33.5 PSE agrees to allow facilities of Seattle City Light or Snohomish PUD to collocate on PSE Facilities, if determined to meet safety standards.

33.6 PSE shall provide customers with a rebate for non-storm outages and an online link to identify the process for obtaining rebates relating to non-storm outages events exceeding the duration of neighboring areas.

33.7 PSE shall dedicate a line crew responsible for PSE outages and facilities within the City. The contact information for the dedicated crew shall be given to the City on an annual basis or as soon as changes in personnel occur. PSE shall report on the proximity of line/repair crews in North King County and their ability to respond to Kenmore outages in an expedited manner.

33.8 PSE shall maintain its Facilities located within private easements in order to ensure greater reliability throughout the City. PSE shall annually communicate with property owners by written letters (not an insert in billing) impacted by private easements that contain PSE Facilities regarding its maintenance of Facilities in the easement.

33.9 PSE agrees to allow any residential and commercial customers within the City to install grid-tie technology, which allows the customer to net meter their electricity based on power generated on site via solar, wind, or other renewable source.

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CITY OF KENMORE

By: _____

Its: _____

Dated: _____

PUGET SOUND ENERGY, INC.

By: _____

Its: _____

Dated: _____

Dated: _____

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HONORABLE MAYOR AND CITY COUNCIL
CITY OF KENMORE, WASHINGTON

In the matter of the application
of Puget Sound Energy, Inc., a
Washington corporation, for a
franchise to construct, operate
and maintain facilities in, upon,
over, under, along, across and
through the franchise area of the

Franchise Ordinance No. 05-0233

ACCEPTANCE

WHEREAS, the City Council of the City of Kenmore, Washington, has granted a franchise
to Puget Sound Energy, Inc., a Washington corporation, its successors and assigns, by enacting
Ordinance No. 05-0233, bearing the date of July 25, 2005; and

WHEREAS, a copy of said Ordinance granting said franchise was received by the
Puget Sound Energy, Inc. on August 29, 2005, from said City of Kenmore, King County,
Washington;

NOW, THEREFORE, Puget Sound Energy, Inc., a Washington corporation, for itself, its
successors and assigns, hereby accepts said Ordinance and all the terms and conditions thereof,
and files this, its written acceptance, with
the City of Kenmore, King County,
Washington.

PU ET SOUND 7, INC.

Q GU/IKCIA-

IN TESTIMONY WHEREOF
said Puget Sound Energy, Inc. has caused this written Acceptance to be executed in its name by
its undersigned Director of Community Services thereunto duly authorized on this 5th day of
September, 2005.

By: [Signature]
City Clerk

ATTEST:

By: [Signature]

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ACCEPTANCE OF FRANCHISE

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The provisions of this franchise ordinance are agreed to and hereby accepted. By accepting this franchise ordinance, PSE covenants and agrees to perform and be bound by each and every term and condition of this ordinance, and of the City code. PSE agrees to send to the City PSE's written acceptance of this Franchise via certified mail, unless otherwise hand-delivered to an employee of the City at City Hall during regular working hours.

Dated: _____

PUGET SOUND ENERGY, INC.

By: _____
 Printed Name: _____
 Its: _____

ATTEST
PUGET SOUND ENERGY, INC.

By: _____
 Printed Name: _____
 Its: _____

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ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, GRANTING PUGET SOUND ENERGY, INC., A WASHINGTON CORPORATION, THE NON-EXCLUSIVE RIGHT, PRIVILEGE, AUTHORITY AND FRANCHISE TO SET, ERECT, CONSTRUCT, SUPPORT, ATTACH, CONNECT AND STRETCH FACILITIES BETWEEN, MAINTAIN, REPAIR, REPLACE, ENLARGE, OPERATE AND USE FACILITIES IN, UPON, UNDER, ALONG AND ACROSS THE FRANCHISE AREA FOR PURPOSES OF TRANSMISSION, DISTRIBUTION AND SALE OF ELECTRICAL ENERGY AND NATURAL GAS FOR POWER, HEAT, LIGHT AND OTHER PURPOSES FOR WHICH ELECTRICAL ENERGY AND NATURAL GAS MAY BE USED.

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

WHEREAS, RCW 35.47.040 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 electrical energy,...for gas..."; and

WHEREAS, Puget Sound Energy, Inc. ("PSE") has requested a franchise for purposes of transmission, distribution, and sale of electrical energy and natural gas for power, heat, light, and any other purpose for which electrical energy and natural gas may be used; and

WHEREAS, on July 25, 2005, the City Council adopted Ordinance No. 05-0233, which granted a franchise to PSE for the construction, operation, maintenance and repair of natural gas and electric transmission and distribution facilities for a ten year period;; and

WHEREAS, the franchise agreement with PSE expired in August of 2015; and

WHEREAS, the City of Kenmore and PSE have negotiated a new, mutually acceptable franchise agreement; and

WHEREAS, the City Council finds that it is in the best interest of the health, safety and welfare of residents of Kenmore to grant a non-exclusive franchise to PSE for the operation of electric distribution, electric transmission, and natural gas distribution systems within the City right-of-way;

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

Section 1. Recitals Incorporated. The Recitals set forth above are herein incorporated

by reference as if set forth in full.

Section 2. Finding of Public Interest. The City Council hereby finds that the Non-Exclusive Franchise with Puget Sound Energy, Inc. attached hereto as Exhibit A, and herein incorporated by reference as if set forth in full, is in the public interest.

Section 3. Franchise Authorized. The City Council hereby approves and authorizes the City Manager to enter into the franchise agreement attached hereto as Exhibit A (the "Franchise") with Puget Sound Energy, Inc., to construct, operate and maintain its utility facilities, as defined in the Franchise, in, across, under, upon, along and over public roads and rights-of-way of the City of Kenmore.

Section 4. Severability. Should any section, paragraph, sentence, clause, or phrase of this ordinance or the Franchise, or its or their application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance or the Franchise be pre-empted by State or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this ordinance or the Franchise, or its or their application to other persons or circumstances.

Section 5. Effective Date. This Ordinance, being in compliance with RCW 35A.47.040, shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

APPROVED by the City Council this _____ day of _____, 2017.

David Baker, Mayor

ATTEST/AUTHENTICATED:

Kelly Chelin, City Clerk

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

BY _____
Rod Kaseguma, City Attorney

|

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO. 17-_____

DRAFT

EXHIBIT A TO ORDINANCE NO. 17-_____

**A NON-EXCLUSIVE FRANCHISE AGREEMENT BETWEEN
THE CITY OF KENMORE AND PUGET SOUND ENERGY, INC.**

Section 1. Definitions

Where used in this franchise (the "Franchise") the following terms shall mean:

1.1 "PSE" means Puget Sound Energy, Inc., a Washington corporation, and its respective successors and assigns.

1.2 "City" means the City of Kenmore, a municipal corporation of the State of Washington, and its respective successors and assigns. Specifically, the City includes all areas incorporated therein as of the effective date of this Ordinance and any other areas later added thereto by annexation or other means.

1.3 "City Manager" means the Kenmore City Manager, or his or her designee.

1.4 "Days" means calendar days.

1.5 "Franchise" means the grant of non-exclusive rights, privileges and authority embodied in this Ordinance.

1.6 "Franchise Area" means all public rights-of-way including the surface of and space along, above, and below any street, road, highway, freeway, lane, sidewalk, alley, court, boulevard, parkway and drive within the City as now and as may hereafter be laid out, platted, dedicated, acquired or improved within the present limits of the City and as such limits may be hereafter extended; and all City owned easements used for such rights-of-way and/or dedicated for the placement and location of utilities, provided such easements would allow PSE to fully exercise the rights granted under this Franchise within the area covered by such easements.

1.7 "Facilities" means collectively, any and all:

A. natural gas distribution systems, including but not limited to, gas pipes, pipelines, mains, laterals, conduits, feeders, regulators, valves, meters, meter-reading devices, fixtures, and communications systems and all necessary facilities and appurtenances thereto, whether the same be located over or under ground;

B. electrical transmission and distribution systems, including but not limited to poles (with or without cross arms), including Puget-owned street lighting poles and luminaires, wires, lines, conduits, cables, communication and signal lines, braces, guys, anchors, switches, transformers, ducts, vaults and all necessary facilities and appurtenances thereto, whether the same be located over or under ground.

1.8 "Ordinance" means this Ordinance No. 17-_____, which sets forth the terms and conditions of this Franchise.

1.9 "Permitting Authority" means the head of the City department authorized to process and grant permits required to perform work in the Franchise Area, 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.

1.10 "Public Works Director" means the head of the City Public Works Department or his or her designee.

1.11 "Tariff" means "tariff" as that term is defined in WAC 480-80-030(3), or such similar definition describing rate schedules, rules and regulations relating to charges and service as may hereinafter be adopted by the regulatory authority with jurisdiction, under the laws of the State of Washington, over public service companies.

1.12 "WUTC" means the Washington Utilities and Transportation Commission or such successor regulatory agency having jurisdiction over public service companies.

Section 2. Grant of Franchise; Facilities within the Franchise Area

2.1 Pursuant to the laws of the state of Washington, including but not limited to RCW 35A.47.040 and 80.32.010, the City hereby grants to PSE the non-exclusive right, privilege, authority and franchise subject to the terms and conditions set forth herein. This Franchise grants PSE the privilege to install, construct, operate, maintain, repair, replace, and use Facilities for electric distribution and transmission and natural gas distribution and transmission systems, in, under, on across, over, through, along or below the Franchise Area, for the transmission, distribution and sale of electrical energy and natural gas power, heat and light, and any other purposes for which electrical energy and natural gas may be used, as approved under City permits issued by the Permitting Authority pursuant to this Franchise and City ordinances.

2.2 This Franchise specifically does not authorize PSE to install or use Facilities to provide telecommunications, cable television, point-to-point data communications, or similar services either via wire or wireless technologies regardless of whether these services are provided to any person outside PSE's organization. This section does not restrict PSE's ability to utilize telemetric devices to monitor and operate its electric distribution, electric transmission and natural gas distribution systems or to monitor and control the usage of electrical energy and/or natural gas. The City acknowledges that PSE may have existing or future agreements with third parties regarding the use and sharing of Facilities, such as poles. PSE shall require such third parties to be jointly named on any necessary City permits for pole removal, replacement, undergrounding and/or relocation in the Franchise Area. PSE shall notify said third parties and require them to remove their equipment/facilities if the City requires relocation, removal or undergrounding of PSE's Facilities. PSE shall also notify and require said third parties to remove their equipment/facilities from PSE Facilities in the same time frame that the City requires PSE to relocate, remove or underground its Facilities.

2.3 PSE acknowledges the City's desire and intent that City rights-of-way be free of encumbrance by rights held by others, including PSE, and that the City requires that rights-of-way dedicated by property owners to the City be free of such encumbrances. All rights-of-way so dedicated during the term of this Franchise shall be Franchise Area and Facilities thereafter installed by PSE therein shall be subject to the terms and conditions of this Franchise.

2.4 In the event PSE has within the Franchise Area a prior existing easement or other right not derived from this Franchise or from a prior franchise granted by the City, and PSE desires to install Facilities within and using such prior right, then PSE will provide notice of same to the City prior to such installation. The City may request that PSE instead install its Facilities within the Franchise Area pursuant to rights granted by this Franchise. PSE will consider the facts and conditions that bear upon such request and will respond to the City, including meeting with the City to discuss such request, prior to installation of PSE's Facilities. When reasonably determined by PSE to be consistent with prudent utility practice, PSE will install its Facilities as so requested by the City.

Section 3. Nonexclusive Franchise

This Franchise is granted upon the express condition that it shall not in any manner prevent the City from granting other or further franchises in, along, over, through, under, below or across any portion of the Franchise Area. This Franchise shall in no way prevent or prohibit the City from using, or affect its jurisdiction over, any portion of the Franchise Area or other City property, and the City shall retain the authority to make necessary changes, relocations, repairs, maintenance, establishment, and improvement to any portion of the Franchise Area or other City property the same as the City may deem fit, including the dedication, establishment, maintenance, and improvement of new rights-of-way or other public properties of every type and description.

Section 4. Term of Franchise/Acceptance

This Franchise is and shall remain in full force and effect for a period of five (5) years from the effective date of the Ordinance. This Franchise is granted upon the express condition that PSE, within sixty (60) days after the adoption of this Ordinance, shall file with the clerk of the City a written acceptance of the same, and when so accepted by PSE, shall constitute a contract between the City and PSE for all the purposes herein set forth. If PSE fails to provide its written acceptance as provided above, this Ordinance and Franchise shall be null and void.

Section 5. Non-Franchise Area City Property

5.1 Nothing contained in this Ordinance shall be construed as granting permission or conveying any right to PSE to install Facilities, use or otherwise go upon any City-owned or leased properties or other public place other than the Franchise Area. Permission to go upon any other property owned, leased or controlled by the City must be sought on a case by case basis from the City. Nothing in this Franchise shall be deemed to grant, convey, create or vest a real property interest in land to or in PSE, including any fee or leasehold interest or easement rights.

5.2 Existing Facilities installed or maintained by PSE on public grounds and places within the City in accordance with prior franchise agreements, but which are not within the Franchise Area as defined by this Franchise, may be maintained, operated, repaired and/or replaced in like kind by PSE at the location where such Facilities exist as of the effective date of this Franchise for the term of this Franchise; provided, however, that no such Facilities may be modified, enlarged, improved or expanded without the prior review and approval of the City pursuant to applicable ordinances, codes, resolutions, standards, and procedures. Any request to modify, enlarge, improve or expand the Facilities described in this Section shall also include a detailed map and description of the requested change to said Facilities.

Section 6. Compliance with State and Local Regulations

6.1 PSE shall comply with all federal, state, and local laws or regulations applicable to the exercise of PSE's rights and obligations under this Franchise. Upon written inquiry, PSE shall provide a specific reference to either the federal, state, or local law or the WUTC order or action establishing a basis for PSE's actions related to the exercise of such rights and obligations.

6.2 In granting this Franchise the City hereby reserves all lawful powers *and* franchise authority available to it under its general police authority; provided, however, such authority shall be exercised in a manner consistent with and so as not to impair the rights, privileges, authority and franchise conferred to PSE by this Franchise.

Section 7. Non-interference of Facilities

7.1 PSE's Facilities shall be located and maintained within the Franchise Area so as not to interfere with the free and safe passage of pedestrian, bicycle and/or vehicle traffic therein or with the reasonable ingress or egress to properties abutting thereto. For purposes of this section and Section 13 of this Franchise, free and safe passage of pedestrian, bicycle and/or vehicle traffic and reasonable ingress or egress to properties include, but are not limited to, compliance with standards set forth in the Americans with Disabilities Act and/or the City's Public Works Standards. PSE's Facilities shall be maintained in accordance with federal and state standards for safety, the laws of the State of Washington, Kenmore Municipal Code, and applicable ordinances, regulations and standards of the City.

7.2 In the event that the Public Works Director or designee reasonably determines, after providing written notice to PSE and a reasonable opportunity for PSE to respond to the Public Works Director's concerns, that any one or more of PSE's Facilities within the Franchise Area interfere with the free and safe passage of pedestrian, bicycle and/or vehicular traffic therein or with the reasonable ingress or egress to properties abutting thereto, then PSE shall promptly take such action as is reasonably necessary to eliminate such interference. In so doing, the City shall fully cooperate with PSE, including, without limitation, allowing changes to or modifications of the Franchise Area, at PSE's expense, if such changes or modifications provide the most effective or economical means of eliminating such interference.

7.3 In the event such interference requires relocation of PSE's Facilities within the Franchise Area, such relocation shall be accomplished in accordance with Section 13 below (any such interference resulting from new development ingress or egress to properties abutting the Franchise Area in proximity to PSE's Facilities existing within the Franchise Area prior to the development shall be subject to Section 13.6).

Section 8. Dangerous Conditions, Authority for the City to Abate

8.1 In the event that PSE's Facilities or operations cause or contribute to a condition that appears to endanger any person or substantially impair the lateral support of the Franchise Area or public or private property adjacent thereto, the Public Works Director or designee may direct PSE, at no charge or expense to the City, to promptly take such action as may be reasonably necessary to resolve such condition to eliminate such endangerment. Such directive may include compliance within a prescribed period of time.

8.2 In the event PSE fails to promptly take action as directed by the City pursuant to Section 8.1, or fails to fully comply with such direction, or if emergency conditions exist which require immediate action to

prevent imminent injury or damages to persons or property, the City may take actions as it reasonably believes are necessary with respect to PSE's Facilities or operations to protect persons or property and in such event PSE shall be responsible to reimburse the City for its costs incurred in so doing. With respect to PSE's natural gas facilities, the City's authority to act upon PSE's Facilities hereunder is specifically limited to actions, taken by trained emergency response personnel, to stop the flow of natural gas actively contributing to a dangerous condition by closing the natural gas supply valve at a meter or appliance.

Section 9. Construction and Maintenance of Facilities in Franchise Area; Permit Required

9.1 Whenever PSE excavates in the Franchise Area for purposes of installation, construction, repair, maintenance or relocation of its Facilities, it shall apply to the City for all necessary City permits to do such work, in accordance with all ordinances and regulations of the City. PSE shall comply with all requirements and conditions of such permits, including but not limited to location restrictions, traffic control, restoration and repair work to restore the surface of the Franchise Area. In no case shall any such work commence within the Franchise Area without a permit, except as otherwise provided in this Franchise. After the work is completed, PSE shall provide to the City upon request and at no cost, a copy of PSE's as-built drawings showing the location of its Facilities affected by such work. As to any such drawings so provided, PSE does not warrant the accuracy thereof and, to the extent the location of Facilities are shown, such Facilities will be shown in their approximate location.

9.2 PSE shall at all times post and maintain proper barricades and traffic control and comply with all applicable safety regulations during any period of construction or maintenance activities within the right-of-way as required by City or state regulations, including RCW 39.04.180, for the construction of trench safety systems.

9.3 In the event of any emergency where any Facilities located in the Franchise Area are broken or damaged, or if PSE's work area within the Franchise Area is in such a condition as to endanger any person or property, PSE shall immediately take any necessary emergency measures to repair or remove its Facilities or otherwise make its work area safe without first applying for *and* obtaining a permit as required by Section 9.1. This provision shall not relieve PSE from later obtaining any necessary permit for the emergency work. PSE shall apply for the required permit the next business day following the emergency work or, in the case of an extended state of emergency, as soon thereafter as practical.

9.4 Pavement Disturbance. In the event PSE proposes to cut or disturb pavement within the Franchise Area for any purpose (except as provided in Section 9.3), PSE shall apply to the City for a permit to make such disturbance in accordance with Section 9. In its application PSE shall identify the specific paving proposed to be disturbed, describe the scope and extent of the proposed disturbance and explain the necessity for such disturbance. PSE shall minimize the extent of such pavement disturbance to that reasonably necessary to perform its work. PSE acknowledges the City's authority and discretion to approve (or not approve) disturbance of such pavement and to condition such approval and require compliance of the pavement restoration to the City's Public Works standards, as may be amended, and as may be determined by the Public Works Director to be reasonably necessary to restore the integrity of the paving disturbed by PSE's work. PSE shall not cut or disturb any pavement within the Franchise Area (except as provided in Section 9.3) without written authorization from the Public Works Director or designee.

Section 10. Restoration

10.1 PSE shall promptly restore the Franchise Area, at its sole cost and expense, after any installation, construction, relocation, maintenance, or repair of Facilities within the Franchise Area. PSE shall restore the Franchise Area to the same condition existing immediately prior to PSE's work in the Franchise Area or to the latest Public Works standards, whichever is greater. All survey monuments which are to be disturbed or displaced by such work shall be referenced and restored per WAC 332-120, as the same now exists or may hereafter be amended, and all pertinent federal, state and City standards and specifications. The Public Works Director shall have final approval of the condition of the Franchise Area after restoration.

10.2 If it is determined that PSE has failed to restore the Franchise Area in accordance with Section 10, the City shall provide PSE with written notice including a description of actions the City reasonably believes necessary to restore the Franchise Area. If the Franchise Area is not restored in accordance with the City's notice within thirty (30) days of that notice, the City, or its authorized agent, may restore the Franchise Area. PSE shall be responsible and pay all costs and expenses incurred by the City in restoring the Franchise Area in accordance with this section. PSE shall pay said costs and expenses within thirty (30) days of receipt of the City's billing for such work, including City overhead (provided that in no event shall such overhead exceed 10% of the total costs, fees and expenses). The remedy granted to the City under this section shall be in addition to those otherwise provided by this Franchise.

10.3 Except as otherwise provided herein, in the event PSE permanently ceases use of any of its Facilities within the Franchise Area, PSE shall within one hundred and eighty days (180) after such permanent cessation of use, or such additional time as is agreed to by the parties, remove such Facilities at its sole cost and expense. Provided, that with the express written consent of the City, PSE may leave such Facilities in place subject to the conditions set forth in this Section. Any such Facilities to be left in place shall be made inert by purging all natural gas from such Facilities (including displacement of natural gas with an appropriate inert gas) and disconnecting and sealing such Facilities, all in compliance with applicable regulation and industry standards. The City's consent shall not relieve PSE of the obligation and/or costs to subsequently remove or alter such Facilities in the event the City reasonably determines that such removal or alteration is necessary or advisable for the health and safety of the public, in which case PSE shall perform such work at no cost to the City. The obligations contained in this section shall survive the expiration, revocation and termination of this Franchise.

10.4 All work by PSE pursuant to this Section 10 shall be performed in accordance with the permit issued by the City, together with the laws of the State of Washington, Kenmore Municipal Code and applicable regulations and standards of the City as the same now exists or as may be hereafter amended or superseded.

Section 11. Bonding Requirement

11.1 Before undertaking any of the work authorized by this Franchise, PSE shall furnish a bond executed by PSE and a corporate surety authorized to do surety business in the State of Washington, with an AM Best rating of A XII in the amount set forth in Section 24 of this Franchise, to ensure performance of PSE's obligations under this Franchise. The bond shall be conditioned that PSE shall observe and keep all the covenants, terms and conditions and faithfully perform all of the obligations of this Franchise, and to restore or replace any defective work or materials discovered in the restoration of the Franchise Area within a period of two (2) years from the final City inspection date of any such restoration. PSE may meet the obligations of this section with one (1) or more bonds acceptable to the City. In the event that a bond furnished pursuant to this section is canceled by the surety, after proper notice

and pursuant to the terms of said bond, PSE shall, prior to the expiration of said bond, procure a replacement bond which complies with the terms of this section.

11.2 With respect to undertaking any of the work authorized by this Franchise, in the event PSE fails to perform its obligations under this Franchise and further fails to cure its deficiency within the time period identified in the City's written notice of such deficiency, then the City may use any bond(s) furnished by PSE pursuant to Section 11.1 to cure such deficiency. Neither the amount of such bond(s) nor the City's use thereof shall limit the City's full recovery from PSE of costs incurred by the City to cure such deficiency.

11.3 In the event the City makes use of such bond(s) furnished by PSE pursuant to Section 11.2, the City shall promptly provide written notice of same to PSE. Within thirty (30) days of receipt of such notice, PSE shall replenish or replace such bond(s) as provided in Section 11.1.

11.4 The rights reserved to the City by this Section 11 are in addition to other rights of the City whether reserved by this Franchise or authorized by law, and no action, proceeding, or exercise of right under this Section 11 shall constitute an election or waiver of any rights or other remedies the City may have.

Section 12. Underground Installation of Facilities

12.1 PSE acknowledges that the City desires to promote a policy of underground installation of Facilities within the Franchise Area. The City acknowledges that PSE provides electrical and natural gas service on a non-preferential basis subject to and in accordance with applicable Tariffs on file with the WUTC. PSE agrees to cooperate with the City in the formulation of policy and development regulations concerning underground installation of PSE's Facilities within the Franchise Area.

12.2 New extensions of electric Facilities that operate at 15,000 volts (15kV) or less constructed by PSE within the Franchise Area during the term of this Franchise shall be located underground, at PSE's expense. Provided, however, that extensions of existing overhead Facilities of up to five spans or 500 feet (whichever is less) may, subject to the City's prior written consent which shall not be unreasonably withheld, be installed overhead in locations having other existing overhead utilities.

12.3 If, during the term of this Franchise, the City shall direct PSE to replace (convert) its overhead electric distribution Facilities (15kV or less) then existing within the Franchise Area with underground Facilities, such underground conversion shall be arranged and accomplished subject to and in accordance with Schedule 74 Conversion to Underground Service for Governmental Entities, unless otherwise agreed to in this Franchise Agreement. . All requests by the City for conversion of overhead Facilities to underground shall comply with applicable law. For any project in the Franchise Area, PSE shall submit, within 30 days written request from the City, a detailed estimate of the costs to relocate/move aerial to aerial Facilities.

12.4 This Section 12 shall govern all matters related to underground installation of PSE's Facilities within the Franchise Area. Temporary services provided by PSE during construction of a City public works improvement project where such services are necessary to construct project components that are not directly associated with underground conversion work shall be governed by Sections 7 and 13 herein.

12.5 PSE shall waive any service application/connection fees for new or upgraded public works facilities constructed by the City within the Franchise Area, including but not limited to service fees for private conversions completed on behalf of the property owner by the City as part of a City public works improvement

project.

12.6 PSE shall maintain adequate staffing levels and provide the City with one constant point of contact during construction of a City public works improvement project to provide responsive customer service.

12.7 If the City desires to have PSE underground its Facilities in the Franchise Area, the City may require PSE to pay for the cost of said undergrounding up front, and PSE may recover the costs of undergrounding from Kenmore ratepayers over a period of years, with an interest rate (not to exceed the going interest rate for municipal bonds) agreed up on by the City and PSE.

Section 13. Relocation of Facilities

13.1 Whenever the City undertakes (or causes to be undertaken at City expense) the construction of any public works improvement within the Franchise Area, or the Public Works Director reasonably determines that PSE's Facilities interfere with the free and safe passage of pedestrian, bicycle and/or vehicular traffic pursuant to Section 7 above, and the City's requirements under the Americans with Disabilities Act, and such public works improvement or interference necessitates the relocation of PSE's Facilities then existing within the Franchise Area, the City shall:

A. provide PSE, within ninety (90) days prior to the City's commencement of activities requiring such public works improvement, written notice requesting such relocation; and

B. provide PSE with copies of relevant portions of the City's plans and specifications for such public works improvement. After receipt of such notice and such plans and specifications, PSE shall relocate its Facilities and any third party equipment/facilities located on PSE's Facilities within the Franchise Area at no charge to the City. If, during the construction of any such public works improvement, an emergency posing a threat to public safety or welfare, or a substantial risk of severe economic consequences to the City, arises requiring the relocation of PSE's Facilities within the Franchise Area, the City shall give PSE notice of the emergency as soon as reasonably practicable. Upon receipt of such notice from the City, PSE shall endeavor to respond as soon as reasonably practicable to relocate the affected Facilities at no charge to the City.

13.2 The City shall act in good faith and shall use its best efforts to provide sufficient space within the Franchise Area for the safe and efficient installation, operation, repair and maintenance of the relocated Facilities. PSE shall act in good faith and shall use its best efforts to install relocated Facilities in such space within the Franchise Area, consistent with prudent utility practice. If the City and PSE agree that there is not sufficient space for the relocated Facilities in the existing Franchise Area, then, PSE shall provide sufficient space for the relocated Facilities by obtaining additional easements, right-of-way or other equivalent rights mutually agreeable to the City and PSE. PSE may, within twenty (20) days after receipt of written notice requesting a relocation of its Facilities, submit to the City written alternatives to such relocations. The City shall within twenty (20) days after receipt of written alternatives to a required relocation from PSE evaluate such alternatives and notify PSE in writing whether one or more of the alternatives is suitable to accommodate work that would otherwise necessitate relocation of the Facilities. If so requested by the City, PSE shall submit such additional information as is reasonably necessary to assist the City in making such evaluation. The City shall give each alternative full and fair consideration. In the event the City ultimately determines that there is no other reasonable or feasible alternative, PSE shall relocate its Facilities as otherwise provided in this Section 13. The

City will establish a date by which Facilities will be relocated, which date will be not less than ninety (90) days after the final written confirmation of the substitute or agreed upon new location for PSE's Facilities. PSE must finish relocation of each such Facility by the date so established.

13.3 PSE may install relocated Facilities on property outside of the Franchise Area, the rights for which shall be obtained by PSE at no expense to the City, if:

A. notwithstanding the use of best efforts by the City and PSE as outlined above, the City does not agree there is or will be sufficient space within the Franchise Area for the relocated Facilities, or

B. locating such relocated Facilities within such space within the Franchise Area would be inconsistent with prudent utility practice.

The City and PSE shall each act in good faith and use their respective best efforts to mutually agree on the location of such relocated Facilities outside of the Franchise Area. Absent such mutual agreement, nothing in this Section 13 shall limit the rights of the City or PSE with respect to acquisition or use of property rights outside of the Franchise Area.

13.4 If the City requires the subsequent relocation of any Facilities within five (5) years from the date of relocation of the same Facilities pursuant to Sections 13.1-13.3, the City shall reimburse PSE for all costs incurred by PSE in connection such subsequent relocation.

13.5 PSE shall have the right as a condition of any relocation described in this Section 13.5 to require such person or entity other than the City to make payment to PSE, at a time and upon terms acceptable to PSE, for any and all costs and expenses incurred by PSE in the relocation of PSE's Facilities whenever:

A any person or entity, other than the City, requires the relocation of PSE's Facilities to accommodate the work of such person or entity within the Franchise Area, including but not limited to, activities relating to development, roadway frontage improvements or mitigation of impacts; or

B the City requires any person or entity to undertake work (other than a City project or work undertaken at the City's cost and expense) within the Franchise Area and such work requires the relocation of PSE's Facilities within the Franchise Area.

Then only those costs and expenses incurred by PSE in connecting such relocated Facilities with PSE's other Facilities shall be paid to PSE by such person or entity, and PSE shall otherwise relocate its Facilities within such segment of the Franchise Area in accordance with Sections 13.1-13.3.

13.6 Any condition or requirement imposed by the City upon any other person or entity (including, without limitation, any condition or requirement imposed pursuant to any contract or in conjunction with approvals or permits obtained pursuant to any zoning, land use, construction or other development regulation) which requires the relocation of PSE's Facilities within the Franchise Area shall be a condition or requirement causing relocation of PSE's Facilities to occur subject to the provisions of Section 13.5 above; provided, however:

A in the event the City reasonably determines and notifies PSE that the primary purpose of imposing such condition or requirement upon such person or entity is to cause the

construction of a City project within a segment of the Franchise Area on the City's behalf, and

B such City project is otherwise reflected in the City's adopted Six-Year Capital Improvement Program; Capital Facilities Plan; Transportation Improvement Program; Transportation Facilities Program or Budget;

13.7 As to any relocation of PSE's Facilities whereby the cost and expense thereof is to be borne by PSE in accordance with Sections 13.1 through 13.3, PSE may, after receipt of written notice requesting such relocation, submit in writing to the City alternatives to relocation of its Facilities. Upon the City's receipt from PSE of such written alternatives, the City shall evaluate such alternatives and shall advise PSE in writing if one or more of such alternatives is suitable to accommodate the work which would otherwise necessitate relocation of PSE's Facilities. In evaluating such alternatives, the City shall give each alternative proposed by PSE full and fair consideration with due regard to all facts and circumstances which bear upon the practicality of relocation and alternatives to relocation. No alternatives proposed by PSE shall be evaluated by the City in an arbitrary or capricious manner. In the event the City determines that such alternatives are not appropriate, PSE shall relocate its Facilities as otherwise provided in Sections 13.1-13.3. Nothing in this section shall be construed to be a waiver of any right of either PSE or the City to contest any claim or assertion by the other of responsibility to pay such costs or expense.

13.8 Nothing in this Section 13 shall require PSE to bear any cost or expense in connection with the location or relocation of any Facilities existing under benefit of easement or, except for the rights described in Section 5.2, other prior rights. Provided, however, PSE acknowledges the City's powers of eminent domain under Chapter 8.12 RCW, which may result in the City's acquisition of said easements, consistent with state law, and the relocation of PSE's Facilities in accordance with Sections 13.1 through 13.3 of this Franchise.

Section 14. Coordination/ Shared Excavations

PSE and the City shall each exercise best reasonable efforts to coordinate construction work either may undertake within the Franchise Area so as to promote the orderly and expeditious performance and completion of such work as a whole. Such efforts shall include, at a minimum, reasonable and diligent efforts to inform the other party and other utilities within the Franchise Area of its intent to undertake such construction work. PSE and the City shall further exercise best reasonable efforts to minimize delay or hindrance to construction work undertaken by themselves and other utilities within the Franchise Area.

Section 15. City Use of Facilities

15.1 During the term of this Franchise, and with respect to poles which are Facilities and which are (a) wholly owned by PSE and (b) within the Franchise Area, the City, subject to PSE's prior written consent which shall not be unreasonably withheld, may install and maintain City-owned or paid for overhead communication facilities such as cables, routers, antennas, and wires upon such poles for police, fire, traffic control, WiFi/Internet, weather and air quality monitoring equipment and other noncommercial municipal communications purposes. The foregoing rights of the City to install and maintain such facilities are further subject to the following:

A Such installation and maintenance shall be done by the City at its sole risk and expense, in

accordance with all applicable laws, and subject to such reasonable requirements as PSE may specify from time to time (including, without limitation, requirements accommodating PSE's Facilities or the facilities of other parties having the right to use PSE's Facilities);

B PSE shall have no obligation arising under the indemnity and insurance provisions of this Franchise as to any circumstances directly or indirectly caused by or related to such City-owned wires or the installation or maintenance thereof; and The City shall indemnify, defend and hold harmless PSE in connection with the City's use of PSE's Facilities; and

C PSE shall not charge the City a fee for the use of such poles in accordance with this Section 15 as a mean of deriving revenue therefrom (such as a rental or lease fee); provided, however, nothing herein shall require PSE to bear any cost or expense in connection with such installation and maintenance by the City.

Section 16. Moving Buildings Within the Franchise Area. If any person or entity other than the City obtains permission in the form of a permit from the City to use the Franchise Area for the moving or removal of any building or other object, the City shall endeavor, prior to granting such permission, to require such person or entity to make any necessary arrangements with PSE for the temporary adjustment of PSE's wires to accommodate the moving or removal of such building or other object to allow PSE and other party to make necessary arrangements.

Section 17. Records of Installation and Planning

17.1 Upon the City's request, PSE shall promptly provide to the City copies of available maps and plans of improvements, relocations and conversions to its Facilities within the Franchise Area. PSE shall provide to the City GIS mapping of its Facilities within the Franchise Area on an annual basis, which shall include third party equipment/facilities which are located on PSE Facilities; provided, however, any such plans so submitted shall be for informational purposes only and shall not obligate PSE to undertake any specific improvements within the Franchise Area, nor shall such plan be construed as a proposal to undertake any specific improvements within the Franchise Area.

17.2 Upon the City's reasonable request, PSE shall provide to the City electronic and paper copies of drawings showing the approximate location of PSE's Facilities at specified locations within the Franchise Area. PSE shall further provide, upon the City's reasonable request in connection with the City's design of new streets and intersections and major renovations of existing streets and intersections, field marking of PSE's underground Facilities within the Franchise Area, if such Facilities can be so field marked with reasonable accuracy using devices designed to respond to the presence of PSE's underground Facilities.

17.3 In addition, at the City's sole discretion, PSE shall, upon request of the City, verify within 10 days of said request, the actual location of its underground Facilities within the Franchise Area by excavating, including pot holing, at no expense to the City.

17.4 PSE shall, within 30 days of acceptance of this Franchise, submit to the City a list of all other parties that lease PSE Facilities within the Franchise Area, including but not limited to, telecommunication facilities regulated under Chap. 18.20 KMC, and provide maps locating such leased facilities. PSE shall ensure and

confirm that all parties seeking to lease PSE Facilities in the Franchise Area have obtained all necessary City permits, franchises and/or approvals prior to approving said leases. PSE shall submit to the City updated maps and lists within 30 days of executing any new or renewed leases for third party use of PSE Facilities in the Franchise Area.

17.5 Notwithstanding the foregoing, nothing in this Section 17 is intended (nor shall be construed) to relieve either party of their respective obligations arising under applicable law with respect to determining and disclosing the location of utility facilities.

Section 18. Vegetation Management

18.1 PSE shall on an annual basis perform vegetation review throughout the City and identify areas that need vegetation management for the reliable and safe operation of PSE Facilities. PSE shall notify the City within ten (10) calendar days of when such review will occur, and the City may accompany PSE or its consultants, in the review of City vegetation, at its discretion. PSE shall on an annual basis identify those areas targeted for accelerated tree trimming and vegetation management and provide the City a written list and maps of locations within the Franchise Area at which PSE anticipates performing vegetation management activities for that year; provided that such list shall not limit PSE's right under this Franchise to cut, trim or otherwise remove vegetation at any time within the Franchise Area which, due to proximity to PSE's facilities, pose an imminent threat to public safety or the reliable operation of PSE's facilities. PSE agrees that as long as the Circuit 26 distribution line remains in its current location, tree trimming and vegetation management on Circuit 26 shall occur annually. PSE shall within ninety (90) days from the acceptance of this Franchise, trim and perform vegetation management activities in those areas of the City where outages have been caused by trees in a higher percentage than in other areas of the City.

18.2 PSE shall, in coordination with the City, identify vegetation species appropriate for location in proximity to PSE's facilities and shall cooperatively act with the City to promote use of such identified species within and adjacent to the Franchise Area.

18.3 On an annual basis, PSE shall apply for and obtain a right-of-way permit, with traffic control plan, for all vegetation management within the City. PSE shall not commence non-emergency vegetation management work without notice to abutting private property owners or occupants at least ten (10) working days in advance of the work to be performed, including the location and description of the work to be performed, the date work is planned to commence, and a contact name and telephone number at PSE. In performing vegetation management work, PSE shall comply with ANSI 300 pruning standards. PSE shall notify the City at least ten (10) calendar days prior to any vegetation management work being conducted within City limits; except that emergency work can be done the same day providing the City is contacted either by phone or email as soon as feasible.

18.4 At the request of an abutting private property owner, PSE shall employ or consult with a certified arborist to assess the type of pruning proposed to be done and/or shall provide the abutting owner with alternatives to the type of pruning proposed to be done. PSE will reasonably consider alternatives proposed by the abutting property owner and any arborist hired by the property owner.

18.5 Nothing in this Franchise is intended to absolve PSE from any liability resulting from damage caused by trees that are severely pruned or topped by PSE and subsequently fall as a result of such pruning

or topping.

18.6 PSE or its contractors should trim trees according to species growth habits. Crew foreman will be educated of different tree species and understand their corresponding growth habits.

18.7 In the event trees need to be trimmed within and/or adjacent to the Franchise Area, PSE shall notify the City in writing ten (10) days ahead of time. The City shall have final determination of whether a tree needs to be removed in the Franchise Area, and replacement trees shall be negotiated between the City and PSE of their contractor on a case by case basis.

18.8 All debris associated with line clearance tree trimming and/or removal work within or adjacent to the Franchise Area will be chipped and removed by PSE or its contractor from the site at no cost to the City. "Drop and Scatter" practices will require prior written approval from the City.

18.9 When trees are heavily trimmed or removed from or adjacent to the Franchise Area, PSE shall perform the work in such a way as to avoid damage to other trees within that area. If additional trees are accidentally damaged during such work, PSE, or its contractor, will use its best efforts to appropriately prune any such damaged trees. The City is to be contacted immediately in the event of any unplanned damage to City owned trees.

18.10 Climbing trees with gaffs or spikes is strongly discouraged on any deciduous, hardwood or thin bark tree species unless the tree is to be removed.

18.11 A knowledgeable PSE representative will stay in close communication with the City while vegetation management work is performed within the City. Quarterly performance reviews of compliance with this section shall be conducted by PSE at the request of the City. PSE shall submit semi-annual written reports to the City detailing the vegetation management work performed by PSE, and the reports shall include a narrative of the vegetation management work performed by PSE, the locations where said work was performed and the vegetation management work that will be performed by PSE in the next six months. In addition, if PSE does not utilize vegetation standards adopted by public entities such as Snohomish County Public Utility District or Seattle City Light, then PSE shall explain in the report what vegetation standards it utilizes and demonstrate how such standards provide comparable reliability within the City.

18.12 PSE shall commit to providing a 24 response time when a customer contacts PSE about vegetation management on or near their residence.

Section 19 Condemnation. The existence of this Franchise shall not preclude the City from acquiring by condemnation, in accordance with applicable law, all or a portion of PSE's Facilities within the Franchise Area.

Section 20 Indemnification

20.1 PSE shall indemnify, defend and hold the City, its agents, officers or employees harmless from and against any and all claims, demands, liability, loss, cost, damage or expense of any nature whatsoever including all costs and attorneys' fees, made against the City, its agents, officials, officers or employees on account of injury, harm, death or damage to persons or property which is caused by, in whole or in part to the extent of, the willfully tortious, or negligent acts, or negligent omissions of PSE or its agents, servants, employees,

contractors, or subcontractors in the exercise of the rights granted to PSE by this Franchise. Provided, however, such indemnification shall not extend to any portion of any claims, demands, liability, loss, cost, damage or expense of any nature whatsoever including all costs and attorneys' fees caused by the negligence of the City, its agents, employees, officials officers, contractors or subcontractors.

20.2 PSE's indemnification obligations pursuant to Subsection 20 shall include assuming potential liability for actions brought by PSE's own employees and the employees of PSE's agents, representatives, contractors, and subcontractors even though PSE might be immune under Title 51 RCW from direct suit brought by such employees. It is expressly agreed and understood that this assumption of potential liability for actions brought by the aforementioned employees is limited solely to claims against the City arising by virtue of PSE's exercise of the rights set forth in this Franchise. The obligations of PSE under this Subsection 20.2 have been mutually negotiated by the parties hereto, and PSE acknowledges that the City would not enter into this Franchise without PSE's waiver thereof. To the extent required to provide this indemnification and this indemnification only, PSE waives its immunity under Title 51 RCW as provided in RCW 4.24.115.

20.3 In the event any matter (for which the City intends to assert its rights under this Section 20) is presented to or filed with the City, the City shall promptly notify PSE thereof and PSE shall have the right, at its election and at its sole cost and expense, to settle and compromise such matter as it pertains to PSE's responsibility to indemnify, defend and hold harmless the City, its agents, officers or employees. In the event any suit or action be started against the City based upon any such matter, the City shall likewise promptly notify PSE thereof, and PSE shall have the right, at its election and at its sole cost and expense, to settle and compromise such suit or action, or defend the same at its sole cost and expense, by attorneys of its own election, as it pertains to PSE's responsibility to indemnify, defend and hold harmless the City, its agents, officers or employees.

20.4 The provisions of this Section shall survive the expiration and termination of this Franchise.

Section 21. Insurance

21.1 PSE shall procure and maintain for the duration of the Franchise, insurance, or in lieu thereof provide self-insurance, against all 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 PSE, its agents, representatives or employees. PSE shall provide certificate(s) of insurance (Form CG2010 ISO or equivalent) and/or evidence of self-insurance, together with an endorsement naming the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers as additional insureds, to the City for its inspection prior to the commencement of any work or installation of any Facilities pursuant to this Franchise. Such certificate(s) of insurance and/or evidence of self-insurance shall evidence the following minimum coverages:

A Comprehensive general liability insurance or excess liability insurance, including coverage for premises-operations, explosions and collapse hazard, underground hazard and products completed hazard, written on an occurrence basis, with limits not less than:

- (i) \$5,000,000 for bodily injury or death to each person;
- (ii) \$5,000,000 for property damage resulting from any one accident; and
- (iii) \$5,000,000 for general liability.

B Automobile liability for owned, non-owned and hired vehicles with a limit of

\$2,000,000 for each person and \$2,000,000 for each accident.

C Worker's compensation within statutory limits and employer's liability insurance with limits of not less than \$2,000,000.

D Environmental pollution liability with a limit not less than \$5,000,000 for each occurrence, at a minimum covering liability from sudden and/or accidental occurrences.

If coverage is purchase on a "claims made" basis, then PSE shall warrant continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of termination of this Franchise, and/or conversion from a "claims made" form to an "occurrence" coverage form.

21.2 PSE shall maintain the liability insurance policies required by this Section 21 throughout the term of this Franchise. Any deductibles or self-insured retentions must be declared to and approved by the City. Payment of deductibles and self-insured retentions shall be the sole responsibility of PSE. The insurance certificate required by this Section 21 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.

21.3 PSE's insurance shall be primary insurance with respect to the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers. Any insurance maintained by the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers shall be in excess of PSE's insurance and shall not contribute with it.

21.4 The cancellation clause of any certificate(s) of insurance provided to the City pursuant to Section 21.1 shall include the following provision:

"Should any of the policies described by this certificate be canceled before the expiration date thereof, the issuing company will provide at least sixty (60) days written notice thereof to the certificate holder."

21.5 In the event any of the insurance required by this Section 21 is canceled or otherwise not renewed during the term of this Franchise, PSE shall promptly acquire replacement insurance or shall utilize self-insurance to restore and maintain the amount of coverage required by this Section 21 and shall promptly provide to the City certificate(s) of insurance or evidence of self insurance as provided in this Section 21 as may be applicable.

Section 22. Default

22.1 If PSE shall fail to materially comply with any of the provisions of this Franchise, unless otherwise provided for herein, the City may serve upon PSE a written order to so comply within thirty (30) days from the date such order is received by PSE. If PSE is not in material compliance with this Franchise after expiration of said thirty (30) day period, the City may declare an immediate forfeiture of this Franchise, provided, however, if any failure to materially comply with this Franchise by PSE cannot be corrected with due diligence within said thirty (30) day period then the time within which PSE may so comply may be extended for a period of time as may be reasonably necessary and as agreed upon by the parties, so long as

PSE commences promptly and diligently to effect such material compliance.

22.2 Notwithstanding PSE's obligation to comply and to proceed with due diligence to correct any default, the City recognizes that unavoidable delays and events beyond PSE's control may occur. In such event the parties agree that PSE shall make a good faith effort to expeditiously remedy the default. In the event of a declaration of forfeiture, should either party commence litigation against the other to appeal (in the case of PSE) or enforce (in the case of the City) such declaration of forfeiture, each party in any such litigation shall be responsible for their own costs and attorneys' fees.

Section 23. Reimbursement of Administrative Costs

23.1 As specifically provided by RCW 35.21.860, the City may not impose a franchise fee or any other fee or charge of whatever nature or description upon PSE, except, as provided in RCW 5.21.860.

23.2 As provided in RCW 35.21.860, PSE shall reimburse and pay to the City all actual administrative expenses and costs incurred by the City that are directly related to the receiving, reviewing, negotiating and approving of any permit and license, and this Franchise, including, but not limited to, costs of time of City staff and consultants (such as attorneys and engineers), and technical personnel and agents for review of this Franchise, inspection of plans and permits, analysis of reliability, review of PSE's compliance with the terms and conditions of this Franchise, including but not limited to review of vegetation management work, and construction of Facilities pursuant to this Franchise, and to preparing a detailed statement, as may be required by Chapter 43.21C RCW.

23.3 As such expenses are incurred by the City, the City shall invoice PSE for all administrative expenses and costs to be reimbursed by PSE hereunder including an itemized statement showing such expenses and costs. PSE shall promptly remit payment to the City within thirty (30) days of receipt of such invoice. Notwithstanding any other provision of this Franchise, no acceptance by PSE of this Franchise shall be effective if PSE fails to reimburse the City for all administrative expenses and costs for negotiating, reviewing and approving of this Franchise.

23.4 If PSE disputes any expense or cost included on the City's invoice, PSE shall promptly notify the City thereof and shall otherwise promptly remit payment for any and all undisputed expense and costs included on the City's invoice. As to any expense or cost disputed by PSE, PSE shall promptly provide written identification of such disputed amount(s) together with its written justification for such dispute to the City for the City's consideration. PSE and the City shall work together in good faith to resolve any disputed amount(s), including provision by either or both parties of such further information and documentation supporting or refuting such disputed amount(s) as may reasonably and practically be provided. Until any such dispute is resolved by the Parties the City may, at its sole discretion, suspend work being performed by the City or Puget and/or withhold City issued permits or City approvals related to such disputed amount(s). Except as set forth in this Section 23, such dispute will not otherwise effect any other obligation of the parties under this Franchise.

Section 24. Security Device to Insure Performance.

24.1 Pursuant to RCW 35A.47.040, PSE shall, within thirty (30) days after its acceptance of this Franchise, file with the City and at all times thereafter maintain in full force and effect for the term of this Franchise a security device (such as a bond, letter of credit, or other security), effective for a two (2) year period, with automatic renewals, throughout the term of this Franchise. The security

device shall be in a manner and form acceptable to the City and ensure PSE's faithful performance of the conditions and terms of the Franchise and to provide recovery on the security device in case of PSE's failure to perform the terms and conditions of the Franchise.

24.2 The security device shall be submitted to the City prior to issuance of any right-of-way permits relating to the Facilities, and shall be a condition of such permit approval.

24.3 In the event PSE shall fail to perform the conditions and terms of this Franchise, then the City may recover jointly and severally from PSE and the surety of such security device to ensure performance of the conditions and terms of the Franchise. This section shall be a continuing obligation for the duration of this Franchise and thereafter until PSE has discharged all of its obligations under this Franchise.

24.4 The security device filed in accordance with the requirement of this section shall be in the amount of Five Hundred Thousand Dollars and No/100 (\$500,000.00). In the event the City determines that an increase in volume of street space occupied by PSE's Facilities necessitates an increased bond amount under this section, then the City may require a corresponding change in the amount of such security device required herein. If the amount of the security device is depleted below \$500,000.00, or a later increased amount, for any reason, then PSE shall restore it to the full amount required herein within thirty (30) days of such depletion.

Section 25. Utility Tax

PSE acknowledges that the City is authorized under the laws of Washington State to impose certain taxes upon PSE. Nothing in this Franchise shall exempt (nor shall be construed to exempt) PSE from payment of any and all such taxes lawfully imposed by Kenmore Municipal Code, as may hereafter be lawfully amended or superseded, and due from PSE; provided, nothing in this Section 25 shall be construed in any way as a waiver of PSE's rights to contest the validity of any such tax or the amount of any tax due. If payment of such taxes is not made by PSE in a timely manner, the City reserves the right, at its sole option, to inter alia suspend the rights granted to PSE by this Franchise until such time that PSE pays such taxes or PSE and the City otherwise resolve any matter concerning payment thereof.

Section 26. Emergency Management

Annually, upon the request of the City, PSE will meet with the City Fire/Emergency Preparedness personnel to coordinate emergency management operations and, at least twice a year, at the request of the City, PSE personnel will actively participate with either the Northshore Emergency Management Coalition or City Emergency Personnel in emergency preparedness drills or planning sessions.

Section 27. Assignment of Franchise

All of the provisions, conditions and requirements herein contained shall be binding upon PSE and the City. PSE may not assign or otherwise transfer its rights, privileges, authority and franchise herein conferred without the prior written authorization and approval of the City, which such authorization and approval shall not be unreasonably withheld. The City hereby authorizes and approves PSE to mortgage its rights, privileges, authority and franchise in and under this Franchise to the Trustee for its bondholders.

Section 28. Severability and Survival

28.1 If any term, provision, condition or portion of this Franchise shall be held to be invalid such invalidity shall not affect the validity of the remaining portions of this Franchise which shall continue in full force and effect. The headings of the sections and paragraphs of this Franchise are for convenience of reference only and are not intended to restrict, affect or be of any weight in the interpretation or construction of the provisions of such sections or paragraphs.

28.2 All provisions, conditions and requirements of this Franchise that may be reasonably construed to survive the termination or expiration of this Franchise shall survive the termination or expiration of the Franchise. Subject to Section 6 above, the parties' respective rights and interests under this Franchise shall inure to the benefit of their respective successors and assigns.

Section 29. Amendments to Franchise.

29.1 This Franchise may be amended only by mutual agreement thereto, set forth in writing in the form of a City ordinance, signed by both parties, which specifically states that it is an amendment to this Franchise and is approved and executed in accordance with the laws of the State of Washington and the City of Kenmore. Without limiting the generality of the foregoing, this Franchise (including, without limitation the Sections addressing indemnification and insurance) shall govern and supersede and shall not be changed, modified, deleted, added to, supplemented or otherwise amended by any permit, approval, license, agreement or other document required by or obtained from the City in conjunction with the exercise (or failure to exercise) by PSE of any and all of its rights, benefits, privileges, obligations or duties in and under this Franchise, unless such permit, approval, license, agreement or other document specifically:

A references this Franchise; and

B states that it supersedes this Franchise to the extent it contains terms and conditions which change, modify, delete, add to, supplement or otherwise amend the terms and conditions of this Franchise.

29.2 This Franchise is subject to the provisions of applicable state and local law. In the event of any conflict or any inconsistency between the provisions of this Franchise and local law then this Franchise shall control.

29.3 The parties agree to renegotiate the terms of this Franchise, if, during the term of this Franchise there becomes effective any change in federal or state law which:

A Affords either party the opportunity to negotiate in good faith a term or condition of this Franchise which term or condition would not, prior to such change, have been consistent with federal or state law; or

B Pre-empts or otherwise renders null and void any term or condition of this Franchise which has been negotiated in good faith;

Then, in such event, either party may, within one hundred eighty (180) days of the effective date of such change in federal or state law request in writing to commence negotiations to amend this Franchise. Such

negotiations shall encompass only the specific term or condition affected by such change in federal or state law and neither party shall be obligated to re-open negotiations on any other term or condition of this Franchise. Within thirty (30) days from and after receipt of such written request, the parties shall, at a mutually agreeable time and place, commence such negotiations. Pending completion of such negotiations resulting in mutually agreeable amendment of this Franchise, adoption of such amendment by Ordinance by the City and acceptance of such Ordinance by PSE, and except as to any portion thereof which has been pre-empted or otherwise rendered null and void by such change in federal or state law, this Franchise shall remain in full force and effect.

Section 30. No Third Party Beneficiary

Nothing in this Franchise shall be construed to create any rights in or duties to any third party, nor any liability to or standard of care with reference to any third party. This Franchise shall not confer any right or remedy upon any person other than the parties. No action may be commenced or prosecuted against any party by any third party claiming as a third party beneficiary of this Franchise. This Franchise shall not release or discharge any obligation or liability of any third party to either party.

Section 31. Notice of Tariff Changes

PSE shall, when making application for any changes in Tariffs affecting the provisions of the Franchise, notify the City in writing of the application and provide the City Manager with a copy of the submitted application within thirty (30) days of filing with the WUTC. PSE shall further provide the Public Works Director with a copy of any approved Tariff change affecting the provisions of this Franchise.

Section 32. Reporting Requirements; Proposed reliability projects. PSE will use good faith efforts to maintain and improve the reliability of electrical service to all customers within the City. In furtherance of this objective, PSE agrees to:

32.1 On an annual basis, provide to the City the System Average Interruption Frequency Index ("SAIFI") and the System Average Interruption Duration Index ("SAIDI") for PSE electric service by circuit and the City as a whole for a period that covers each of the previous five (5) years. PSE shall also provide an annual comparison of its service reliability between the City and all cities that border the City, as well as a written comparison of the City to PSE's entire service area. PSE shall collect data on reliability metrics for the City, and in January of each year shall submit a written report to the City on the following Service Quality Indices for all service within the City: a) WUTC complaint ratio; b) SAIDI (<320 minutes per year for 5-year average); c) SAIFI (<1.3 interruptions per year per customer; d) Secondary core hours, non-emergency safety response and restoration time – electric – (within 250 minutes from dispatch to restoration); e) Secondary non-core hours, non-emergency safety response and restoration time – electric (within 316 minutes from dispatch to restoration); (f) electric safety response times (55 minutes or less from customer call to arrival of field technician); and g) natural gas safety response time.

32.2 On an annual basis, provide a written report to the City identifying any individual circuits serving the City that have a SAIFI and/or SAIDI, for the preceding year, that is greater than the PSE system SAIFI and/or SAIDI for the same period and identify any corrective changes that may be taken by PSE to improve any such circulation. PSE shall include in the report, annual outage data by Circuit within the City, and each report shall be submitted by January 31st of each year;

32.3 If the reports required by this Section 32 show that any individual circuit serving the City has a SAIFI and/or SAIDI for the preceding year that is greater than the PSE system SAIFI and/or SAIDI for the same period, then PSE agrees to work with the City on scheduling and implementing proactive steps to improve the reliability of such circuits, including but not limited to, enhanced and expedited vegetation management and pole replacement, smart technology, transformer upgrades, tree wire installation, closer/re-closer systems, etc., within the City;

32.4 On an annual basis, report to the City information concerning all non-scheduled outages (and resulting service interruptions to customers) within the City, identifying the individual circuit, cause, equipment, duration and number of customers affected by the outage. Such information shall be provided solely for the information of the City for the purpose of facilitating further inquiry by the City to PSE concerning particular circuits and/or outages of interest to the City;

32.5 On an annual basis, report to the City any projects PSE anticipates constructing within a three year period to improve the reliability of Facilities within the City, including but not limited to smart grid alternatives or other innovative power measures. PSE agrees to upgrade all system feeders to the City within the five year Franchise term;

32.6 On an annual basis, provide a report to the City identifying PSE's process of restoring power to its customers within the City during an outage, and identifying the steps necessary to expedite power restoration. PSE shall also designate and notify the City of specific staff members that will immediately communicate with City leadership or designated staff when outages occur and to report on areas affected, remedies planned or underway, and estimated restoration times; and

32.7 On an annual basis, provide to the City a summary of the communications received by PSE from customers within the City, and PSE's response to such communications. PSE shall include in the summary all customer complaints for the preceding year and how PSE resolved the complaints. PSE agrees to attend at least two city council meetings, before and after the storm season, to report to the City Council on system reliability. PSE shall notify the City Manager of complaints filed by City customers to the WUTC within five (5) business days of the WUTC's notification to PSE of the complaints. The status and disposition of City customer complaints to the WUTC should be included in the required annual reports to the City.

32.8 PSE shall provide an annual report on its progress towards meeting system enhancements outlined in the Kenmore Comprehensive Plan Utilities Element or other applicable system plans.

32.9 PSE agrees to consider implementing a plan to decrease fossil fuel-generated power system wide. PSE agrees to provide Kenmore customers with solar installation incentives for the duration of this Franchise. PSE agrees to offer annually the Small Business Direct Install services that it offered to Kenmore businesses in 2015.

32.10 At a minimum, PSE shall present its report to the City Council at a public meeting on annual basis at a date determined by the City.

33. City Wide Reliability and Restitution.

33.1 PSE agrees to fund, construct and install the reliability improvements as shown, and in accordance with the schedule on Exhibit _ to this Franchise. The parties acknowledge that electrical reliability within the City as a whole, and more specifically those circuits in the lower 25% quartile of reliability, including but not limited to, Circuits 26 and 27, need to be improved (“Circuits”). PSE and the City agree in good faith to discuss and negotiate a process to further improve the reliability of the Circuits, which shall include, accelerated vegetation management activities within sixty (60) days of a power outage, pole replacement, tree wire insulation, and/or sectionalizing switches at specific locations to minimize faulted regions and restore power to unfaulted regions of the Circuits. The parties intend for this process to be developed by way of a Memorandum of Understanding. The Memorandum of Understanding shall, among other things, detail the expectations of the parties regarding the respective responsibilities and performance relating to the subject matter herein stated. In the event the Memorandum of Understanding is not in place (by mutual agreement of the parties) within 100 days of the effective date of this ordinance, then the City may, at its option and by ordinance, declare a forfeiture of this Franchise, which will make the Franchise void.

33.2 Within fifteen (15) days after every event where there is a power outage within the City, PSE agrees to provide an online link to its customers providing notice of the process and the appropriate form to file claims for restitution relating to damages caused by such power outages.

33.3 PSE agrees to install, at no cost to the City, one Electric Vehicle (EV) charging station in a place to be determined by the City.

33.4 PSE agrees to set SAIFI and SAIDA goals for all City circuits that are higher than the PSE system average. PSE agrees to create a capital improvement and operational plan to meet these goals within three (3) years of the execution of this Franchise. In addition, PSE agrees to create a capital improvement plan to replace and rebuild the City’s circuits and Facilities with smart grid technology that provides smart, automated systems and switches to provide reliability, redundancy and resiliency in the City’s electric power system, similar to the system that PSE is implementing in South Kenmore/North Kirkland area. PSE agrees to provide the City with plans to install and construct such smart grid technology projects within the City. PSE agrees to create and implement plans to provide automated and redundant smart grid technology for new development areas, such as Saint Edward State Park and Lakepoint.

33.5 PSE agrees to allow facilities of Seattle City Light or Snohomish PUD to collocate on PSE Facilities, if determined to meet safety standards.

33.6 PSE shall provide customers with a rebate for non-storm outages and an online link to identify the process for obtaining rebates relating to non-storm outages events exceeding the duration of neighboring areas.

33.7 PSE shall dedicate a line crew responsible for PSE outages and facilities within the City. The contact information for the dedicated crew shall be given to the City on an annual basis or as soon as changes in personnel occur. PSE shall report on the proximity of line/repair crews in North King County and their ability to respond to Kenmore outages in an expedited manner.

33.8 PSE shall maintain its Facilities located within private easements in order to ensure greater reliability throughout the City. PSE shall annually communicate with property owners by written letters (not an insert in billing) impacted by private easements that contain PSE Facilities regarding its maintenance of Facilities in the easement.

33.9 PSE agrees to allow any residential and commercial customers within the City to install grid-tie technology, which allows the customer to net meter their electricity based on power generated on site via solar, wind, or other renewable source.

DRAFT

|

CITY OF KENMORE

PUGET SOUND ENERGY, INC.

By: _____

By: _____

Its: _____

Its: _____

Dated: _____

Dated: _____

DRAFT

ACCEPTANCE OF FRANCHISE

The provisions of this franchise ordinance are agreed to and hereby accepted. By accepting this franchise ordinance, PSE covenants and agrees to perform and be bound by each and every term and condition of this ordinance, and of the City code. PSE agrees to send to the City PSE's written acceptance of this Franchise via certified mail, unless otherwise hand-delivered to an employee of the City at City Hall during regular working hours.

Dated: _____

PUGET SOUND ENERGY, INC.

By: _____
Printed Name: _____
Its: _____

ATTEST
PUGET SOUND ENERGY, INC.

By: _____
Printed Name: _____
Its: _____



Puget Sound Energy, P.O. Box 97034, Bellevue, WA 98009-9734
Puget Sound Energy, P.O. Box 97034, Bellevue, WA 98009-9734
Contact: Raelyn Asah, Supr. Municipal Relations
Email: majorprojects@pse.com
Voice: 1-888-404-8773
pse.com/kennore





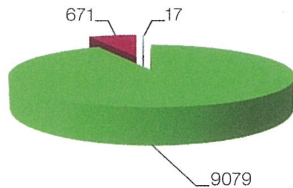
Community report for Kenmore

We're proud to provide Kenmore with both electric and natural gas service. We're committed to working with residents and businesses to deliver service that meets local needs today and for the future.

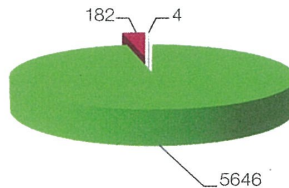
This report is a snapshot of the customers we serve, our system facilities and performance and our investments in your community.

PSE electric and natural gas customer profile

Number of electric customers served



Number of natural gas customers served



Major PSE electric customers

- Bastyr University
- Northshore Schools
- Cascadia Community College
- Kenmore Air Harbor Inc.
- Northshore Utility District
- Multiple Small Businesses

PSE electric and natural gas facilities

Key local electric facilities

Electric transmission lines	4 miles
Electric distribution lines	
Overhead	300 miles
Underground	45 miles
Substations serving Kenmore are Inglewood, Kenmore and part of Wayne and North Bothell	

Key local natural gas facilities

Gas transmission lines	2 miles
Gas distribution lines	120 miles

Community investment

PSE believes in being a member of the communities we serve. We provide grants, sponsorships and in-kind support to Kenmore's civic, cultural and environmental organizations and events.

Just as we did in 2016, we plan multiple sponsorships and will participate in volunteer activities including:

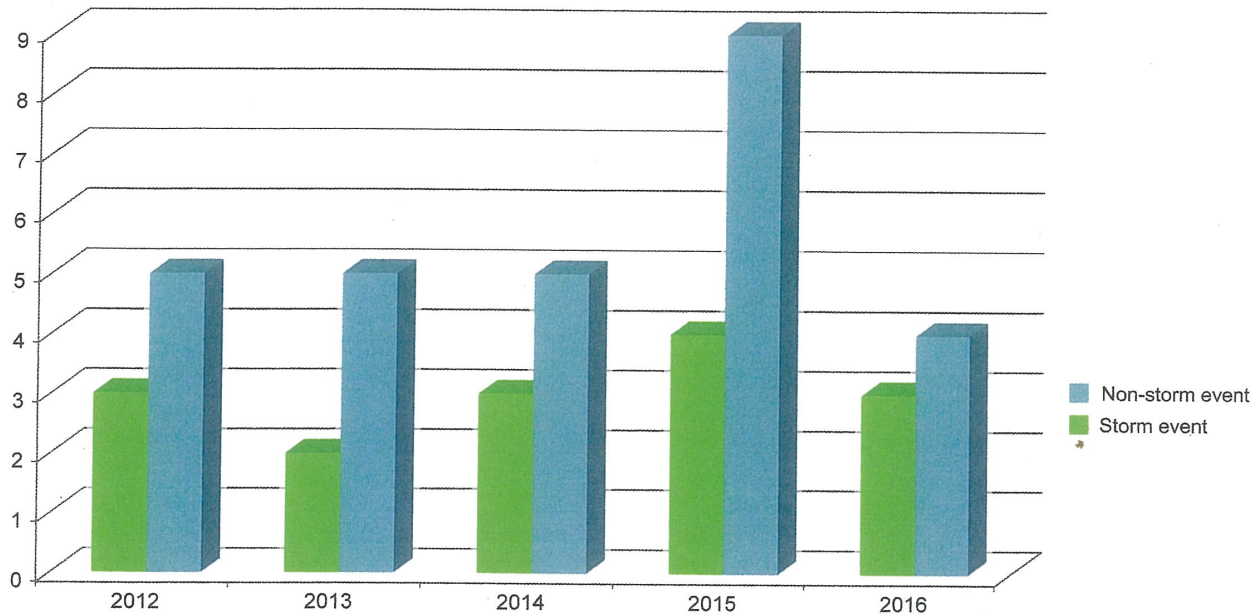
					
April	July	July/August	August	October	December
Earth Day Kenmore Log Boom Park Cleanup	Kenmore 4th of July	Kenmore Summer Concerts	Kenmore National Night Out Kenmore Play Day	Jack Crawford Day Park Cleanup	Kenmore Christmas Tree Lighting

PSE clean energy investment

Energy efficiency rebate or program	Number of rebates	Amt. paid by PSE
Residential rebates	546	\$157,581
Commercial grants/rebates	292	\$248,235
Totals	838	\$405,816

PSE electric reliability performance

Number of outage events per year for the past 5 years



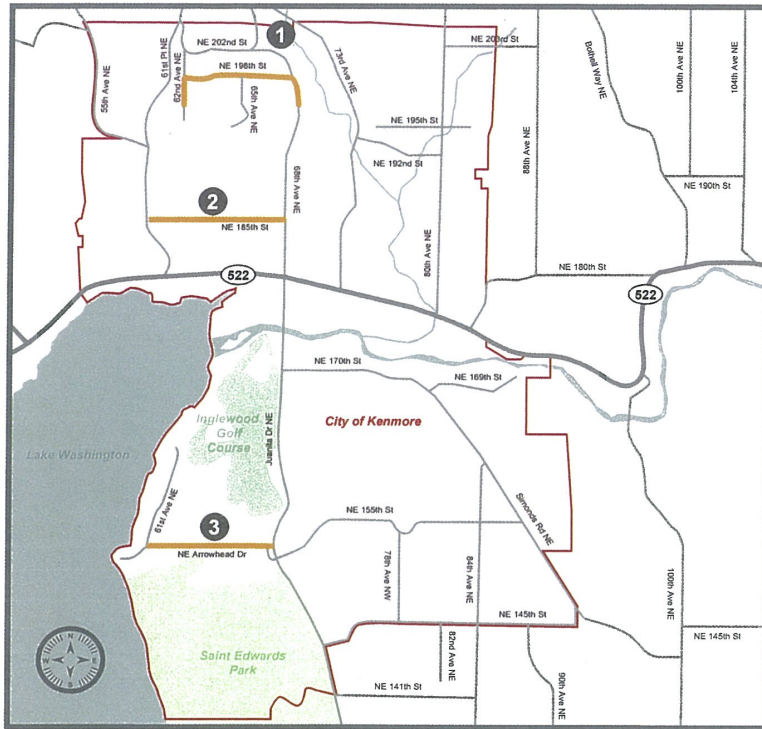
Longest duration outage event for select circuits

KNM-23	Customers out	Duration in hrs	KNM-26	Customers out	Duration in hrs	KNM-27	Customers out	Duration in hrs
2012			2012			2012		
Storm	0	0	Storm	0	0	Storm	0	0
Non-storm	1500	2.5	Non-storm	0	0	Non-storm	1150	7
2013			2013			2013		
Storm	1200	24	Storm	0	0	Storm	0	0
Non-storm	0	0	Non-storm	0	0	Non-storm	0	0
2014			2014			2014		
Storm	0	0	Storm	1700	1	Storm	4,200	5
Non-storm	2000	24	Non-storm	1700	25	Non-storm	4,900	25
2015			2015			2015		
Storm	700	44	Storm	1700	63	Storm	900	53
Non-storm	700	1	Non-storm	3350	8	Non-storm	859	10
2016			2016			2016		
Storm	2100	15	Storm	1700	21	Storm	1,100	44
Non-storm	550	10.5	Non-storm	2150	2	Non-storm	2,200	4

PSE ongoing efforts in the community

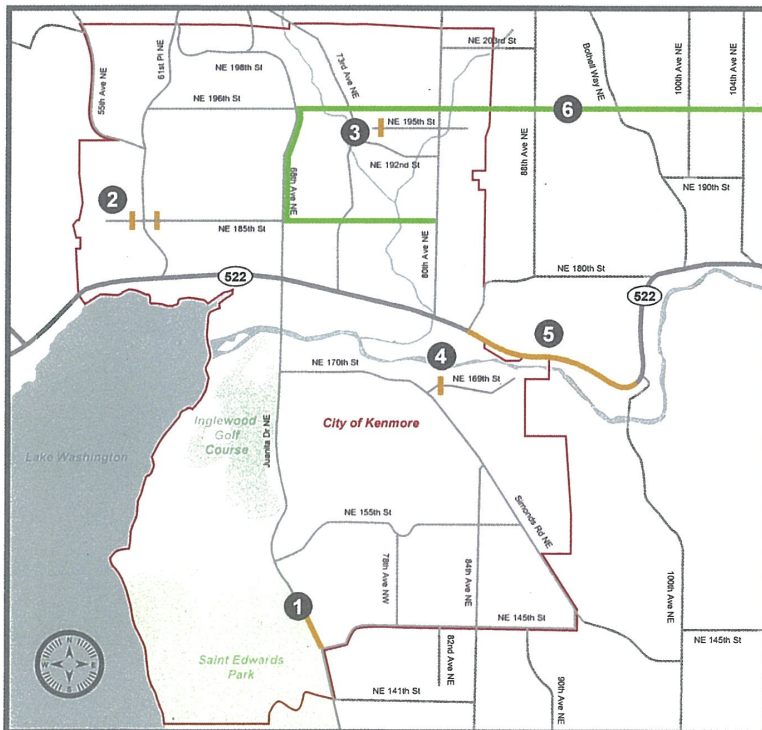
- Continue replacing underground electric wires (cable) that serve neighborhoods built in the 1960's and 1970's
- Continue improvements to natural gas facilities
- Continue franchise negotiations

Reliability investments in 2017



- 1 Feeder reroute and reconductor with tree wire (2017-2018)
 - Reroute due to access issues
 - Tree wire is insulated conductor that is less likely to go out from tree branches
- 2 Feeder reconductor with tree wire (2017-2018)
 - Tree wire is insulated conductor that is less likely to go out from tree branches
- 3 Feeder reconductor with tree wire (2017-2018)
 - Tree wire is insulated conductor that is less likely to go out from tree branches

Reliability investments completed in 2016



- 1 Distribution automation project
 - PSE Test Project
 - Automatically detect damage and restore customers within seconds
- 2 New overhead switches on NE 185th St
 - Allow servicemen to reconfigure a distribution circuit to restore customers faster
- 3 New Recloser on NE 195th St
 - Prevents some customers from experiencing an outage
 - Tests circuit automatically to quickly restore power if there isn't permanent damage
 - Sectionalizes circuit to reduce restoration time
- 4 New Recloser on NE 169th St
- 5 Underground conversion east of 83rd Ave NE
 - Joint project with the City of Bothell that will improve reliability for Kenmore residents living downstream of our lines along Bothell Way (mainly near Simonds Rd)
- 6 Moorlands-Vitulli transmission line upgrade
 - Rebuild existing 5 mile line between Moorlands substation in Kenmore and Vitulli substation in Bothell
 - Provide more reliable electric service to Kenmore/Bothell area

Failure Analysis Associates

The logo for Exponent, featuring the word "Exponent" in a white serif font with a registered trademark symbol, set against a dark teal background. A large, faint, stylized "Ex" is visible in the background of the teal area.

Exponent®

Revised

**Electric System Reliability
Assessment**

City of Kenmore



Revised

Electric System Reliability Assessment

City of Kenmore

Prepared for

Ms. Nancy Ousley
Assistant City Manager
18120 68th Ave NE
Kenmore, WA 98028

Prepared by

Exponent Failure Analysis Associates, Inc.
149 Commonwealth Drive
Menlo Park, CA 94025

November 17, 2016

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List of Abbreviations

A	amperes
ACSR	Aluminum conductor steel reinforced
aMW	annual megawatts (unit represents a constant load of one MW for a full year)
CCR	Coal combustion residuals
CO ₂	Carbon dioxide
EMS	Energy Management Systems
EUE	Expected unserved energy
IRP	Integrated resource plan
kV	kilo Volt
kVA	kilo volt-amperes
LOLP	Loss of load probability
mcm	thousand circular mils
MVA	Mega volt-amperes
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SCADA	supervisory control and data acquisition systems
WUTC	Washington utility transportation commission

Limitations

The scope of this report is intended for use by the City of Kenmore in reviewing their electric system reliability and capacity performance and may not be adequate for other purposes. Use of this report or the findings, conclusions, or recommendations presented herein for any other purpose is at the sole risk of the user.

The findings presented herein are made to a reasonable degree of scientific certainty based on information possessed by Exponent as of the end of date of this report. This report may be supplemented to expand or modify our findings based on additional work or review of additional information.

Executive Summary

Objectives and Scope of Work

Kenmore is undertaking a review of their electric system in preparation for renewal and renegotiation of their Franchise Agreement with Puget Sound Energy (PSE). Kenmore has requested an independent study of the electric system reliability, including infrastructure needs.

Exponent has performed the reliability assessment to address the following issues:

- Current power infrastructure, reliability and service levels in Kenmore.
- Complaints and actions related to service in Kenmore.
- PSE's recent and planned capital projects and programs to improve system reliability in Kenmore and recommended approaches that can result in reliability improvements.
- Current maintenance practices and vegetation management practices.
- Infrastructure and power supply improvements that are needed to meet future power needs.
- Smart-grid-related strategies or technology used in the US that could be adopted by PSE.

Exponent performed the reliability assessment by performing the following tasks:

- Review of pertinent reliability information obtained from PSE through public-availability submittals to Kenmore and the WUTC.
- Review of Integrated Resource Plan submitted by PSE to the WUTC which is publically available
- Drive and walk through observations of the electric system in Kenmore
- Interviews with selected members of the Kenmore Council and City Management
- Interviews with selected Kenmore residents and attendance at a PSE –Kenmore community meeting
- Interviews with General Manager of Bastyr University
- Interviews with members of PSE distribution and transmission planning
- Review of other industry available data through the public record

These tasks were performed to provide the current status of reliability issues in Kenmore and recommendations for potential improvements. The results of this assessment are included in this report.

Conclusions

Exponent found during its study that the electric power distribution circuits in the City of Kenmore are among the least reliable in Puget Sound Energy's (PSE) power distribution system. The reasons were readily apparent to Exponent after walk throughs and drive throughs of the City. The major reasons for low reliability are clearly that the distribution circuit are

generally older vintage and are placed in heavily forested right-of-ways. A secondary reason is the lack of animal guards placed on the distribution line poles.

Even though the distribution circuits are well placed in many of the newer parts of the City, portions of the circuits pass through narrow rights-of-ways with tree branches very close to the energized lines. In some line segments the right-of-ways are only five feet wide, which can easily be bridged by wind blowing tree branches into the line conductors. Any single, permanent tree branch contact will de-energize all or a substantial portion of the affected distribution circuit. Because in many instances, the tree induced line faults can be on a circuit routed through the backyards of homes, it is very difficult and time consuming to inspect the lines in order to find the fault location because such inspections have to be performed by walking the line. Furthermore, it will also be difficult if not impossible to bring equipment such as bucket trucks to the fault locations, which will make the repairs more labor intensive and time consuming. All of this leads to more frequent electric power system outages than in areas with less tree vegetation. These distribution system characteristics make the system highly susceptible to long duration outages in conjunction with severe storm events when tree branches might break, fall down and break the conductors.

The design of PSE's power distribution system in the City appears to be a legacy system with the basic configuration existing from a time before the City was incorporated. This means the system currently consists of older equipment that does not take advantage of modern technologies. It will be difficult to rebuild the system since:

- There may be a need to move lines from the back of properties to street locations. This effort will require the need for executing easements to enable the lines to be relocated.
- If lines are kept where they are that would require widening of the right-of-ways, clearing trees along the right-of-ways and removing easement encroachments to enable access by bucket trucks and truck mounted tree trimming equipment.
- Surface mounted service transformers and switches would have to be placed along the circuit if the overhead distribution lines were replaced by underground cables. .

Considering that one reason for the attractiveness of the City is the beautiful tree lined streets, it will not be easy to reach a consensus for major modifications of the power distribution circuits in the city. Therefore, the best remedy appears to be the completion of circuit rebuilds to modernize and improve reliability on circuits with aging equipment and limited accessibility; installation of tree wires that will reduce the probability for tree related faults; plus installation of modern so called reclosing switches that can be remotely controlled and interrogated to obtain fault information. If in addition, power can be fed into the circuits from the remote ends of the lines, it should be possible to minimize the areas affected by any distribution line fault and to relatively quickly identify the fault location, which will speed up the repair of the lines. Some of this is already imbedded in PSE's 2017 and future year budget plans. In addition, shortening the vegetation inspection patrols and reducing the tree trimming schedule (from the present 4 year schedule) would reduce the probability for tree rated faults.

Exponent also reviewed the cost of residential power available in the areas bordering Kenmore and found, based on publically available information that PSE presently appears to be competitive with the rates offered by Seattle City Light and only slightly higher than the rates offered by the Snohomish county PUD.

The presently PSE has the power supply resources to serve its customers. However, the region is experiencing growth so shortfalls might arise in the future. Therefore, as a part of Exponent's scope of work, PSE's integrated resource plan (IRP) was reviewed and evaluated to assess the probability that PSE will have the needed capacity to serve the region's expected growth, which is primarily expected to occur in the Interstate 405 corridor. One of the fundamental assumptions in the IRP is that the Northwestern states can be expected to have a significant electric power capacity shortfall during the 20 year planning horizon. However, there appears to be sufficient time to be prepared for this eventuality and to add power generation so that the expected future needs can be met.

Key Recommendations

Based on these observations, Exponent has identified several recommendations for potential improvement in electric reliability. These recommendations include:

1. Since the Kenmore circuits are looped radial circuits, the installation of reclosers and sectionalizing switches can make major improvements in outage restoration to reduce overall outage duration. It is recommended the installation of these devices be expedited for the Kenmore area.
2. PSE should implement its current plans for the rebuilding of Kenmore-26 (relocation of sections of the circuit), Kenmore-27 (feeder reconductoring) and Kenmore-23 circuits (feeder reconductoring). They should also implement improvements for other identified reliability issues on other circuits in Kenmore. [Note: there are on-going discussions between PSE and Kenmore regarding the scope of these upgrades.]
3. Kenmore is subject to significant storm impacts related to tree-related outages. The Kenmore area is on a four-year tree trimming cycle. It is recommended to perform more frequent patrols in Kenmore to identify potential emerging activities within the four-year period.
4. To further effect a turnaround in reliability, it is recommended that PSE install current modern technologies that it is utilizing in other parts of their system. It is recommended that Kenmore work with PSE to install other advanced technologies that are intended to improve electric reliability. These technologies may include various automation solutions, SCADA installations, and communications protocols for events and storm response.
5. Kenmore should request a reliability report from PSE that provides more details for evaluation of the Kenmore circuits. This report would highlight circuit outages, circuit projects, on-going maintenance activities, and performance related metrics. This report would provide for a better communication between Kenmore and PSE relative to

reliability and capacity issues. This reliability report can also form the basis for an annual meeting between PSE and Kenmore to review future plans and provide feedback on reliability issues.

6. Kenmore and PSE should have a more formal protocol for reviewing growth plans for Kenmore so that these plans are included in PSE's system planning activities.

These recommendations are intended to assist Kenmore in working with PSE to ensure appropriate levels of support for the Kenmore community.

Note that this Executive Summary does not contain all of Exponent's technical evaluations, analyses, conclusions, and recommendations. Hence, the main body of this report is at all times the controlling document.

Introduction

Objective

Kenmore is undertaking a review of their electric system in preparation for renewal and renegotiation of their Franchise Agreement with Puget Sound Energy (PSE). Kenmore has requested an independent study of the electric system reliability, including infrastructure needs.

Scope of Work

Exponent has performed the following tasks to assist the City of Kenmore in its review of its electric system performance:

- Exponent reviewed the current power infrastructure, reliability and service levels in Kenmore. Standard metrics System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) were used to provide a high level review of reliability. These metrics were obtained from the WUTC for PSE, Avista and PacifiCorp on a system level; from information provided by Kenmore for City-specific metrics; and publically available records for other municipal utilities.
- Exponent reviewed complaints and actions related to service in Kenmore. This information was obtained from the PSE Annual Reliability Report to the WUTC and discussions were held with the WUTC relative to the complaint process. The complaints were reviewed to determine causes affecting reliability. Exponent also conducted interviews with City personnel and citizens; and attended a local community meeting between PSE and Kenmore residents. Exponent also performed a general walk-through of Kenmore to visually observe the electric system.
- Exponent reviewed PSE's recent and planned capital projects and programs to improve system reliability in Kenmore and recommended approaches that can result in reliability improvements. Exponent met with PSE staff to understand the transmission and distribution system in Kenmore and to identify on-going reliability improvements.
- Exponent reviewed current maintenance practices and vegetation management practices to provide an assessment of how this compares with general industry practice. Discussions were held with PSE to determine their current practice and its impact on Kenmore.
- Exponent reviewed the infrastructure and power supply improvements that are needed to meet future power needs. This task included a review of information on Kenmore (2015 Comprehensive Plan Utilities Element) and information from the PSE Integrated Resource Plan. Discussions were also held with PSE to determine how they are planning to respond to the City and regional growth plans.

- Exponent recommended strategies or technology used in the US that could be adopted by PSE. This task generally involved a review of smart grid initiatives affecting reliability, outage management, and grid performance.

These tasks were performed to provide the current status of reliability issues in Kenmore and recommendations for potential future improvements. The results of this assessment are included in this report.

Background

Power system reliability encompasses the time an electric system is available to deliver electric power to a customer's meter in accordance with voltage and frequency requirements specified by PSE's agreement with WUTC.¹ A highly reliable system is one that has redundancy in the power system design; equipment that is designed, operated, and maintained to minimize the probability of failure; sufficient sensors installed to identify faults and their locations and to restore power to the affected customers or, if this is not possible, isolate the fault to minimize the number of affected customers. A reliable system should also have provisions for effective communication of outage status between all stakeholders.

A brief discussion of electric system operation and general electric system reliability is presented here prior to a discussion of reliability in the City of Kenmore.

Electric System Operation

The electric system consists of generation, transmission, and distribution systems that deliver power from generation stations to the end user. The overall electric system is depicted in the Figure 1 below.

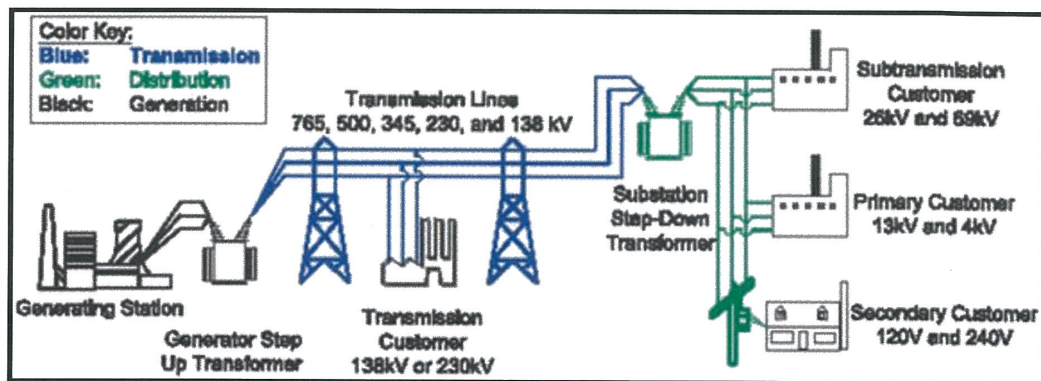


Figure 1 Electric Power System

The overall electric power system consists of the following major systems:

- **Generation:** The generation system is made up of large base-loaded power plants (natural gas, fossil, nuclear), renewable sources (hydro, wind, solar), and smaller distributed generation sources. Generation sources are obtained

¹ See WAC Sections 480-100-368 and 480-100-373.

from utility-owned assets as well as purchased from third parties. The third-party agreements consist of long-term power contracts, as well as short-term market-based power contracts to meet peak demands. Utilities are required to maintain generation assets with sufficient capacity to meet peak electric power demands and reserve margin requirements. Utilities provide long-term forecasts and plans for generation needs through their Integrated Resource Plans.

- **Transmission:** The transmission system delivers electricity from the generation stations at high voltages to the distribution system. Electricity is stepped up from power plant voltage at the generation station switchyards to transmission level voltages and carried to substations, in which voltages are stepped down (transformed) to distribution level voltages. The transmission system consists of high voltage lines that typically span long distances from the generation stations to the receiving substations. The high voltage transmission systems are the bulk power supply assets and the transmission system operations affect all utilities connected to the system. Therefore, these transmission systems are monitored and coordinated through regional transmission system operators. Transmission systems utilize SCADA systems and Energy Management Systems (EMS) to monitor and control the operations of the transmission system and the connected power sources. Also, since the transmission lines carry bulk power affecting large customer populations, they are designed with a high degree of redundancy so that there are typically multiple sources of power provided to transmission substations that in turn feed the distribution system.
- **Distribution:** The distribution system delivers electricity from the transmission substations to the end users. These might be industrial, commercial, or residential users and the utility distribution system typically ends at the last power pole or transformer right before the service drop used to connect to the end users facility. . The distribution system consists of distribution substations which are fed from the transmission substation that step down voltages to distribution level (typically 12.5kV). The distribution voltage is further stepped down to a suitable customer voltage through distribution transformers (pole top, surface mounted or underground), which are fed from the distribution lines.

These three major systems have varying impacts on the reliability of the electric power delivery.

Impacts on Reliability

Reliability to the end user is the availability and quality of electric power delivered to their meter. Reliability is impacted by outages on the system that result in a loss of electricity at the meter, as well as variations in voltage characteristics (power quality), which could be caused by the end users. While power quality issues are not outages, they may affect the performance of equipment and appliances that are sensitive to voltage fluctuations.

Outages are typically caused by:

- Equipment failures
- Weather-related events (typically wind and storm damage)
- Vegetation-induced faults (e.g., tree branches falling on wires)
- Animal-induced faults (e.g., animal or bird interaction with live components)
- Other types of accidents (e.g., car accidents affecting system assets).

Faults in the electric power system may interrupt delivery of electricity to the end users. A fault produces a disturbance in the electric delivery system that may require the system to shut down for operational and safety reasons. When the fault is identified and corrected, then power delivery can be resumed. The fault identification, fault isolation and power restoration may be performed by automated systems or by manual intervention. Interruptions on the electric system are classified into several categories:

- Momentary interruptions: These are very short duration outages (industry typically uses less than 1 to 3 minutes). Power quality occurrences can be categorized as similar to momentary interruptions.
- Sustained interruptions: These are longer duration outages (industry uses greater than 1 to 3 minutes).
- Major interruptions: These are long duration and widespread outages resulting from storms, earthquakes, equipment failures, or other events. These interruptions typically affect a large percentage of the end users.

Relative to measuring reliability, the industry traditionally uses only sustained interruptions in the determination of reliability. However, reporting is often provided for major events or other interruptions as a secondary measure.

The electric system components affect reliability differently. Generation assets are required to be available with sufficient margins that the loss of any single power generating facility or transmission line does not result in outages to end users. For very significant events, such as the northeast outage in 2003, multiple plant shutdowns can result in widespread outages, although these are relatively rare occurrences.² Also, if peak electricity demand increases to levels above the generation capacity and reserve margins, then outages can occur. However, for purposes of electric system reliability, generation components do not have a major effect on industry-reported measures of reliability for normal operations.

The transmission system has a very large impact on power delivery and a major event on the transmission system can result in outages for a very large number of customers. However, while a fault or outage of a transmission line or substation has the ability to impact more end users, there are typically sufficient redundancies in transmission assets to minimize the impacts

² Final NERC Report: "Technical Analysis of August 14, 2003 Blackout"; July 13, 2004

of events on these systems. Additionally, the transmission lines are higher in elevation and usually have larger right-of-ways to reduce the impact of threats to the lines from sources such as trees, animals, and other interactions.³ Due to these features, transmission assets typically experience far fewer faults that cause outages to the end users than distribution lines; therefore, the transmission system has very little impact on measures of reliability. The ability of the generation and transmission assets to deliver the power demand is more of a longer-term planning concern than a day-to-day reliability concern.

The distribution system directly provides electrical power to customers and is subject to a higher number of faults than generation and transmission assets. Distribution systems are typically designed with less redundancy than the other systems and since this is the system delivering the power to the customers, faults or events on the distribution systems result in outages to customers. Therefore, the potential for local system issues to produce outages is greater than for other components in the system. Thus, reliability is primarily determined by the distribution system assets.

Reliability Measures

Reliability is typically measured based on the frequency and duration of outages relative to the number of customers. There are several measures for reporting and measuring electric reliability, such as IEEE Standard definitions⁴ or similar approaches to report reliability. These measures include SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index). These indices are calculated as:

- System Average Interruption Frequency Index (SAIFI)

SAIFI = (Sum of the number of customers affected by each outage)
divided by (Total number of customers served)

- System Average Interruption Duration Index (SAIDI)

SAIDI = (Sum of the number of customers interrupted times the
number of minutes of each interruption) divided by (Total number of
customers served)

These measures are based on the customer base served. SAIFI measures the likely number of outages that a customer experiences and SAIDI measures the likely outage duration (minutes) that a customer experiences. Therefore, these measures represent the average number and duration of outages experienced per customer per year. These measures provide a basis for tracking and trending overall performance and allow for comparison among utilities.

³ Because the towers are typically tall, the towers and the lines can attract lightning surges.

⁴ IEEE 2004 Standard 1366 Guide for Electric Power Distribution Reliability Indices.

Momentary interruptions (and power quality excursions) are typically not measured or monitored continuously at end user sites and are not included in the reliability calculations. Currently, most utilities do not actively track these momentary outages, but work with customers directly to address them when these issues are identified as problems. Customer sites that are very sensitive to momentary or power quality issues typically develop site-specific solutions to protect their assets and operations.

Additionally, major outages are typically not included in reliability measures since these major outages are not representative of how the electric system normally performs. However, utilities today are providing additional reliability measures that include major outage effects. While these reliability metrics allow for tracking and trending performance, they also provide a basis for how an electric utility responds to these measures.⁵ Utilities use these reliability statistics to identify problem areas and define actions to improve reliability.

Reliability Drivers

Since the reliability of the electric system is measured by metrics similar to SAIDI and SAIFI, a key to understanding reliability is defining what factors affect reliability. Electric system reliability relative to the frequency or occurrence of outages is impacted by the following:

- **System Design (Layout):** Distribution system designs vary in the extent of system redundancy (a high level of redundancy means that the system can withstand more contingencies without affecting the customers). In more urban areas, the distribution system may consist of a network that is a highly redundant and allows electricity to be provided from multiple sources (substations). Therefore, a fault on one line may not result in interruptions, since electricity is available from multiple sources. In more rural or less populated areas, the distribution system may be radial. A radial system has limited or little redundancy. A fault on the line will result in an outage of some type. There is only one source (substation) feeding a radial line. Additionally, there are system designs that lie somewhere in between a network and a radial system. Therefore, the overall system design impacts the response of the system to faults and has an impact on the number and duration of outages. System design solutions typically involve additions, modifications, or expansions to the existing system to improve reliability through design. These solutions affect both the occurrence and duration of outages.
- **System Design (Operations):** The degree of automation built into the system has a major impact on reliability. Devices that allow faults to be cleared automatically (fuses and circuit breakers) result in quick power restoration to those not affected by the fault. High impedance faults might not be detectable and might have to be

⁵ For example, restoration of power to most of the customers reduces the duration and number of customers affected by an outage more than a long duration outage to a few customers. Since there are financial penalties associated with not meeting the reliability targets to many utilities, restoring power to as many users as possible with a minimum of delay reduces the penalties.

reported and cleared manually. Automation comes into play when power is restored to customers not directly affected by the fault. Also, the automation equipment often provides for better knowledge of system status, faster identification of fault locations, and the ability to remotely restore power. Limited automation requires personnel to travel to the fault location and to take manual action to restore power to those who are affected by the fault. Therefore, system operations (and automation) have a significant impact on the number of sustained outages and the duration of outages.

- **Equipment Maintenance and Replacement Programs:** Many outages are produced by equipment failures. Typically, substation equipment failures result in outages which affect more end users since the substations feed multiple circuits. Substation equipment is typically subject to preventive or predictive maintenance to reduce the potential failure of components that impact substation performance. Also, key substation assets are being equipped with continuous monitoring technologies that allow for identification of problems prior to equipment failure. Distribution line equipment is most likely to include maintenance strategies that allow for run-to-failure. Distribution circuits affect a lower number of customers. The distribution assets are typically low-cost and easy to replace items and are traditionally replaced on a set time frame. However, utilities modify their maintenance strategies and programs to direct improvements into parts of the system experiencing higher levels (frequency and duration) of outages.
- **Capital Project Prioritization Programs:** The capital project program includes projects that are capacity expansions, system configuration changes, major equipment replacements, system upgrades, reliability programs, and technology upgrades. The priority of capital projects focusing on system reliability is a major factor in improving reliability. Utility planners review overall system impacts for new and existing infrastructure and projects are selected and budgeted. The ability to trend and analyze outages provides a basis for defining projects and programs and these capital programs have a direct impact on system reliability through minimizing outages.
- **Vegetation Management:** A significant number of faults (and outages) on overhead distribution lines are caused by tree-related events. Utilities conduct tree trimming and vegetation management programs to minimize the impact of faults due to vegetation impacts on power lines. Since this is a primary cause of faults, the effectiveness of the vegetation management program is a key to improved reliability.
- **Animal Abatement:** Similar to vegetation management, utilities conduct animal abatement programs to minimize the potential for outages produced by birds, squirrels, and other animals.
- **Outage Management Programs:** The ability to respond to an outage directly impacts the reliability of the system relative to duration of outages. Keys to effective outage management are the ability to quickly identify outages and to locate faults so that appropriate restoration actions can be taken. The outage management

program includes operational visibility into the system, the ability to dispatch crews to fault locations, and the ability to effectively communicate with customers. Overhead line faults might be cleared by automatic reclosing, but underground faults are typically permanent faults that require people to diagnose the problems. Also, many times the fault location has to be inspected before power can be restored.

These work processes are the primary activities that utilities perform to improve overall system reliability.

Electric Infrastructure

Exponent reviewed the current power infrastructure, reliability and service levels in Kenmore. Standard metrics SAIFI and SAIDI are used to provide a high level review of reliability.

Bulk Power Supplies for the City of Kenmore

The City of Kenmore is supplied power from ten 12 kV distributions circuits. These are:

- Inglewood 13, 15, 16 and 17
- North Bothell 26
- Wayne 15
- Kenmore 23, 25, 26 and 27

The distribution lines are fed from the Kenmore, Bothell, Wayne and Inglewood substations. That is, there are four substations inside the City of Kenmore or close to the City's boundaries. These are discussed below.

Figure 2 shows the 115 kV high voltage lines feeding the Kenmore substation. One line comes from the North Bothell substation and the other comes from the Moorlands switching station. The line from Kenmore via North Bothell to the Vitulli is being upgraded from a 4/0 copper conductor to a 272 thousand circular mil (mcm) Aluminum conductor steel reinforced (ACSR) conductor. The current limit for a 1272 mcm ACSR conductor is 1200 A, which enables the line to carry 240 megawatts (MW) but the winter rating in PSE's service territory is 320 MW.⁶ This compares to a current rating of about 490 A for a 4/0 copper cable.⁷ That is, this re-conductoring project will provide a substantial increase of the power carrying capacity into the Kenmore substation. As can be seen in Figure 2, the Kenmore and North Bothell substations, from which the power is distributed into the City, are fed from at least two 115 kV lines. This is also the case for the Wayne and Inglewood substations. Thus, if one of the two lines is lost, power will continue to be fed from the second line. Therefore, it requires a loss of at least two 115 kV lines feeding a substation to lose the power to the distribution lines fed from that substation. That is, the 115 kV system serving the city is a robust system.

⁶ See table 4-32 in the Standard Handbook for Electrical Engineers, 11th edition.

⁷ Ibid table 4-29.

Moorlands-Vitulli 115kV transmission line rebuild project

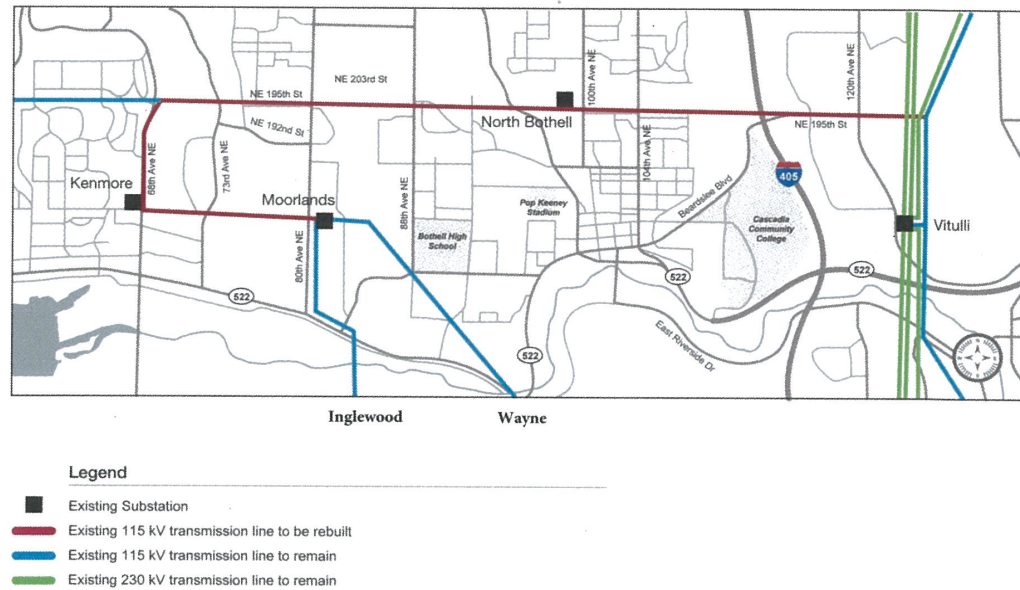




Figure 3. Google Earth view of the Kenmore substation

Figure 3 is a view of the Kenmore substation. There are two 115 kV lines connected to this substation. One of these go to the Bothell substation and the other is routed to the Moorlands switching station. According to PSE, there is one 25 MVA transformer installed in the substation. As is readily apparent from the view shown in Figure 3, there is space for at least one additional 25 MVA transformer, which would increase the installed capacity to 50 MVA. A second transformer might also provide some redundant capacity in case one of the two transformers was to fail.

Figure 4 shows the Moorlands switching station. There are three 115 kV lines entering this station. Two of these lines are routed through other substations but eventually connect to the Sammamish substation in PSE's system. One of the lines goes to the Kenmore substation seen in Figure 2. However, there are no transformers installed in this station.



Figure 4. Moorlands switching station at NE 185 street and 80th avenue NE



Figure 5. Inglewood substation at NE 155th street and 84th avenue NE

Figure 5 shows the Inglewood substation. There are two 115 kV lines connected to this substation, one of which goes to the Moorlands substation and the other is routed southward and eventually connects to the Sammamish substation. There appears to be one single transformer installed in this substation but there seems to be adequate space for more transformers.

Figure 6 shows the Wayne substation. There seems to be two 115 kV lines entering this substation. One of these is routed to the Moorlands switching station and the other should eventually reach the Sammamish substation. There appears to be sufficient room for another transformer to be installed in this substation.



Figure 6. Wayne substation along 96th avenue NE close to the Red Brick Road intersection

Figure 7 shows the North Bothell substation, which is located close to the intersection between the 195th street NE and 100 Ave NE in the City of Bothell. This substation is surrounded by tall trees that pose a risk for station outages in case of a severe storm. However, there appears to be ample room for expansion of the substation that would allow for the installation of one additional transformer if the need arises to serve more loads from this station.

All of the 115 kV system that feeds electric power to the City of Kenmore originate from the Sammamish substation, which is shown in Figure 8. This substation is a key power node in PSE's power system in the region east of Lake Washington. It receives power via 230 kV circuits from the Monroe substation to the north and the Covington substation to the south as is shown in Figure 9.⁸ That is power can be delivered to the substation both from a strong power node north of the Sammamish substation as well as power from the south. That is, the complete loss of power feeding the Sammamish substation although not impossible during a major storm is relatively unlikely.

⁸ Reproduced from Figure 31 of Exponent's City of Bellevue Electrical Reliability Study Phase 2 Report.



Figure 7. The North Bothell substation.



Figure 8. Sammamish bulk power substation along Willows Rd in Redmond

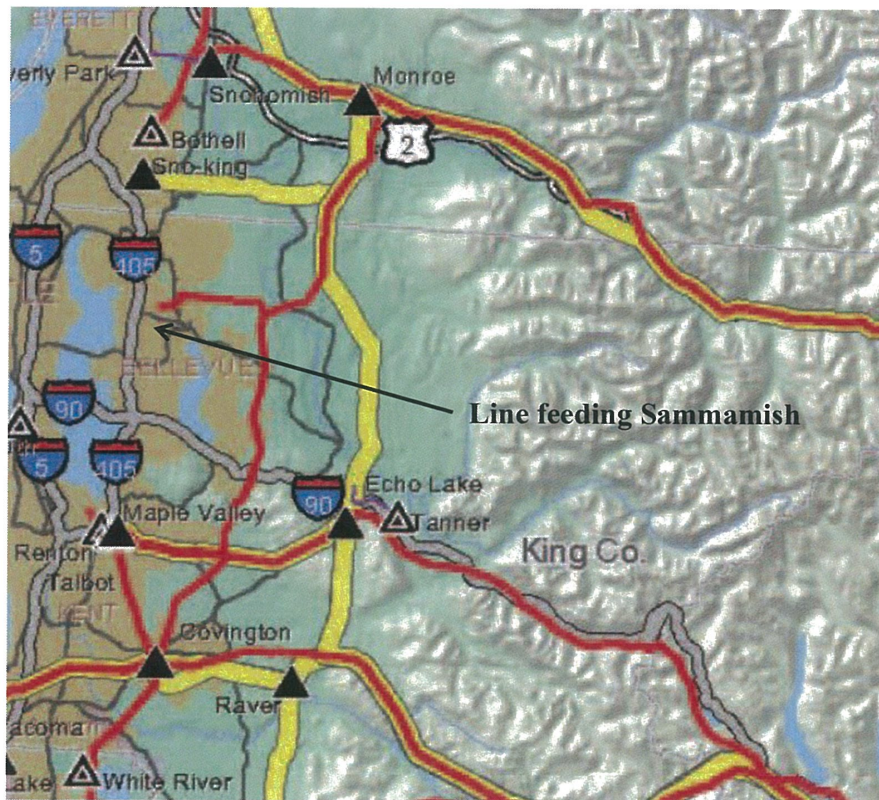


Figure 9. BPA's 500 kV (Yellow) and 230/345 kV (red) lines West of the Cascades.

Distribution System in the City of Kenmore

The power distribution in Kenmore is operated at about 12 kV. It is a three phase, 4-wire system, which enables the connected loads to be connected from the phase conductors to the neutral conductor. The voltage between a phase conductor and the neutral conductor is about 7 kV. In theory, the distribution lines go radially from a substation to an end point. This is referred to as a radial system. However, at an end point, there is an open manually operated switch, which would enable the circuit to be fed from an alternate source but only if the power from the normal source is opened. For example, if the source in the Kenmore substation is lost, power can be fed from one of the other substations or from another circuit originating in the Kenmore substation. This makes it a "radial – looped" system.

While the system characteristics are those of a radial system, as can be seen in Figure 10, the actual feeder is branched several times with each branch also branched many times. If a short circuit or a ground fault occurs in this system such that the breaker in the Kenmore substation

opens, all of circuit 26 loses power. Trouble shooting of the circuit 26 is therefore, extremely complex and time consuming because it is not just a matter of following a simple radial circuit until the fault location is found but might also be necessary to also inspect the line branches. Restoration of power to circuit 26 after a major storm will also be time consuming because the lines segments have to be inspected before the circuit can be re-energized since if a line is down and becomes re-energized, it represents a serious hazard to people in the vicinity of the down conductor.⁹



Figure 10. Feeder circuit Kenmore 26; red color is overhead lines and yellow color is underground cables

As can be seen in Figure 11, the distribution circuits are often placed in narrow corridors surrounded by trees or with fast growing trees under the conductors. PSE stated that the easements might in some locations only be 5 feet wide, which means that trees can only be pruned to a distance of 2.5 feet from the centerline where the conductors will be placed. Also, as can be seen in Figure 11, the tree branches at higher elevations appear to have grown over the line conductors.

Figure 12 shows tree branches that are drying out most likely as a result of capacitive current flows from the conductors to the tree branches, which results in heating and drying of the

⁹ Detection of a ground fault on a so-called tree wire is more difficult than from an uninsulated wire because the contact area between the bare, exposed ends of tree wires is small, which increases the fault resistance and reduced the fault current. This is well known in the industry. That is, tree-wires increase the reliability of the distribution circuits but at the cost of increasing the risk for electrocution. However, all downed conductors are dangerous and must be reported to PSE and the public safety authorities.

leaves. In this case, the tree has grown and is at the time this picture was taken (September 28, 2016) too close to the conductors.

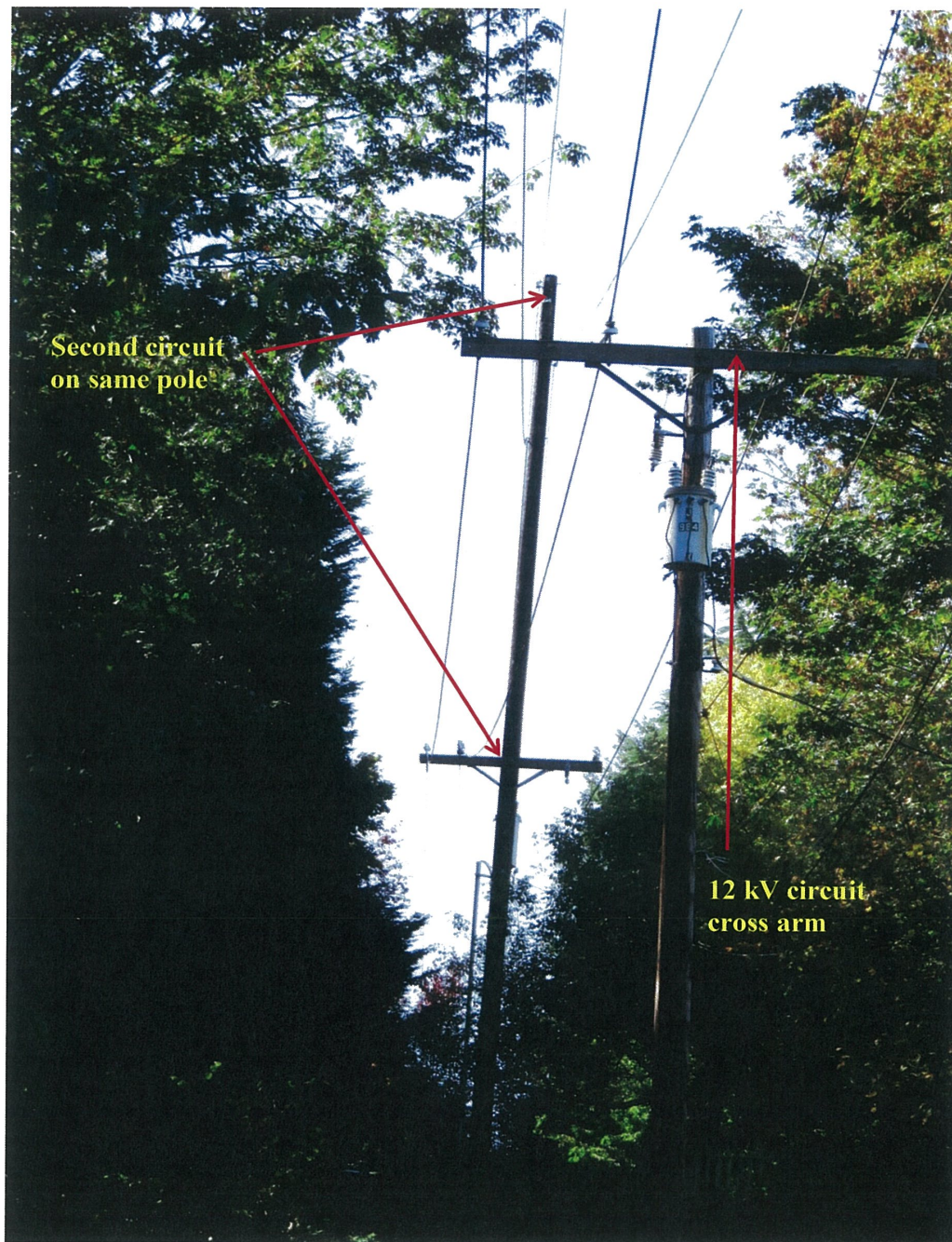


Figure 11. Example of a 12 kV distribution circuit right-of-ways; second circuit appears to be overbuilt on top of the lower circuit

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Figure 12. Example of a 12 kV line with tree limbs approaching the conductors

The line conditions shown in Figure 12 and Figure 12 are found in older residential areas throughout the city. In newer developments, there are fewer tall trees and the power distribution circuits might even be underground. However, if the line between the newer developments and the substation goes through older areas of the city with narrow right-of-ways with tall trees, the reliability of the power to the newer developments is compromised.

Electric System Reliability

The electric reliability review for Kenmore includes the following items:

- Review of overall PSE system reliability
- Review of system reliability in Kenmore

These two perspectives provide for an assessment of how Kenmore reliability compares with the remainder of the PSE system and identifies areas for potential improvement.

PSE System Reliability

PSE reports on its overall system reliability through the Annual Reliability Reports that it issues to the WUTC. These reports provide information on overall reliability that includes metrics for SAIFI and SAIDI based on the IEEE definition (excluding major storm events) and also on total outages experienced by customers (including major storm events). The Annual Reliability Reports also provide information on the following:

- 50 least reliable circuits
- Discussion of customer complaints and resolutions
- Information on pending projects and reliability improvement activities

Based on information from the Annual Reliability Reports, the overall PSE reliability performance is shown in Figure 13 and Figure 14 for SAIFI and SAIDI, respectively.

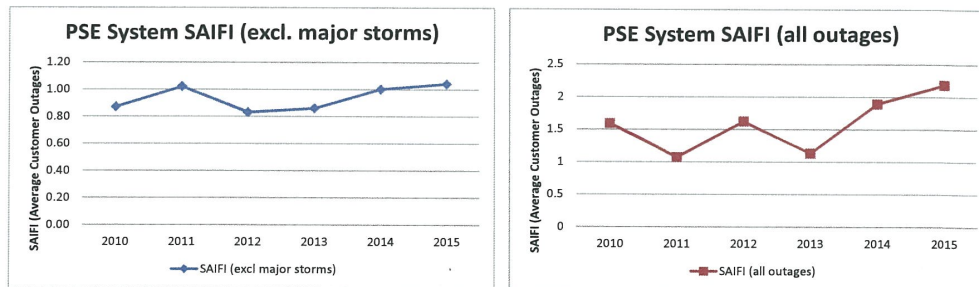
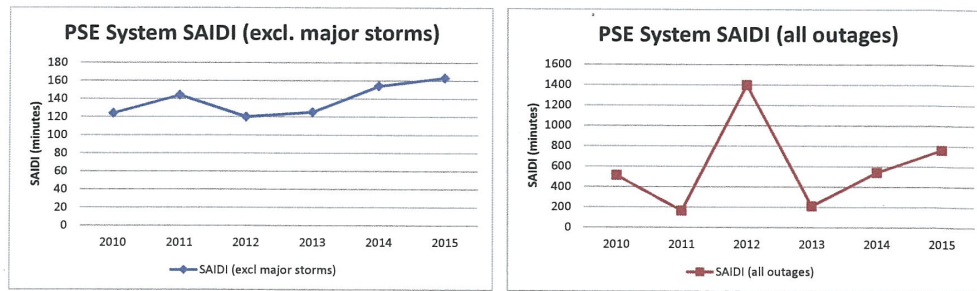


Figure 13 PSE System SAIFI¹⁰

¹⁰ Data obtained from Puget Sound Energy Service Quality and Electric Service Reliability Reports filed with the WUTC (Annual Reports)

Figure 14 PSE System SAIDI¹⁰

PSE has maintained an overall system SAIFI of between 0.83 and 1.04 since 2010 if major storm events are excluded from the measure. There is an increasing trend to this value over the past three years. This SAIFI value means that each customer experiences about 1 outage per year on average. PSE has maintained an overall system SAIDI of between 120 minutes and 163 minutes since 2010 if major storm events are excluded from the measure. There is an increasing trend to this value over the past three years. This SAIFI value means that each customer experiences between 2-3 hours of electric outages per year on average. This measure (excluding major storms) provides an indication of system reliability from normal conditions and operations.

Major storm events are variable in that they may or may not occur during a given year and the intensity of the storms varies. However, major storms impact a large number of customers and as shown in the figures above, SAIFI and SAIDI increase significantly when major storm events are considered. As seen from the graphs above, the SAIDI value increases dramatically in storm events.

For 2015, PSE reported that SAIDI was high due to two large wind storms. PSE's 2015 Annual Reliability Report stated the following:

Throughout 2015, western Washington experienced abnormal to severe drought conditions due to record low snow pack and precipitation levels. As a result of these adverse conditions, trees were stressed and dying in very dry soil conditions. Trees are shallow rooted with the roots spreading wide rather than deep. When soil conditions are too dry to be a counter-balancing weight, strong winds can easily topple trees and loss of limbs occurs more quickly. On August 29, 2015, PSE's service territory was hit by the strongest summer storm in Northwest history. Winds gusts exceeded 45 mph at Sea-Tac Airport and gusts were much higher in other portions of PSE's service territory. Since it was summer, trees were still fully leafed, and combined with being stressed due to drought conditions, were very vulnerable to these high wind speeds. Trees were uprooted as the dry soil wasn't strong enough to support the trees. Fully leafed limbs were also torn from trees and sailed through the air. The result was an extraordinary storm where over 400,000 customers lost power and it took several days to restore power to everyone. On November 17th, a second intense storm occurred in our service territory. By late fall of 2015, precipitation was returning to normal levels and the region saw record level precipitation on the weekend preceding the storm and on the day of the

storm. When wind gusts, up to 67 MPH hit the region, the saturated soil could not support the trees' shallow root system causing widespread outages. In addition, some trees were still stressed from the drought earlier in the year and were not strong enough to withstand the high wind speeds.¹¹

State of Washington Utility Comparison

The use of these measures allows for some comparison of reliability performance between utilities. However, the calculation of SAIFI and SAIDI varies between utilities relative to the calculation of a sustained outage. WUTC defines that a sustained outage as an outage greater than 1 minute in duration so that PSE uses this definition in its calculations. Other states define sustained outages as greater than 3 or 5 minutes so that there is not a complete common basis of the SAIFI and SAIDI values. However, a review of utility performance does provide some measure of performance in a given area. Also, most reliability measures are determined based on the exclusion of major storms based on requirements from their regulatory agencies.

A comparison of Washington regulated utilities (PSE, Pacificorp WA, and Avista) as well as Seattle City Light is shown in Figure 15. Since the three regulated utilities report using the same criteria, there is a basis for comparison among these three.

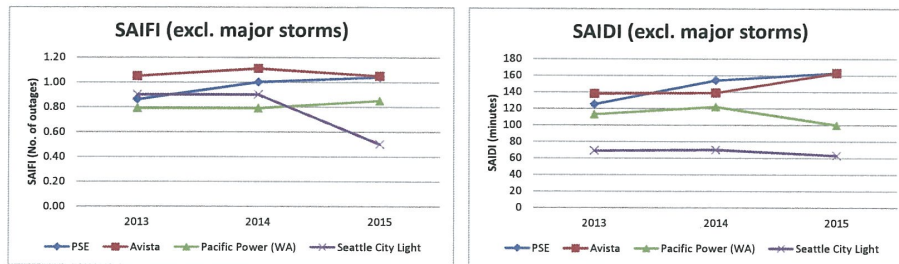


Figure 15 SAIFI / SAIDI Comparison

PSE's reliability performance is comparable to the other regulated utilities in the state of Washington. Seattle City Light has better performance than the three regulated utilities¹². Seattle City Light has several advantages over the three regulated utilities in that it operates mostly in an urban environment with a small geographic footprint. Typically, urban systems have more underground systems and more built-in system redundancy so that the number of outages is reduced; and the redundancy and small footprint allows for more rapid response to outages that reduces the outage time. The density and height of trees is also a major factor to consider when making comparisons between the various utilities.

¹¹ Puget Sound Energy 2015 Service Quality and Electric Service Reliability Reports filed with the WUTC

¹² Seattle City Light website for electric reliability.

IEEE Survey Comparison

Another comparison is from the annual IEEE surveys. IEEE obtains data from most utilities relative to the SAIFI and SAIDI metrics to provide some comparison. As indicated previously, these values may not always be the same, but the large population provides an indication of utility performance. The IEEE measures for 2013 and 2014 are shown in Table 1 below. Results from IEEE have not yet been published for 2015.

Table 1 IEEE Benchmark Results

Quartile	2013		2014	
	SAIFI	SAIDI	SAIFI	SAIDI
1 st /2 nd quartile break	0.90	85	0.86	86
2 nd /3 rd quartile break	1.10	115	1.07	115
3 rd /4 th quartile break	1.40	158	1.33	159

These values are based on outages excluding major storm events and the lower quartile (1st) represents the best reliability. PSE's SAIFI performance for 2013 and 2014 was in the 1st quartile and 2nd quartile, respectively. PSE's SAIDI performance for 2013 and 2014 was in the 3rd quartile for both years. Based on 2015 performance, it is expected that PSE will rank in similar quartiles for 2015. While this comparison shows a relative performance between utilities, there are variances in the way utilities calculate these measures and also variances in geography, topology and weather that affect the results.

Kenmore Circuit Reliability

Kenmore – Overall PSE System Comparison

Based on circuit information provided by Kenmore from PSE, City of Kenmore metrics were calculated for SAIFI and SAIDI.¹³ The results are presented in Figure 16 below. Based on these results, residents of Kenmore on average experienced about one outage per year and experienced approximately four hours of outages on average over the past six years. There have been major storms over the past three years which have increased the number of outages and the duration of outages.

¹³ These are approximate for trending purposes since specific outage information was not available.

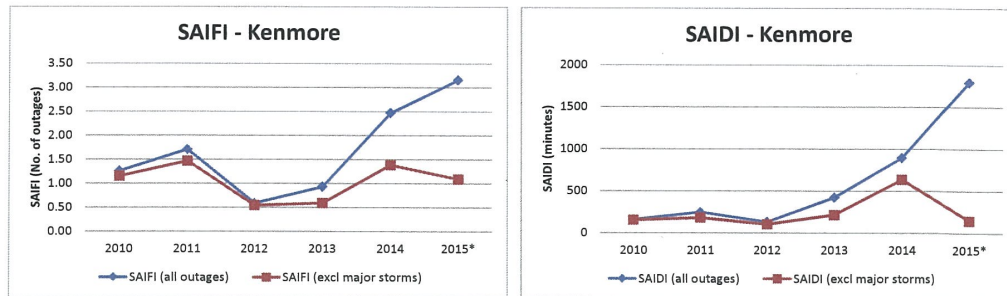


Figure 16 Kenmore SAIFI / SAIDI Results

A comparison of Kenmore results for outages excluding major storms is shown in Figure 17 below. While there are variances in SAIFI between the overall PSE system and Kenmore, on average SAIFI in Kenmore slightly higher than that of the overall PSE system. The outage duration is generally the same in Kenmore as the overall PSE system from 2010 to 2012 and 2015, but there were large variances in 2013 and 2014.

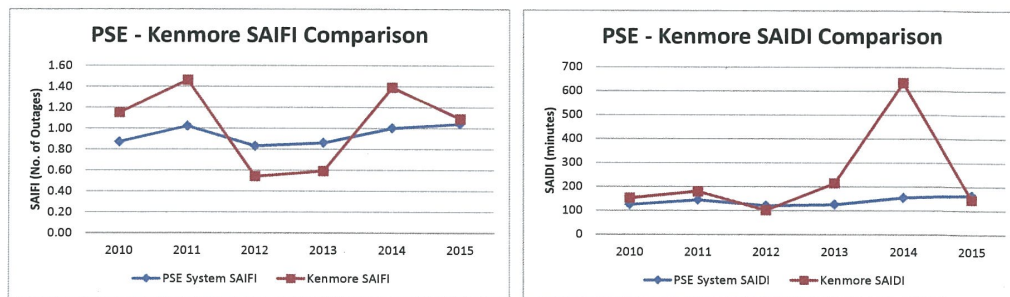


Figure 17 Kenmore – PSE SAIFI / SAIDI Comparison (excl. major storms)

A comparison of Kenmore results for all outages is shown in Figure 18. While there are variances in SAIFI between the overall PSE system and Kenmore, on average Kenmore was comparable to the PSE system except for the past two years where the frequency has increased more than the overall system. The outage duration over the past three years is higher in Kenmore than the overall system.

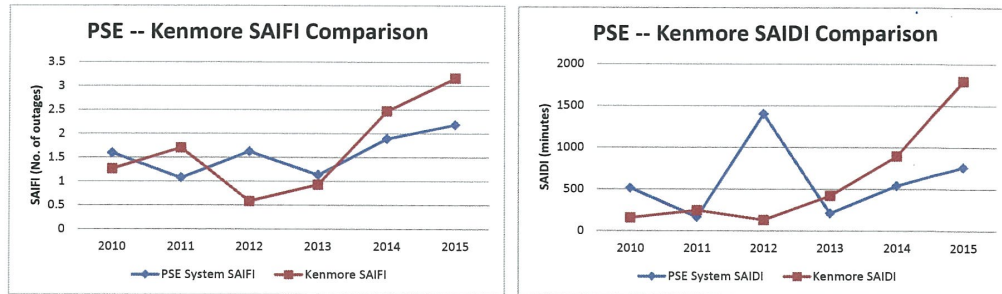


Figure 18 Kenmore – PSE SAIIFI / SAIDI Comparison (all outages)

Relative to reliability performance in Kenmore, some of the following factors may explain the variance between Kenmore and the overall system:

- Kenmore is a wooded area with a large number of trees in the vicinity of the overhead distribution lines. This condition makes the overhead circuits more vulnerable to faults on the lines during high winds and storms, where tree branches hitting the lines will create reliability issues.
- The location of some of the distribution circuits are in areas that are difficult to access which prevents rapid restoration from an outage. The access issue makes locating the fault and taking appropriate action more time dependent and may result in higher restoration times.
- During storm restoration, utilities typically prioritize restoration activities on the following criteria:
 - Transmission lines and substations, if affected, are addressed first since these assets can affect a very large number of customers.
 - Circuits with critical facilities
 - Circuits with large number of customers

Therefore, locations with non-critical facilities and low circuit customer counts may receive a lower priority after large storm events; and therefore, these locations will experience longer outage durations.

Kenmore Circuit Review

PSE ranks its circuits based on reliability (five-year average outage duration). Based on a review of the annual reliability reports, circuits from Kenmore are not identified in the list of 50 problem circuits. However, based on the circuit information provided, the majority of Kenmore circuits are in the bottom quartile, which indicates that these circuits perform below average related to outage duration. Figure 19 shows the ranking of Kenmore circuits¹⁴. The percent

¹⁴ Information on circuit ranking based on circuit specific information provided by Kenmore.

number represents where the circuit rates against the approximately 1100 PSE circuits in the system.

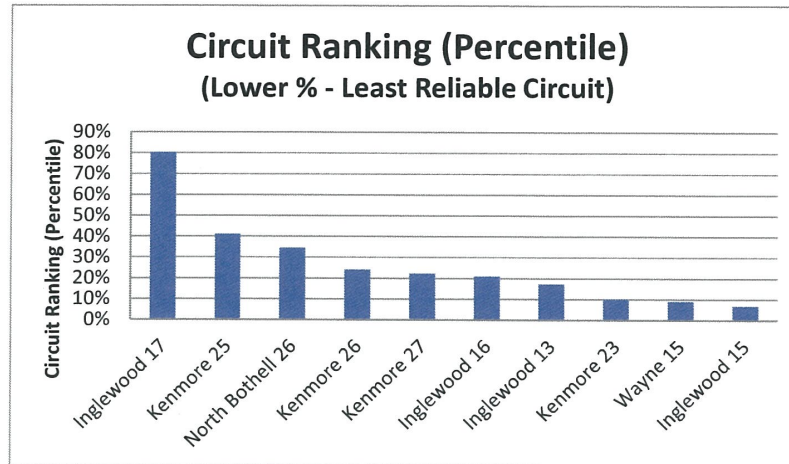
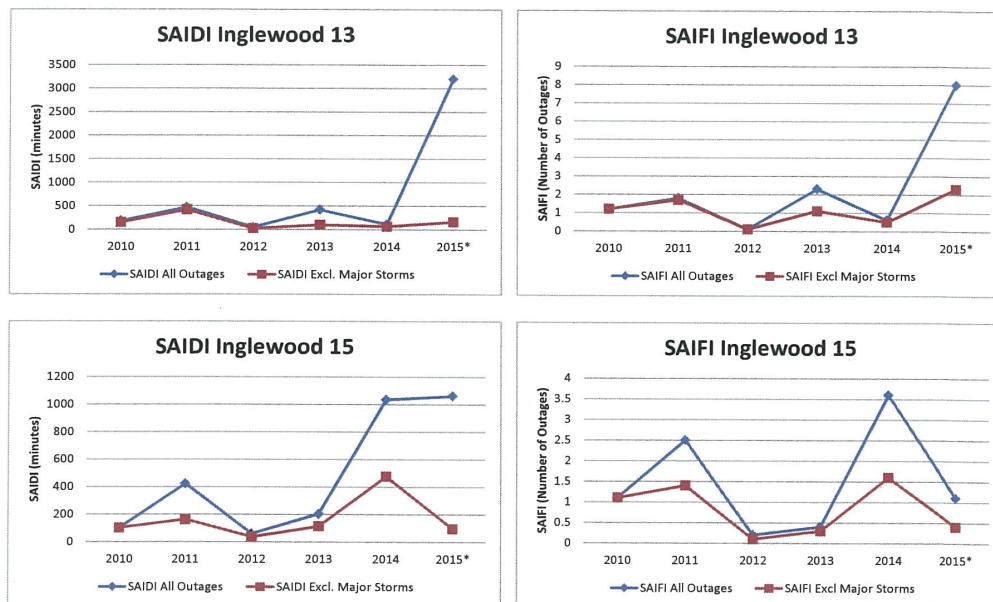


Figure 19 Kenmore Circuit Ranking

The following graphs in Figure 20 provide information on the specific circuits in Kenmore. These performance varies from year-to-year because of impacts of storms, equipment failures, and other outage causes. It is observed that the Kenmore circuits are vulnerable during storm events and therefore, long duration outages are experienced after these events.



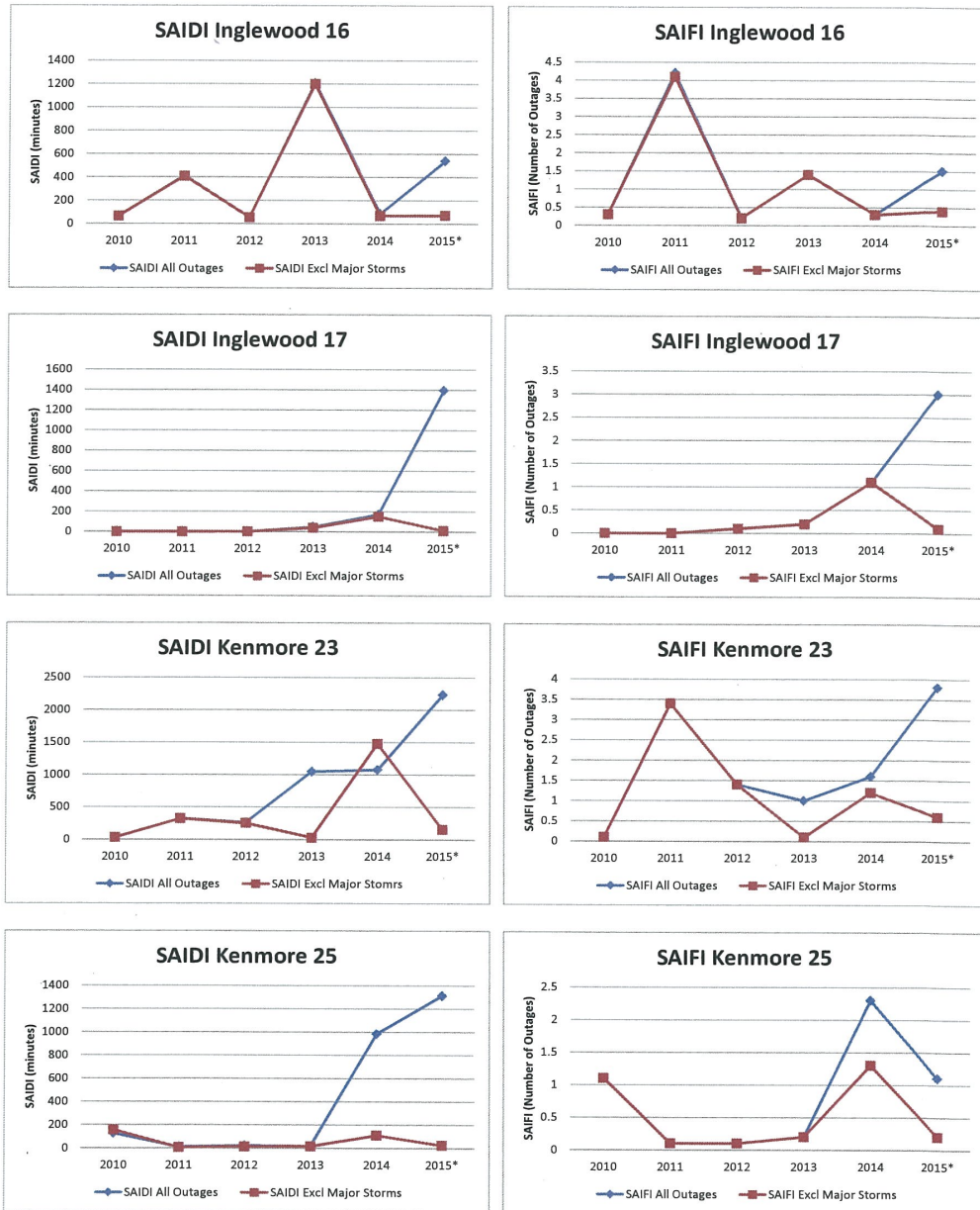




Figure 20 Kenmore Circuit Reliability Performance

Customer Complaints

PSE reports on customer complaints relative to reliability and power quality issues in its Annual Reliability Report to the WUTC¹⁵. PSE tracks customer complaints from two sources:

1. Complaints submitted to the WUTC and
2. Complaints received directly from customers.

PSE considers each individual inquiry to the WUTC as a complaint and considers two inquiries from an individual customer over a two year period as a single complaint. Based on these definitions, complaints were reported on a system, King County and Kenmore basis. The results are shown in Table 2.

Table 2 Reliability and Power Quality Complaints

Year	Number of Complaints - WUTC			Number of Complaints - PSE			Number of Complaints - Total		
	System	King Co.	Kenmore	System	King Co.	Kenmore	System	King Co.	Kenmore
2011	17	9	0	24	10	0	41	19	0
2012	12	3	0	28	14	0	40	17	0
2013	17	4	0	15	8	1	32	12	1
2014	18	14	0	35	26	0	53	40	0
2015	27	16	4	49	23	1	76	39	5

The number of customer complaints reported has risen in the past two years. There have been significant storm-related outages over the past two years which is a likely driver of customer complaints in the overall system. From a Kenmore perspective based on discussion with city officials and residents, there is increasing dissatisfaction with the current reliability of the system in Kenmore. Outages associated with storms and other events have created great concern. The currently tracked number of complaints from Kenmore does not reflect concerns, which have increased in 2016.

PSE also tracks actions against the complaints received. There were only six complaints from Kenmore residents over the past five years and these are indicated in Table 3.

¹⁵ Data obtained from Puget Sound Energy Service Quality and Electric Service Reliability Reports filed with the WUTC (Annual Reports)

Table 3 Kenmore Circuit Complaints

Year	Circuit	Type of Complaint	Resolution
2013	Wayne-15	Reliability	On-going circuit monitoring and maintenance
2015	Unknown	Reliability	
2015	Unknown	Reliability	
2015	Unknown	Reliability	
2015	Unknown	Reliability	
2015	Kenmore-27	Reliability	Two system projects with estimated completion in 2016. On-going circuit monitoring and maintenance.

Capital Projects

PSE performs work related to reliability improvements in two ways: (1) programs and projects that occur throughout its service territory and (2) reliability-specific projects for circuits that need additional attention. Relative to work being performed in Kenmore, the following are programmatic efforts to improve the power system reliability in the City:

- Installation of tree wire: PSE installs tree wire on selected circuits to reduce the impact of vegetation contact with wires. The use of insulated wires reduces the potential for faults due to tree branch contacts. The tree wire is also a stronger component than older installed conductors and provides some additional protection against falling branches. However, tree wire does not reduce outages when large branches or trees impact the lines and cause the conductors to break and fall.
- Distribution sectionalizing devices: PSE installs reclosers and sectionalizing switches throughout its system to provide for more rapid isolation of the faulted line segment and enables the unaffected portions of the lines to be returned to service. Reclosers are programmed to detect and isolate line faults and to automatically re-energize unfaulted line segments¹⁶. If the fault is longer, reclosers can isolate the section of the line with the fault and allow customers upstream of the reclosers to remain energized. Sectionalizing switches provide for the ability to isolate a smaller section of a line and allow return to service for more customers in a timely manner (not dependent on any subsequent repairs).

¹⁶ Many faults involving short circuits between conductors or short circuits to ground are temporary. This is especially true for lightning induced faults. Reclosers in overhead line systems are typically programmed to attempt to reenergize the circuit after a short time delay. If the fault was not permanent, the reclosing operation will restore power to the customers connected to the affected line.

- SCADA installations: PSE is making broader use of SCADA in its substations and switches. SCADA provides visibility into the system performance and allows for more rapid location of a fault and a quicker return to service response for those sections of the line isolated from the fault.
- Cable remediation: PSE replaces or remediates sections of underground cable that have aged and are vulnerable to failure. This program improves the performance of the underground cable systems.
- Aging overhead wire replacement: PSE replaces smaller diameter wire in vulnerable locations with larger ACSR wire to improve the loadability of the conductors and to reduce the probability of lines breaking by a falling tree branch.
- Substation asset management: PSE monitors its major substation equipment (transformers and circuit breakers) to identify components that are at end of life and to proactively replace these major components, as needed.

All of these system-wide programs provide reliability improvements, which over time will be beneficial to residents in Kenmore.

In addition, PSE has indicated that there are several programmatic projects and targeted reliability improvement projects being performed or scheduled for circuits in Kenmore. These projects include:

- Distribution automation project: Reclosers have been installed along with some automation to test the benefits of new technologies. Additional testing will occur prior to system wide implementation of the automation scheme.
- Two overhead switches will be installed on NE 185th ST for improved sectionalizing.
- Recloser on NE 195th St has been installed, but settings need to be applied to make the recloser functional.
- Recloser is planned for installation on NE 169th St.
- Overhead-to-underground conversion along NE Bothell Way (SR 522) is in the planning stages.
- Kenmore 26 circuit (“KNM-26”) along NE 195th St is planned for rerouting and reconductoring to allow this portion of the circuit to be more assessable. This project will address a major vulnerability of a section of line that is difficult to access, which results in long outage times.

- A feeder reconductoring project with tree wire is being planned for KNM-27 along NE 185th St.
- A feeder reconductoring project with tree wire is being evaluated for KNM-23 along Arrowhead Dr.

These projects are consistent with PSE plans to improve the overall reliability of the power distribution system in Kenmore.

System Maintenance

Similar to capital projects, PSE conducts on-going maintenance and inspection activities that are focused on maintaining reliability of the system. These include the following programs:

- **Vegetation management:** PSE performs tree trimming at defined intervals: 4 years for overhead distribution circuits in areas like Kenmore and 3-years for overhead transmission circuits. Additionally, PSE conducts spot inspections when performing work throughout the system. Tree-trimming activities are limited to tree-trimming within the PSE right-of-ways. Therefore, the presence of tall trees adjacent to the right-of-ways is still serious reliability risks even if the tree branches are trimmed back to the edge of the right of ways.
- **Wood pole test and wood treatment programs:** PSE conducts wood pole test and treat the poles to extend the life of the wood poles and to minimize outages caused by falling poles. Poles identified as near failure are replaced.
- **Wildlife management:** PSE monitors wildlife activity that causes outages and utilizes specific products and designs to minimize wildlife impacts. Typically protection measures may include upgrading equipment poles with bushing covers, cutout covers and covered jumpers when maintenance activities are performed.

These maintenance practices are typical within the industry and are utilized to reduce the probability of outages.

Future Power Demands

The Growth Forecast by the City of Kenmore

The population of the City of Kenmore grew by 9.5% (from 18,678 to 20,460) between the year 2000 and 2010. It is estimated to have grown by 14% from the year 2000 and 2014. The number of housing units grew by 18% (from 7,488 to 8,835) over this same time period.¹⁷ The employment dropped during the years 2000 to 2010 by 21% but is expected to rise by 46% by the year 2035. The growth will be somewhat constrained by the lack of developable areas in the City. The available space available for development is estimated to be about 5%.¹⁸ Figure 21 shows the existing use of land in the City of Kenmore. It shows that the existing industrial/commercial areas are primarily found along route 522. The City envisions that this will remain the area for industrial and commercial developments. It is also expected that the existing more heavy industrial sites will over time be converted to more light industrial or commercial use.

Table 4 Copy of Table DE-F from the City's comprehensive plan.

Year	Population	Housing Units	Employment
2000	18,678	7,488	4,601
2010	20,460	8,569	3,625
2035	28,473	12,236	6,704

At present 4 out of the 10 distribution feeder lines are served from the Kenmore substation, in which there is a single 25 MVA transformer installed. According to PSE, this transformer is not heavily loaded. All of the substations from which power is routed into the City have room for at least one additional step-down (from 115 to 12 kV) transformer. Furthermore, the completed and on-going reconductoring of the 115 kV transmission lines have increased the ability of PSE to send more power into the substations that feed the City.

Because the expected realignment of the existing industrial areas in the City from more heavy industry to residential or commercial use, there might not be a substantial increased need for electric power around route 522. However, if this assumption turns out to be wrong, it should be relatively easy to install additional power distribution lines from the Kenmore substation to wherever more power is needed.

¹⁷ City of Kenmore Comprehensive Plan, June 2015, Chapter 3, Demographics and Economics. See <http://www.kenmorewa.gov/comprehensiveplan>

¹⁸ Ibid table LU-A on page 4A-7 shows 4.7% vacant land.

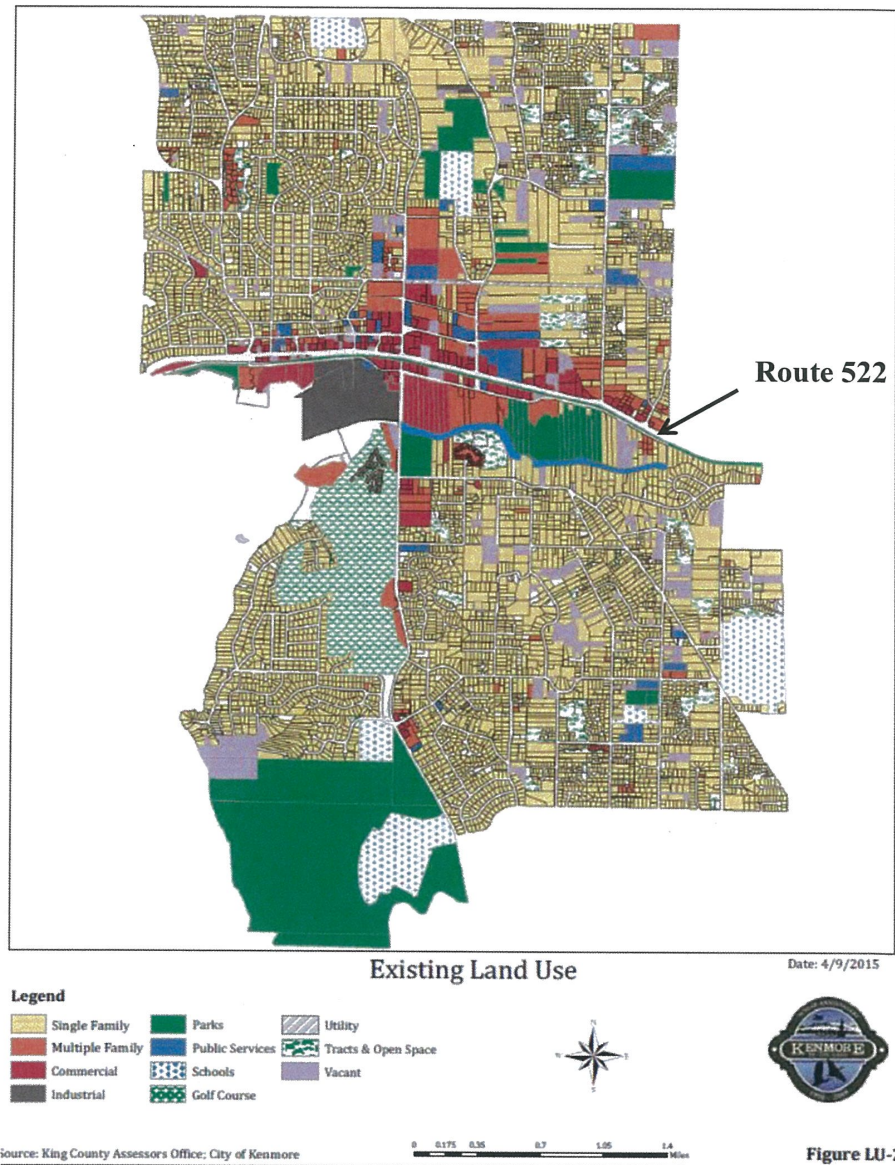


Figure 21. Copy of City of Kenmore map showing existing land use¹⁹

¹⁹ Figure LU-2 from the City's comprehensive plan.

PSE's Integrated Resource Plan Review

The latest available version of PSE's Integrated Resource Plan covers the year 2015 to 2035.²⁰ This plan is revised by PSE and submitted to the Washington Utilities and Transportation Commission (WUTC) every two years.

PSE reports that at the system level, demand growth has slowed significantly compared with the 2013 IRP Base Demand Forecast, but some areas continue to experience rapid growth – particularly the Eastside area of King County that includes downtown Bellevue. The 2015 plan changes the assumed average annual growth to 1.6% per year from 1.9% in the 2013 IRP. The growth is primarily found in the Eastside where the average annual peak demand growth rate is assumed to be about 2.5 percent from 2014 to 2031, which is significantly higher than the 1.6 percent growth rate in the overall system-level forecast.

In the 2015 IRP PSE states the following: “The surplus conditions the Pacific Northwest electric markets have experienced for a decade are forecast to change significantly with the scheduled retirement of two coal plants in 2020, Portland General Electric's 585 MW Boardman plant in Oregon and TransAlta's 730 MW Centralia Unit 1. According to studies of long-term resource adequacy from the region's energy organizations, regional market deficits are a possibility unless new resources are added in the region by 2021, and potential outages could affect more people and last longer than under previous conditions.”²¹

The power output from the Colstrip plant can also be constrained. PSE described the situation as follows: “During the next five years, the Colstrip units will become subject to several recently enacted regulations, changes in existing regulations and a rule governing coal combustion residuals (CCR) published in December 2014.²² CCR includes fly ash, bottom ash and scrubber slurry from Colstrip. Based on the changes to the final rule, the final CO₂ [carbon dioxide] goal for Montana became 26 percent more stringent and the final CO₂ goal for Washington became 35 percent less stringent. By 2030 Montana must reduce CO₂ emissions from coal plants from 20.5 million tons of CO₂ to 11.3 million tons of CO₂ which is a 45 percent reduction in CO₂ emissions. How this will affect Colstrip cannot be determined until a state implementation plan for Montana is finalized and approved by EPA.”

The plan examines the many energy-resource options available to PSE, including the maximum amount of new electric and gas energy "supply" that can be acquired by PSE including the reduced energy demand that are assumed to be possible to achieve through improved energy efficiency. One significant change in the planning assumptions is a reduced loss of load (LOL) probability, which changed from 5% to 1%. Loss of load probability (LOLP) is a measure of the likelihood of a load curtailment occurring; expected unserved energy (EUE) is a measure of the

²⁰ See <https://www.pse.com/aboutpse/EnergySupply/Pages/Resource-Planning.aspx>

²¹ PSE's IRP dated 2015, page 1-2.

²² This is described in detail in Appendix K of the IRP.

magnitude of potential load curtailments, in other words, how much load and how many customers are likely to be impacted. The 2015 optimum planning standard utilized by PSE includes the effect of market risk, which is the risk associated with the ability or inability of PSE to acquire electric power in the open market. PSE is presently acquiring a significant amount of electric energy by purchasing surplus energy available in the region.

In earlier IRPs PSE assumed that wholesale market purchases were 100 percent reliable, but in view of the predicted electric power shortages, this is no longer a reasonable assumption if the surplus capacity in the region is shrinking. Therefore, PSE incorporated a wholesale market risk factor in its 2015 IRP. In fact, a significant portion of PSE's 2015 IRP is based on probabilistic modeling and reasoning. That is, the methods for forecasting the future electric power needs are complex and not intuitive.

The 2015 IRP indicates that PSE needs to acquire approximately 275 MW of firm, dispatchable generation (most likely natural gas plants) in the next 7 years.²³ This will be required to meet PSE customers' capacity needs as the regional capacity surplus – which PSE has relied on as a low cost/low risk resource – dwindles in the next few years. However, this assumes that PSE can achieve about 500 MW of demand side resources (DSR) that offsets the need for electric power generation capacity, which might be optimistic since that is only 5 years from now.

Demand side resources (DSR) covers:²⁴

- Electric energy efficiency measures such as retrofitting programs and new construction codes and standards, appliance upgrades, building envelope upgrades, heating and cooling systems and lighting changes.²⁵
- Demand-response, which are electric power loads that may be curtailed or interrupted during system emergencies or when wholesale market prices exceed the utility's supply cost.
- Distributed generation such as rooftop solar panels, which can generate electricity during daytime hours, located close to the source of the customer's load.
- Distributed efficiency measures, which are achieved by using load balancing and voltage reductions to reduce energy power consumption.²⁶
- Appliance and lighting efficiency might be relatively easy to achieve but building upgrades and retrofits might be more difficult to implement. Furthermore, this might lead to more use of natural gas unless the penetration of all electric homes is significant. Demand response could also be achieved relatively fast since it would only require

²³ Wind and solar power plants are not considered to be firm power generation sources since the output from these plants are zero when the sun is not shining on solar panels or when there is no wind. These types of plants are energy sources not under the control of the dispatchers.

²⁴ See Chapter 6 of the IRP.

²⁵ Increased electric efficiency in appliances and lighting will most likely increase the consumption of natural gas.

²⁶ The benefits of voltage reductions can be expected to be reduced if appliances and electric motor drives in the future are served by power electronic systems, which look like constant power loads relatively independent of the supplied voltage.

contract modifications with large electric power users.²⁷ The other dimensions of the DSR strategy might be more difficult to achieve. If DSR is not successfully implemented, there might be an electric power supply deficiency in PSE's system.

Figure 22 shows PSE's existing and projected peak hour needs and the effective capacity of the existing resources available to PSE.²⁸ The graph shows a power capacity deficit of about 275 MW in 2021. PSE assumes in the 2015 IRP that the impact on demand from electric vehicles would be insignificant, so electric vehicles are not included in PSE's 2015 demand forecast.

It must be understood that the electric power system has to provide not only sufficient electric energy for all of the electric energy users but it also has to have sufficient capacity to serve the connected loads when the demand for power is at a maximum. If the demand for electric power exceeds the supply, then blackouts will arise. By the year 2035 the plan assumes that about 1,000 MW can be had from DSR. This is 17% of the electric power demand. The forecast also shows that by 2035, close to 1,600 MW of new power sources must be obtained. Since the lead time for construction of new power plants can be long, this indicates that there is an urgent need for PSE to begin the process for new power plant construction in the next few years.

²⁷ However, a proposal to have pool pump with a timer set to run during off-peak times (starting after 8:00 p.m. and cycling off before 10:00 a.m.) does not make much sense if solar heating of the pools is installed. See Appendix B2, page 8.

²⁸ PSE's peak power demand is expected to arise during the winter months. The available electric power capacity is shown to be small (9% of capacity) because the probability of having electric power generated by PSE's 823 MW name-plate capacity wind turbines during the peak electric power window is small because the peak demand is most likely associated with cold temperatures and relatively calm wind conditions.

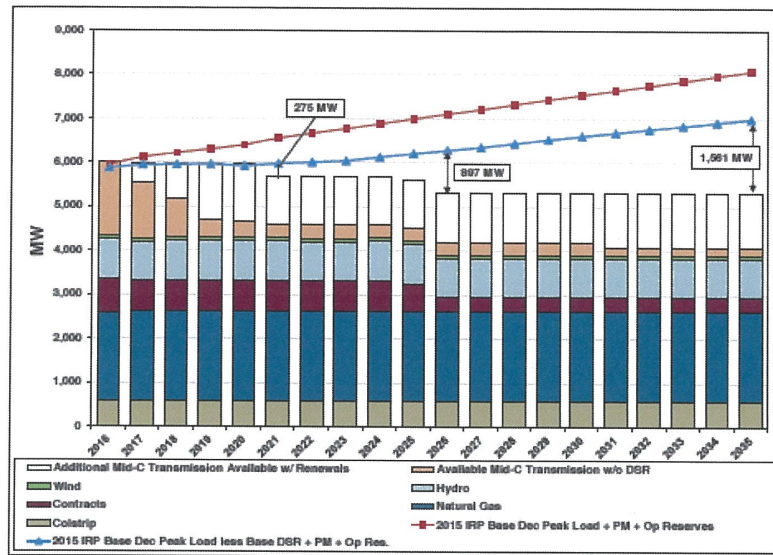


Figure 22. Copy of Figure 1-4 on page 1-14 of PSE's IRP

Peak hour capacity is an important aspect of PSE's ability to adequately meet the physical needs of its customers. The other dimension of the electric energy supply is the mix of generation sources where the electric energy is generated. This mix influences the price of the electric energy sold by PSE because if PSE can deliver power from inexpensive sources, PSE's energy cost per unit sold will be low and vice versa if the generation source produces expensive electric energy. Figure 23 shows PSE's annual forecast of energy sales to retail electric customers with expected generation for the year by resource type.²⁹ This "energy position" reflects PSE's most economical dispatch of its electric resource portfolio based on expected market conditions. PSE states that it is not a physical generation model because PSE asserts that it could generate significantly more energy than needed to meet its load on a monthly or annual basis. Instead, PSE plans to purchase energy in the wholesale market when it is more cost effective than running its thermal resources. The figure shows that PSE's market purchases increases from 806 annual megawatts (aMW) to about 1,650 aMW over the next 20 years. That is, PSE's strategy is to acquire much of its electric energy from the open market, which could benefit PSE's customers if there is a surplus of electric energy sources in the region.³⁰

²⁹ See IRP Chapter 1, page

³⁰ In theory, the marginal cost of a resource becomes infinitive if the availability of the resource is exhausted.

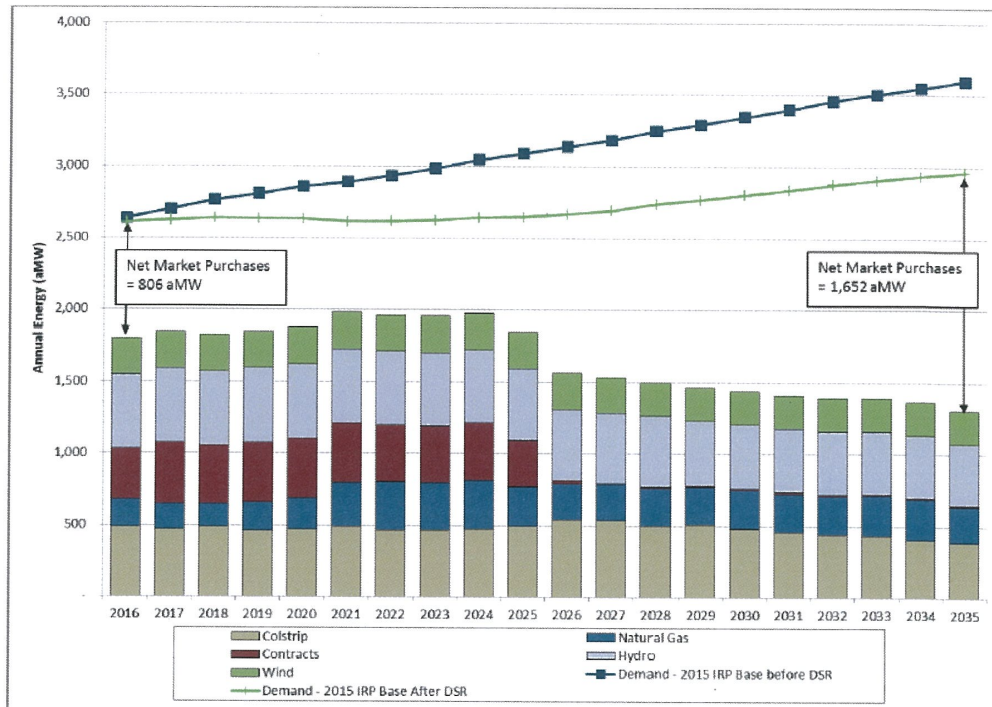


Figure 23. PSE's load forecasts aggregated to an annual basis.³¹

PSE projects that between 2016 and 2033, nominal retail electric rates will grow at an average annual rate of between 1.1 and 1.3 percent, depending on the customer class.³² Assuming an inflation rate of 2.5 percent per year, this means real electric retail rates are expected to decline by 1.2 to 1.4 percent.³³ This is much lower than the 3.1 percent rate increase modeled in the

³¹ See Figure 1-5 on page 1-15 of PSE's IRP

³² Residential electric service rates are at present 0.097543 \$/kWh for the first 600 kWh per month and 0.116365 \$/kWh thereafter. See https://pse.com/aboutpse/Rates/Documents/summ_elec_prices_2016_10_01.pdf

³³ Seattle City Light forecasts an annual rate increase over the next 6 years at 4.3% but does not expect a significant load growth. See Seattle City Light Strategic Plan Update 2017 – 2022. The 2016 residential rate is 0.0596 for the first block (less than 16 kWh per month) and 0.1257 \$/kWh thereafter. A demand change of \$4.51 per month is added. See <http://www.seattle.gov/light/rates/docs/2017/city%20light%202017-2018%20proposed%20retail%20rates.pdf>

2013 IRP.³⁴ Snohomish County PUD that serves the county north of the City has no similar plan available on its web site.³⁵

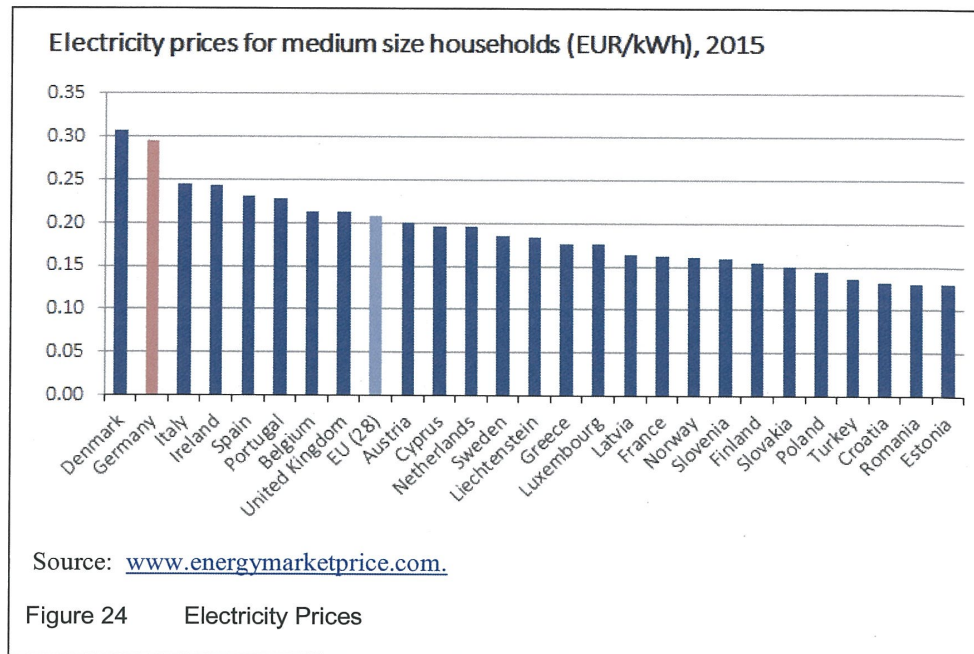
PSE is required according to the state of Washington's RCW 19.285, the Energy Independence Act, to reach certain targets for renewable resources and acquire all cost-effective achievable conservation. Furthermore, according to WAC 480-100-238, "Each electric utility regulated by the commission has the responsibility to meet its system demand with a least cost mix of energy supply resources and conservation." These rules appear to be straightforward and easy to apply. However, alternative energy sources typically cost more than the conventional alternatives based on natural gas, fossil fuels and hydro, which is at odds with the least cost requirement.

The rates in countries with a heavy emphasis on so called Green Power illustrate the high cost of alternative energy sources. Figure 24 below shows typical electric power rates in European countries. The German electric power rate includes a 19% value added tax of 0.0685 EUR/k-Wh.³⁶ In Denmark, about 50% of the electric power is generated by wind power plants. The reason for the high cost of wind energy is that when the wind power is unavailable due to a lack of wind, other sources for electric power generation must be available. That is, the deficit must be made up by other plants that are idle when wind power is generated, which requires added investments in generation facilities. This is reflected in PSE's planning scenarios where the available electric power capacity from PSE's 823 MW of wind power plants is discounted by 91% (9% availability).

³⁴ IRP Chapter 5, page 5-19

³⁵ The power rate as of October 2015 is 0.09879 \$/kWh for an assumed energy consumption of 1,000 kWh per month. See <http://www.snopud.com/?p=1369>.

³⁶ The exchange rate on October 14, 2016 is 1 Euro equals 1.10 \$ US.



PSE and its customers are facing several uncertainties over the 20 year planning horizon. One of these is future policies or regulations associated with carbon emission reductions. Constraints on running generation systems that generate CO₂ could dramatically change the economics of electric power and electric energy. However, if inexpensive electric batteries were to become available, solar and wind power plants might become more reliable electric power sources, which could change the economics for the better of solar and wind power plants. PSE appears to closely monitor these developments.

As part of PSE's ongoing commitment to the exploration and evaluation of emerging resources, PSE's IRP includes analyses of rooftop solar generation (distributed solar)³⁷. In this study, the effect of a system wide installation of 300 MW of solar power plants was included. Electric energy storage technologies such as batteries or pumped hydro plants were also studied.³⁸

³⁷ Distributed solar generation has never been selected in PSE's portfolio analysis as a cost-effective resource for the PSE system, but federal tax credits and state production incentives have made it cost-effective for customers. Already, PSE has 2,800 net-metered customers who have installed rooftop solar panels totaling 17.4 megawatts of capacity and 17,360 megawatt hours of annual energy generation.

³⁸ IRP Chapter 1, page 1-5. See Appendix L for in depth analysis of the studied technologies.

Adoption of New Technologies by PSE

PSE's 2015 IRP is devoted to assessment and plans for adding power supply resources by PSE so it can meet the future, expected demands for electric power. The IRP does not address investments in distribution systems to improve the reliability of PSE's electric power customers. This seems to be appropriate because the key resource limit that PSE needs to address is the potential shortage of electric power generation resources in the northwestern states over the next 20 years. PSE addressed the so called smart grid technology acquisitions and implementation in a report entitled "2012 Smart Grid Technology Report" dated September 1, 2012.³⁹

"Smart grid" is only a marketing slogan, which does not describe a specific set of equipment or prescribe a certain power system architecture. The fundamental component of the smart grid concept is advanced data acquisition and communication infrastructure, which will enable timely and detailed information flow from the power system back to the system operators⁴⁰. To fully utilize the added features in the data acquisition systems, advanced sensors are typically required to be installed in the switches and breakers placed in the lines and substations. The information received from the sensors might make it possible automate some functions that will speed up system restoration after an outage or minimize the parts of the power system that is damaged.⁴¹

PSE's smart grid report describes significant investments from 1998 through 2012 by PSE in the communication and automation infrastructure for both the transmission and distribution systems. A number of "smart grid technologies" were put through testing to establish if the technologies would work and the potential cost benefits from using them. The plan discussed the following:

- Automated meters with two-way communication capability to collect energy usage information that enables customers to check and manage their daily energy usage via the Internet;
- Integration of customer owned grid-connected solar and wind systems allowing them to generate their own power and supply excess energy back to the grid;
- Implementation of conservation voltage reduction in several substations to manage electric power system capacity limitations;
- Automation of transmission and distribution (T&D) systems to improve service reliability; and

³⁹ Filed pursuant to WAC 480-100-505.

⁴⁰ This may also make the power system more susceptible to hackers.

⁴¹ After a major storm, it might be necessary to patrol the lines to make sure that there are no undetected downed conductors, which could reduce in electrocution of people coming in close contact with the conductors if they were to become energized.

- New or upgraded back-end systems such as energy management systems (EMS), outage management system (OMS), and a geospatial information system (GIS), which provide the foundational core for implementation of smart grid technologies.

The costs of fully implementing the systems that are described in the report are very high. Also, the technologies are not mature and the useful life of many of the technologies is short. This is in particular true for automation and communication infrastructure systems and equipment. That is, the annual cost of keeping the systems in operation, maintaining and upgrading the systems to keep up with technology changes will be high. This could have a significant impact on the electric power rates. The rollout of the technologies has, therefore, been slow but the EMS, OMS and GIS systems have been completed.

PSE has had an automated meter reading (AMR) installed for a long time. The step that is being taken now is to move to a two-way communication system using so called smart meters. PSE is migrating to this new technology at a slow pace since wholesale change out of the AMR system is very costly. The new systems might speed up outage reporting since the older system is has a limited capability to report outages. However, the most reliable outage information is derived from customer calls for loss of power. This is at least at present, the most reliable way to identify fallen or broken conductors along distribution lines. The calls made to report outages are fed into the OMS system and provide a map of the outage areas.

Like most utilities pursuing significant reliability improvements on the distribution system, PSE has installed three phase reclosers to reduce the impact of outages on the feeders to its customers. Reclosers interrupt faults and re-energize the line after a short waiting period. If the fault is temporary, this will restore power back to the customers. If the fault is permanent, the recloser will “lock out” and remain open after a preset number of operations. These devices dramatically reduce the impact of outages to customers on the feeder by not requiring the station circuit breaker to lock out and interrupt service to all the customers on the feeder. PSE is also evaluating and piloting the installation of line reclosers with communication used for remote monitoring and control of the device. This will help determine the challenges and benefits from using reclosers as a part of distribution automation systems.

To minimize the customers affected by a distribution line fault, additional, smart reclosers would have to be installed in the distribution feeder circuits serving the City. However, in order to take full advantage of distribution reclosers in the distribution system serving the City, the substation circuit breakers need to be connected to the distribution supervisory control and data acquisition system (DSCADA). This might require replacement of older circuit breakers. Remote control of the substation circuit breakers would be in addition to having remote control of the reclosers and fault data information transferred from the installed reclosers to the distribution system operators. If this were to be done, the number of customers affected by an outage could be significantly reduced. A further reduction of the number of affected customers would be possible if the radial, looped circuit could be remotely energized from the remote ends of the radial lines by the distribution system operators. This can now be done only by having roving operators manually open and tag out substation breakers and manually close the switches at the remote ends of the distribution feeders.

An example of how these new technologies are working can be found in a recent Wall Street Journal article covered the performance of the power systems affected by hurricane Mathews.⁴² In this article it was stated that the power systems survived the onslaught by the hurricane much better than during previous hurricanes such as hurricane Hugo on September 22, 1989, which devastated South and North Carolina.⁴³ This hurricane caused so much destruction of the power systems so a substantial portion of the system had to be completely rebuilt. The devastation resulting from hurricane Mathew was apparently significantly less. One other lesson learnt came out of significant flooding by the Mississippi and Missouri rivers at around the same time as for hurricane Hugo was the need to remove the station batteries from substations prior to the substations being flooded to avoid corroding electrical/electronic equipment by having corrosive electrolytes and corrosive direct current flows causing destruction of electrical connections. That is, the strategies for dealing with major storms or flooding events have evolved from lessons learnt from past events when such information is shared among utility operators.

⁴² <http://www.wsj.com/articles/hurricane-matthew-tests-electric-grids-new-storm-resistant-technology-1476125502>

⁴³ Around midnight on September 22, 1989 Hurricane Hugo roared ashore just north of Charleston, S.C. as a massive Category 4 storm with winds near 140 mph and a storm tide around 20 feet. The hurricane leveled beachfront properties and toppled trees, leaving much of the coastal areas in absolute ruin. Hugo remained strong as it moved into western North Carolina, producing hurricane-force wind gusts all the way to Charlotte.

Conclusions and Recommendations

Exponent has performed a reliability assessment of the electric system within Kenmore to identify the current status of the system reliability and to provide recommendations for improvement in system reliability. Key findings and observations include:

Reliability-related: observations related to electric system reliability

- Kenmore has experienced a lower level of electric power system reliability over the past several years relative to the overall PSE system. The majority of Kenmore's distribution circuits are in the lowest quartile of circuit rankings based on outage duration over the past five years.
- Kenmore is an area with many tall trees and several narrow corridors for the distribution lines and is therefore, susceptible to outages due to storms and wind events. During the past two years, Kenmore suffered long duration electric power outages due to storm events.
- One of the worst performing distribution circuits, the Kenmore-26 circuit, has a section of the circuit that passes through the back properties of homes and is therefore, very difficult to access in order to perform trouble-shooting and repair after outages with faults in that area.
- Kenmore is primarily served from four high voltage substations. These are Kenmore, Inglewood, North Bothell and Wayne substations. These substations have multiple feeds from the transmission system that provides redundancy making the system feeding power into or close to city robust and reliable. Normally two independent events are required for a substation to lose power and thereby lose its ability to serve the affected portions of the City.
- The Kenmore distribution circuits are looped radial circuits. That is, the circuits are normally fed from one end only, which leads to an electric power outage for the customers connected to the circuit. However, it is possible to feed the circuits from the remote ends by performing manual switching after the fault location or locations are isolated. This circuit design provides a good foundation to improve the reliability of the circuits through the use of sectionalizing devices to improve recovery from outages for the unfaulted portions of the circuits.
- There were observations of tree-related issues during a walkthrough of various neighborhoods performed by Exponent. That is, there are indications of the need for a shorter time interval between tree trimming activities.
- System-wide programs and projects as well as targeted projects currently being planned for Kenmore should provide reliability improvements. Additionally, two recent projects

(underground of line to the Bastyr University and upgrade of line from Moorlands to Vitulli stations) provide additional reinforcement that should enhance the reliability of the power system.

- The impairments include investments in what is typically referred to the smart grid concept, which fundamentally includes the addition of advanced data acquisition and communication infrastructure, which will enable timely and detailed information flow from the power system back to the system operators after a disturbance. As a first step, PSE has developed a program to evaluate and implement various technology improvements. A major improvement was the installation of the new outage management system. Additionally, the use of automation within the system will benefit reliability.

Capacity-related: observations related to long-term capacity

- There is the potential to add additional capacity in the substations feeding Kenmore to address future growth needs as an additional transformer can be added to existing substations.
- Relative to system demand: By the year 2035 the plan assumes that about 1,000 MW can be had from demand side resources (DSR). This is 17% of the electric power demand forecast. The forecast also shows that by 2035, close to 1,600 MW of new power sources must be obtained. Since the lead time for construction of new power plants can be long, this indicates that there is an urgent need for PSE to begin the process for new power plant construction in the next few years.
- The Energize Eastside project for upgrade of the 115kV to 230kV does not have a major impact on Kenmore. It can provide for additional redundancy, but the transmission line upgrade does not appear to affect power to Kenmore.

Based on these observations, Exponent has identified several recommendations for potential improvement in electric reliability. These recommendations include:

1. Since the Kenmore circuits are looped radial circuits, the installation of reclosers and sectionalizing switches can make major improvements in outage restoration to reduce overall outage duration. It is recommended the installation of these devices be expedited for the Kenmore area.
2. PSE should implement its current plans for the rebuilding of Kenmore-26 (relocation of sections of the circuit), Kenmore-27 (feeder reconductoring) and Kenmore-23 circuits (feeder reconductoring). They should also implement improvements for other identified reliability issues on other circuits in Kenmore. [Note: there are on-going discussions between PSE and Kenmore regarding the scope of these upgrades.]
3. Kenmore is subject to significant storm impacts related to tree-related outages. The Kenmore area is on a four-year tree trimming cycle. It is recommended to perform more

frequent patrols in Kenmore to identify potential emerging activities within the four-year period.

4. To further effect a turnaround in reliability, it is recommended that PSE install current modern technologies that it is utilizing in other parts of their system. It is recommended that Kenmore work with PSE to install other advanced technologies that are intended to improve electric reliability. These technologies may include various automation solutions, SCADA installations, and communications protocols for events and storm response.
5. Kenmore should request a reliability report from PSE that provides more details for evaluation of the Kenmore circuits. This report would highlight circuit outages, circuit projects, on-going maintenance activities, and performance related metrics. This report would provide for a better communication between Kenmore and PSE relative to reliability and capacity issues. This reliability report can also form the basis for an annual meeting between PSE and Kenmore to review future plans and provide feedback on reliability issues.
6. Kenmore and PSE should have a more formal protocol for reviewing growth plans for Kenmore so that these plans are included in PSE's system planning activities.

These recommendations are intended to assist Kenmore in working with PSE to ensure appropriate levels of support for the Kenmore community right-of-ways

ORDINANCE NO. 05-0233

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, GRANTING PUGET SOUND ENERGY, INC., A WASHINGTON CORPORATION, THE RIGHT, PRIVILEGE AND AUTHORITY AND FRANCHISE TO SET, ERECT, CONSTRUCT, SUPPORT, ATTACH, CONNECT AND STRETCH FACILITIES BETWEEN, MAINTAIN, REPAIR, REPLACE, ENLARGE, OPERATE AND USE FACILITIES IN, UPON, UNDER, ALONG AND ACROSS THE FRANCHISE AREA FOR PURPOSES OF TRANSMISSION, DISTRIBUTION AND SALE OF ELECTRICAL ENERGY AND NATURAL GAS FOR POWER, HEAT, LIGHT AND ANY OTHER PURPOSE FOR WHICH ELECTRICAL ENERGY AND NATURAL GAS MAY BE USED.

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

WHEREAS, RCW 35.47.040 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 electrical energy,...for gas...", and

WHEREAS, Puget Sound Energy has requested a franchise for purposes of transmission, distribution, and sale of electrical energy and natural gas for power, heat, light, and any other purpose for which electrical energy and natural gas may be used, and

WHEREAS, the City Council adopted Ordinance No. 98-0030, granting an extension of the King County franchises under the same terms and conditions as Washington Natural Gas and Puget Power and Light Company, now collectively known as Puget Sound Energy, and

WHEREAS, the franchise agreements with Puget Sound Energy expired or will expire on October 13, 2004 for electrical light and power and August 31, 2005 for natural gas, and

WHEREAS, the City of Kenmore and Puget Sound Energy have negotiated a mutually acceptable franchise agreement, and

WHEREAS, the City Council finds that it is in the best interest of the health, safety and welfare of residents of Kenmore to grant a non-exclusive franchise to Puget Sound Energy for the operation of electric distribution, electric transmission, and natural gas distribution systems within the City right-of-way; NOW THEREFORE,

THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Definitions

Where used in this franchise (the "Franchise") the following terms shall mean:

- 1.1 "Puget" means Puget Sound Energy, Inc., a Washington corporation, and its respective successors and assigns.
- 1.2 "City" means the City of Kenmore, a municipal corporation of the State of Washington, and its respective successors and assigns. Specifically, the City includes all areas incorporated therein as of the effective date of this Ordinance and any other areas later added thereto by annexation or other means.
- 1.3 "Days" means calendar days.
- 1.4 "Franchise" means the grant of rights, privileges and authority embodied in this Ordinance.
- 1.5 "Franchise Area" means all public rights-of-way including the surface of and space along, above, and below any street, road, highway, freeway, lane, sidewalk, alley, court, boulevard, parkway and drive within the City as now and as may hereafter be laid out, platted, dedicated, acquired or improved within the present limits of the City and as such limits may be hereafter extended; and all City owned easements used for such rights-of-way and/or dedicated for the placement and location of utilities, provided such easements would allow Puget to fully exercise the rights granted under this Franchise within the area covered by such easements.
- 1.6 "Facilities" means collectively, any and all:
 - 1.6.1 natural gas distribution systems, including but not limited to, gas pipes, pipelines, mains, laterals, conduits, feeders, regulators, valves, meters, meter-reading devices, fixtures, and communications systems and all necessary facilities and appurtenances thereto, whether the same be located over or under ground;
 - 1.6.2 electrical transmission and distribution systems, including but not limited to poles (with or without cross arms), including Puget-owned street lighting poles and luminaires, wires, lines, conduits, cables, communication and signal lines, braces, guys, anchors, switches, transformers, ducts, vaults and all necessary facilities and appurtenances thereto, whether the same be located over or under ground.
- 1.7 "Ordinance" means this Ordinance No. 05-0233, which sets forth the terms and conditions of this Franchise.
- 1.8 "Permitting Authority" means the head of the City department authorized to process and grant permits required to perform work in the Franchise Area, 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.
- 1.9 "Public Works Director" means the head of the Public Works Department of his or her designee.
- 1.10 "Tariff" means "tariff" as that term is defined in WAC 480-80-030(3), or such similar definition describing rate schedules, rules and regulations relating to charges and service as may hereinafter be adopted by the regulatory authority with jurisdiction, under the laws of the State of Washington, over public service companies.

- 1.11 "WUTC" means the Washington Utilities and Transportation Commission or such successor regulatory agency having jurisdiction over public service companies.

Section 2. Facilities within the Franchise Area

- 2.1 Pursuant to RCW 35A.47.040, the City hereby grants to Puget the right, privilege, authority and franchise subject to the terms and conditions hereinafter set forth, to install, construct, operate, maintain, repair, replace, and use Facilities for electric distribution, electric transmission and natural gas distribution systems, in, under, on across, over, through, along or below the Franchise Area, for the transmission, distribution and sale of electrical energy and natural gas power, heat and light, and any other purposes for which electrical energy and natural gas may be used, as approved under City permits issued by the Permitting Authority pursuant to this Franchise and City ordinances.
- 2.2 This Franchise specifically does not authorize Puget to install or use Facilities to provide telecommunications, cable television, point-to-point data communications, or similar services either via wire or wireless technologies regardless of whether these services are provided to any person outside Puget's organization. This section does not restrict Puget's ability to utilize telemetric devices to monitor and operate its electric distribution, electric transmission and natural gas distribution systems or to monitor and control the usage of electrical energy and/or natural gas.
- 2.3 Puget acknowledges the City's desire and intent that City rights-of-way be free of encumbrance by rights held by others, including Puget, and that the City requires that rights-of-way dedicated by property owners to the City be free of such encumbrances. All rights-of-way so dedicated during the term of this Franchise shall be Franchise Area and Facilities thereafter installed by Puget therein shall be subject to the terms and conditions of this Franchise.
- 2.4 In the event Puget has within the Franchise Area an prior existing easement or other right not derived from this Franchise or from a prior franchise granted by the City, and Puget desires to install Facilities within and using such prior right, then Puget will provide notice of same to the City prior to such installation. The City may request that Puget instead install its Facilities within the Franchise Area pursuant to rights granted by this Franchise. Puget will consider the facts and conditions that bear upon such request and will respond to the City, including meeting with the City to discuss such request, prior to installation of Puget's Facilities. When reasonably determined by Puget to be consistent with prudent utility practice, Puget will install its Facilities as so requested by the City.

Section 3. Nonexclusive Franchise

This Franchise is granted upon the express condition that it shall not in any manner prevent the City from granting other or further franchises in, along, over, through, under, below or across any portion of the Franchise Area. Such Franchise shall in no way prevent or prohibit the City from using any portion of the Franchise Area or other City property or affect its jurisdiction over them or any part of them, and the City shall retain the authority to make necessary changes, relocations, repairs, maintenance, establishment, and improvement of the same as the City may deem fit, including the dedication, establishment, maintenance, and improvement of new rights-of-way or other public properties of every type and description.

Section 4. Term of Franchise/Acceptance

- 4.1 This Franchise is and shall remain in full force and effect for a period of ten (10) years from the effective date of the Ordinance. This Franchise is granted upon the express condition that Puget, within sixty (60) days after the adoption of this Ordinance, shall file with the clerk of the City a written acceptance of the same, and when so accepted by Puget, shall constitute a contract between the City and Puget for all the purposes herein set forth. If Puget fails to provide its written acceptance as provided above, this Ordinance and Franchise shall be null and void.

Section 5. Non-Franchise Area City Property

- 5.1 This Franchise shall not convey any right to Puget to install Facilities on or to otherwise use City-owned or leased properties outside the Franchise Area.
- 5.2 Existing Facilities installed or maintained by Puget on public grounds and places within the City in accordance with prior franchise agreements, but which are not within the Franchise Area as defined by this Franchise, may be maintained, operated, repaired and/or replaced in like kind by Puget at the location where such Facilities exist as of the effective date of this Franchise for the term of this Franchise; provided, however, that no such Facilities may be enlarged, improved or expanded without the prior review and approval of the City pursuant to applicable ordinances, codes, resolutions, standards, and procedures.

Section 6. Compliance with State and Local Regulations

- 6.1 Puget shall comply with all federal, state, and local laws or regulations applicable to the exercise of Puget's rights and obligations under this Franchise. Upon written inquiry, Puget shall provide a specific reference to either the federal, state, or local law or the WUTC order or action establishing a basis for Puget's actions related to the exercise of such rights and obligations.
- 6.2 In granting this Franchise the City hereby reserves all lawful powers and franchise authority available to it under its general police authority; provided, however, such authority shall be exercised in a manner consistent with and so as not to impair the rights, privileges, authority and franchise conferred to Puget by this Franchise.

Section 7. Noninterference of Facilities

- 7.1 Puget's Facilities shall be located and maintained, within the Franchise Area so as not to interfere with the free and safe passage of pedestrian and/or vehicle traffic therein or with the reasonable ingress or egress to properties abutting thereto. Puget's

Facilities shall be maintained in accordance with the laws of the State of Washington, Kenmore Municipal Code, and applicable regulations and standards of the City.

- 7.2 In the event that the Public Works Director reasonably determines, after providing written notice to Puget and a reasonable opportunity for Puget to respond to the Public Works Director's concerns, that any one or more of Puget's Facilities within the Franchise Area interfere with the free and safe passage of pedestrian and vehicular traffic therein or with the reasonable ingress or egress to properties abutting thereto, then Puget shall promptly take such action as is reasonably necessary to eliminate such interference. In so doing, the City shall fully cooperate with Puget, including, without limitation, allowing changes to or modifications of the Franchise Area (and other City property), at Puget's expense, if such changes or modifications provide the most effective or economical means of eliminating such interference.
- 7.3 In the event such interference requires relocation of Puget's Facilities within the Franchise Area, such relocation shall be accomplished in accordance with Section 13 below (any such interference resulting from new development ingress or egress to properties abutting the Franchise Area in proximity to Puget's Facilities existing within the Franchise Area prior to the development shall be subject to Section 13.6).

Section 8. Dangerous Conditions, Authority for the City to Abate

- 8.1 In the event that Puget's Facilities or operations cause or contribute to a condition that appears to endanger any person or substantially impair the lateral support of the Franchise Area or public or private property adjacent thereto, the Public Works Director may direct Puget, at no charge or expense to the City, to promptly take such action as may be reasonably necessary to resolve such condition to eliminate such endangerment. Such directive may include compliance within a prescribed period of time.
- 8.2 In the event PSE fails to promptly take action as directed by the City pursuant to Section 8.1, or fails to fully comply with such direction, or if emergency conditions exist which require immediate action to prevent imminent injury or damages to persons or property, the City may take actions as it reasonably believes are necessary with respect to Puget's Facilities or operations to protect persons or property and in such event Puget shall be responsible to reimburse the City for its costs incurred in so doing. With respect to Puget's gas facilities, the City's authority to act upon Puget's Facilities hereunder is specifically limited to actions, taken by trained emergency response personnel, to stop the flow of natural gas actively contributing to a dangerous condition by closing the natural gas supply valve at a meter or appliance.

Section 9. Permit Required

- 9.1 Whenever Puget excavates in the Franchise Area for purposes 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 all ordinances and regulations of the City. In no case shall any such work commence within the Franchise Area without a permit, except as otherwise provided in this Franchise.
- 9.2 Puget shall at all times post and maintain proper barricades and comply with all applicable safety regulations during any period of construction or maintenance

activities within the right-of-way as required by City or state regulations, including RCW 39.04.180, for the construction of trench safety systems.

- 9.3 In the event of any emergency where any Facility located in the Franchise Area are broken or damaged, or if Puget's work area within the Franchise Area is in such a condition as to endanger any person or property, Puget shall immediately take any necessary emergency measures to repair or remove its Facilities or otherwise make its work area safe without first applying for and obtaining a permit as required by Section 9.1. This provision shall not relieve Puget from later obtaining any necessary permit for the emergency work. Puget shall apply for the required permit the next business day following the emergency work or, in the case of an extended state of emergency, as soon thereafter as practical.
- 9.4 **Pavement Disturbance.** In the event Puget proposes to cut or disturb pavement within the Franchise Area for any purpose (except as provided in Section 9.3) within three years of the surfacing or resurfacing of such pavement, Puget shall apply to the City for a permit to make such disturbance in accordance with Section 9. In its application Puget shall identify the specific paving proposed to be disturbed, describe the scope and extent of the proposed disturbance and explain the necessity for such disturbance. Puget shall minimize the extent of such pavement disturbance to that reasonably necessary to perform its work. Puget acknowledges the City's authority and discretion to approve (or not approve) disturbance of such pavement and to condition such approval in accordance with Section 10 to include such pavement restoration requirements as may be determined by the Public Works Director to be reasonably necessary to restore the integrity of the paving disturbed by Puget's work. Puget shall not cut or disturb such pavement (except as provided in Section 9.3) without written authorization from the Public Works Director.

Section 10. Restoration

- 10.1 Puget shall, after any installation, construction, relocation, maintenance, or repair of Facilities within the Franchise Area, promptly restore the Franchise Area to at least the same condition as existed immediately prior to any such installation, construction, relocation, maintenance or repair in accordance with City standards at its sole cost and expense. All survey monuments which are to be disturbed or displaced by such work shall be referenced and restored per WAC 332-120, as the same now exists or may hereafter be amended, and all pertinent federal, state and City standards and specifications. The Public Works Director shall have final approval of the condition of the Franchise Area after restoration.
- 10.2 If it is determined that Puget has failed to restore the Franchise Area in accordance with Section 10, the City shall provide Puget with written notice including a description of actions the City reasonably believes necessary to restore the Franchise Area. If the Franchise Area is not restored in accordance with the City's notice within thirty (30) days of that notice, the City, or its authorized agent, may restore the Franchise Area. PSE shall be responsible for all costs and expenses incurred by the City in restoring the Franchise Area in accordance with this section. The remedy granted to the City under this section shall be in addition to those otherwise provided by this Franchise.
- 10.3 All work by Puget pursuant to this Section 10 shall be performed in accordance with the permit issued by the City, together with the laws of the State of Washington, Kenmore Municipal Code and applicable regulations and standards of the City as the same now exists or as may be hereafter amended or superseded.

Section 11. Bonding Requirement

- 11.1 Before undertaking any of the work authorized by this Franchise, Puget shall furnish a bond executed by Puget and a corporate surety authorized to do surety business in the State of Washington, in a sum to be set and approved by the Public Works Director as reasonably sufficient to ensure performance of Puget's obligations under this Franchise. The bond shall be conditioned so that Puget shall observe all the covenants, terms and conditions and faithfully perform all of the obligations of this Franchise, and to restore or replace any defective work or materials discovered in the restoration of the Franchise Area within a period of two (2) years from the final City inspection date of any such restoration. Puget may meet the obligations of this section with one (1) or more bonds acceptable to the City. In the event that a bond furnished pursuant to this section is canceled by the surety, after proper notice and pursuant to the terms of said bond, Puget shall, prior to the expiration of said bond, procure a replacement bond which complies with the terms of this section.
- 11.2 With respect to undertaking any of the work authorized by this Franchise, in the event Puget fails to perform its obligations under this Franchise and further fails to cure its deficiency within a reasonable period of time after receipt of written notice of such deficiency by the City, then the City may use any bond(s) furnished by Puget pursuant to Section 11.1 to cure such deficiency. Neither the amount of such bond(s) nor the City's use thereof shall limit the City's full recovery from Puget of costs incurred by the City to cure such deficiency.
- 11.3 In the event the City makes use of such bond(s) furnished by Puget pursuant to Section 11.2, the City shall promptly provide written notice of same to Puget. Within thirty (30) days of receipt of such notice, Puget shall replenish or replace such bond(s) as provided in Section 11.1.
- 11.4 The rights reserved to the City by this Section 11 are in addition to other rights of the City whether reserved by this Franchise or authorized by law, and no action, proceeding, or exercise of right under this Section 11 shall constitute an election or waiver of any rights or other remedies the City may have.

Section 12. Underground Installation of Facilities

- 12.1 Puget acknowledges that the City desires to promote a policy of underground installation of Facilities within the Franchise Area. The City acknowledges that Puget provides electrical and gas service on a non-preferential basis subject to and in accordance with applicable Tariffs on file with the WUTC. Subject to and in accordance with such Tariffs, Puget will cooperate with the City in the formulation of policy and development regulations concerning underground installation of Puget's Facilities within the Franchise Area.
- 12.2 New extensions of electric Facilities that operate at 15,000 volts (15kV) or less constructed by Puget within the Franchise Area during the term of this Franchise shall be located underground subject to and in accordance with applicable Tariffs on file with the WUTC; provided that extensions of existing overhead Facilities of up to five spans or 500 feet (whichever is less) may, subject to the City's prior written consent which shall not be unreasonably withheld, be installed overhead in locations having other existing overhead utilities.

- 12.3 If, during the term of this Franchise, the City shall direct Puget to replace (convert) its overhead electric distribution Facilities (15kV or less) then existing within the Franchise Area with underground Facilities, such underground conversion shall be arranged and accomplished subject to and in accordance with applicable Tariffs on file with the WUTC.
- 12.4 This Section 12 shall govern all matters related to underground installation of Puget's Facilities within the Franchise Area.

Section 13. Relocation of Facilities

- 13.1 Whenever the City undertakes (or causes to be undertaken at City expense) the construction of any public works improvement within the Franchise Area, or the Public Works Director reasonably determines that Puget's Facilities interfere with the free and safe passage of pedestrian and/or vehicular traffic pursuant to Section 7 above, and such public works improvement or interference necessitates the relocation of Puget's Facilities then existing within the Franchise Area, the City shall:

- (i) provide Puget, within a reasonable time prior to the City's commencement of activities requiring such public works improvement, written notice requesting such relocation; and
- (ii) provide Puget with copies of relevant portions of the City's plans and specifications for such public works improvement.

After receipt of such notice and such plans and specifications, Puget shall relocate such Facilities within the Franchise Area at no charge to the City. If, during the construction of any such public works improvement, an emergency posing a threat to public safety or welfare, or a substantial risk of severe economic consequences to the City, arises requiring the relocation of Puget's Facilities within the Franchise Area, the City shall give Puget notice of the emergency as soon as reasonably practicable. Upon receipt of such notice from the City, Puget shall endeavor to respond as soon as reasonably practicable to relocate the affected Facilities at no charge to the City.

- 13.2 The City shall act in good faith and shall use its best efforts to provide sufficient space within the Franchise Area for the safe and efficient installation, operation, repair and maintenance of the relocated Facilities. Puget shall act in good faith and shall use its best efforts to install relocated Facilities in such space within the Franchise Area, consistent with prudent utility practice. If the City and Puget agree that there is not sufficient space for the relocated Facilities in the existing Franchise Area, then, unless otherwise mutually agreed by the City and Puget, the City shall provide sufficient space for the relocated Facilities by obtaining additional right-of-way or other equivalent rights mutually agreeable to the City and Puget, which shall be Franchise Area, title of which shall be in the City's name.
- 13.3 Puget may install relocated Facilities on property outside of the Franchise Area, the rights for which shall be obtained by Puget at no expense to the City, if:
 - (i) notwithstanding the use of best efforts by the City and Puget as outlined above, the City and Puget do not agree whether there is or will be sufficient space within the Franchise Area for the relocated Facilities, or
 - (ii) locating such relocated Facilities within such space within the Franchise Area would be inconsistent with prudent utility practice.

The City and Puget shall each act in good faith and use their respective best efforts to mutually agree on the location of such relocated Facilities outside of the Franchise Area. Absent such mutual agreement, nothing in this Section 13 shall limit the rights of the City or Puget with respect to acquisition or use of property rights outside of the Franchise Area.

- 13.4 If the City requires the subsequent relocation of any Facilities within five (5) years from the date of relocation of such Facilities pursuant to Sections 13.1-13.3, the City shall reimburse Puget for all costs incurred by Puget in connection such subsequent relocation.
- 13.5 Puget shall have the right as a condition of any relocation described in this Section 13.5 to require such person or entity other than the City to make payment to Puget, at a time and upon terms acceptable to Puget, for any and all costs and expenses incurred by Puget in the relocation of Puget's Facilities whenever:
 - (i) any person or entity, other than the City, requires the relocation of Puget's Facilities to accommodate the work of such person or entity within the Franchise Area, including but not limited to, activities relating to development, roadway frontage improvements or mitigation of impacts; or
 - (ii) the City requires any person or entity to undertake work (other than work undertaken at the City's cost and expense) within the Franchise Area and such work requires the relocation of Puget's Facilities within the Franchise Area.
- 13.6 Any condition or requirement imposed by the City upon any other person or entity (including, without limitation, any condition or requirement imposed pursuant to any contract or in conjunction with approvals or permits obtained pursuant to any zoning, land use, construction or other development regulation) which requires the relocation of Puget's Facilities within the Franchise Area shall be a condition or requirement causing relocation of Puget's Facilities to occur subject to the provisions of Section 13.5 above; provided, however:
 - (i) in the event the City reasonably determines and notifies Puget that the primary purpose of imposing such condition or requirement upon such person or entity is to cause the construction of a public works improvement within a segment of the Franchise Area on the City's behalf, and
 - (ii) such public works improvement is otherwise reflected in the City's adopted Six-Year Capital Improvement Program; Transportation Improvement Program; or Transportation Facilities Program;

Then only those costs and expenses incurred by Puget in connecting such relocated Facilities with Puget's other Facilities shall be paid to Puget by such person or entity, and Puget shall otherwise relocate its Facilities within such segment of the Franchise Area in accordance with Sections 13.1-13.3.

- 13.7 As to any relocation of Puget's Facilities whereby the cost and expense thereof is to be borne by Puget in accordance with Sections 13.1-13.3, Puget may, after receipt of written notice requesting such relocation, submit in writing to the City alternatives to relocation of its Facilities. Upon the City's receipt from Puget of such written alternatives, the City shall evaluate such alternatives and shall advise Puget in writing if one or more of such alternatives is suitable to accommodate the work which would otherwise necessitate relocation of Puget's Facilities. In evaluating such alternatives, the City shall give each alternative proposed by Puget full and fair consideration with

due regard to all facts and circumstances which bear upon the practicality of relocation and alternatives to relocation. No alternatives proposed by Puget shall be evaluated by the City in an arbitrary or capricious manner. In the event the City determines that such alternatives are not appropriate, Puget shall relocate its Facilities as otherwise provided in Sections 13.1-13.3.

- 13.8 Nothing in this Section 13 shall require Puget to bear any cost or expense in connection with the location or relocation of any Facilities existing under benefit of easement or, except for the rights described in Section 5.2, other prior rights.

Section 14. Coordination/ Shared Excavations

- 14.1 Puget and the City shall each exercise best reasonable efforts to coordinate construction work either may undertake within the Franchise Area so as to promote the orderly and expeditious performance and completion of such work as a whole. Such efforts shall include, at a minimum, reasonable and diligent efforts to inform the other party and other utilities within the Franchise Area of its intent to undertake such construction work. Puget and the City shall further exercise best reasonable efforts to minimize delay or hindrance to construction work undertaken by themselves and other utilities within the Franchise Area.
- 14.2 If, at any time or from time to time, either Puget or the City shall cause excavations to be made within the Franchise Area, the party causing such excavation to be made shall afford the other, upon receipt of a written request to do so, an opportunity to use such excavation, provided that:
- (i) such joint use shall not unreasonably delay the work of the party causing the excavation to be made; and
 - (ii) such joint use shall be arranged and accomplished on terms and conditions satisfactory to both parties.

Section 15. City Use of Facilities

- 15.1 During the term of this Franchise, and with respect to poles which are Facilities and which are (a) wholly owned by Puget and (b) within the Franchise Area, the City, subject to Puget's prior written consent which shall not be unreasonably withheld, may install and maintain City-owned overhead wires upon such poles for police, fire, traffic control and other noncommercial municipal communications purposes. The foregoing rights of the City to install and maintain such wires and cable are further subject to the following:
- (i) Such installation and maintenance shall be done by the City at its sole risk and expense, in accordance with all applicable laws, and subject to such reasonable requirements as Puget may specify from time to time (including, without limitation, requirements accommodating Puget's Facilities or the facilities of other parties having the right to use Puget's Facilities);
 - (ii) Puget shall have no obligation arising under the indemnity and insurance provisions of this Franchise as to any circumstances directly or indirectly caused by or related to such City-owned wires or the installation or maintenance thereof; and

- (iii) The City shall indemnify, defend and hold harmless Puget in connection with the City's use of Puget's Facilities; and
- (iv) Puget shall not charge the City a fee for the use of such poles in accordance with this Section 15 as a mean of deriving revenue therefrom (such as a rental or lease fee); provided, however, nothing herein shall require Puget to bear any cost or expense in connection with such installation and maintenance by the City.

Section 16. Moving Buildings Within the Franchise Area

- 16.1 If any person or entity other than the City obtains permission in the form of a permit from the City to use the Franchise Area for the moving or removal of any building or other object, the City shall, prior to granting such permission, require such person or entity to make any necessary arrangements with Puget for the temporary adjustment of Puget's wires to accommodate the moving or removal of such building or other object. Such necessary arrangements with Puget shall be made, to Puget's satisfaction, not less than fourteen (14) days prior to the moving or removal of said building or other object. In such event, Puget shall, at the expense of the person or entity desiring to move or remove such building or other object, adjust any of its wires which may obstruct the moving or removal of such building or other object, provided that:
- (i) the moving or removal of such building or other object which necessitates the adjustment of wires shall be done at a reasonable time and in a reasonable manner so as not to unreasonably interfere with Puget's business; and
 - (ii) the person or entity other than the City obtaining such permission from the City to move or remove such building or other object shall be required to indemnify and hold Puget harmless from any and all claims and demands made against it on account of injury or damage to the person or property of another arising out of or in conjunction with the moving or removal of such building or other object, to the extent such injury or damage is caused by the negligence of the person or entity moving or removing such building or other object or the negligence of the agents, servants or employees of the person or entity moving or removing such building or other object.

Section 17. Records of Installation and Planning

- 17.1 Upon the City's reasonable request, Puget shall promptly provide to the City copies of available plans of improvements, relocations and conversions to its Facilities within the Franchise Area; provided, however, any such plans so submitted shall be for informational purposes only and shall not obligate Puget to undertake any specific improvements within the Franchise Area, nor shall such plan be construed as a proposal to undertake any specific improvements within the Franchise Area.
- 17.2 Upon the City's reasonable request, Puget shall provide to the City copies of available drawings in use by Puget showing the approximate location of Puget's Facilities at specified locations within the Franchise Area. Puget shall further provide, upon the City's reasonable request in connection with the City's design of new streets and intersections and major renovations of existing streets and intersections, field marking of Puget's underground Facilities within the Franchise Area, if such Facilities can be so

field marked with reasonable accuracy using devices designed to respond to the presence of Puget's underground Facilities. Notwithstanding the foregoing, however, Puget does not warrant the accuracy or sufficiency of any such drawings or field markings or other information provided by Puget, and Puget shall not be liable to the City or others for any errors or defects in the same.

- 17.3 In addition, whenever Puget and the City agree that it is mutually beneficial to both parties in connection with the design of new streets and intersections and major renovations of existing streets and intersections, Puget shall verify the actual location of its underground Facilities within the Franchise Area by excavating, including pot holing, at no expense to the City.
- 17.4 Notwithstanding the foregoing, nothing in this Section 17 is intended (nor shall be construed) to relieve either party of their respective obligations arising under applicable law with respect to determining the location of utility facilities.

Section 18. Vegetation Management

- 18.1 Puget shall, on an annual basis, provide the City a list of locations within the Franchise Area at which Puget anticipates performing vegetation management activities; provided that such list shall not limit Puget's right under this Franchise to cut, trim or otherwise remove vegetation at any time within the Franchise Area which, due to proximity to Puget's facilities, pose an imminent threat to public safety or the reliable operation of Puget's facilities.
- 18.2 Puget shall, in coordination with the City, identify vegetation species appropriate for location in proximity to Puget's facilities and shall cooperatively act with the City to promote use of such identified species within and adjacent to the Franchise Area.
- 18.3 Puget shall not commence non-emergency vegetation management work without notice to abutting private property owners or occupants at least ten (10) working days in advance of the work to be performed, including the location and description of the work to be performed, the date work is planned to commence, and a contact name and telephone number at Puget. In performing vegetation management work, Puget shall comply with ANSI 300 pruning standards.
- 18.4 At the request of an abutting private property owner, Puget shall employ or consult with a certified arborist to assess the type of pruning proposed to be done and/or shall provide the abutting owner with alternatives to the type of pruning proposed to be done. Puget will reasonably consider alternatives proposed by the abutting property owner and any arborist hired by the property owner.
- 18.5 Nothing in this Franchise is intended to absolve Puget from any liability resulting from damage caused by trees that are severely pruned or topped by Puget and subsequently fall as a result of such pruning or topping.

Section 19 Condemnation.

The existence of this Franchise shall not preclude the City from acquiring by condemnation, in accordance with applicable law, all or a portion of Puget's Facilities within the Franchise Area.

Section 20 Indemnification

- 20.1 Puget shall indemnify, defend and hold the City, its agents, officers or employees harmless from and against any and all claims, demands, liability, loss, cost, damage or expense of any nature whatsoever including all costs and attorneys' fees, made against the City, its agents, officers or employees on account of injury, harm, death or damage to persons or property which is caused by, in whole or in part to the extent of, the willfully tortious, or negligent acts, or negligent omissions of Puget or its agents, servants, employees, contractors, or subcontractors in the exercise of the rights granted to Puget by this Franchise. Provided, however, such indemnification shall not extend to any and all claims, demands, liability, loss, cost, damage or expense of any nature whatsoever including all costs and attorneys' fees caused by the negligence of the City, its agents, employees, officers, contractors or subcontractors.
- 20.2 Puget's indemnification obligations pursuant to Subsection 20.1 shall include assuming potential liability for actions brought by Puget's own employees and the employees of Puget's agents, representatives, contractors, and subcontractors even though Puget might be immune under Title 51 RCW from direct suit brought by such employees. It is expressly agreed and understood that this assumption of potential liability for actions brought by the aforementioned employees is limited solely to claims against the City arising by virtue of Puget's exercise of the rights set forth in this Franchise. The obligations of Puget under this Subsection 20.2 have been mutually negotiated by the parties hereto, and Puget acknowledges that the City would not enter into this Franchise without Puget's waiver thereof. To the extent required to provide this indemnification and this indemnification only, Puget waives its immunity under Title 51 RCW as provided in RCW 4.24.115.
- 20.3 In the event any matter (for which the City intends to assert its rights under this Section 20) is presented to or filed with the City, the City shall promptly notify Puget thereof and Puget shall have the right, at its election and at its sole cost and expense, to settle and compromise such matter as it pertains to Puget's responsibility to indemnify, defend and hold harmless the City, its agents, officers or employees. In the event any suit or action be started against the City based upon any such matter, the City shall likewise promptly notify Puget thereof, and Puget shall have the right, at its election and at its sole cost and expense, to settle and compromise such suit or action, or defend the same at its sole cost and expense, by attorneys of its own election, as it pertains to Puget's responsibility to indemnify, defend and hold harmless the City, its agents, officers or employees.

Section 21. Insurance

- 21.1 Puget shall procure and maintain for the duration of the Franchise, insurance, or in lieu thereof provide self-insurance, against all 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 Puget, its agents, representatives or employees. Puget shall provide certificate(s) of insurance (Form CG2010 ISO or equivalent) and/or evidence of self-insurance, together with an endorsement naming the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers as additional insureds, to the City for its inspection prior to the commencement of any work or installation of any Facilities pursuant to this Franchise. Such certificate(s) of insurance and/or evidence of self-insurance shall evidence the following minimum coverages:

- (i) Commercial general liability insurance or excess liability insurance, including coverage for premises-operations, explosions and collapse hazard, underground hazard and products completed hazard, written on an occurrence basis, with limits not less than:
 - A. \$2,000,000 for bodily injury or death to each person; and
 - B. \$2,000,000 for property damage resulting from any one accident.
 - (ii) Automobile liability for owned, non-owned and hired vehicles with a limit of \$2,000,000 for each person and \$2,000,000 for each accident.
 - (iii) Worker's compensation within statutory limits and employer's liability insurance with limits of not less than \$2,000,000.
- 21.2 Puget shall maintain the liability insurance policies required by this Section 21 throughout the term of this Franchise. Any deductibles or self-insured retentions must be declared to and approved by the City. Payment of deductibles and self-insured retentions shall be the sole responsibility of Puget.
- 21.3 Puget's insurance shall be primary insurance with respect to the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers. Any insurance maintained by the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers shall be in excess of Puget's insurance and shall not contribute with it.
- 21.4 The cancellation clause of any certificate(s) of insurance (ACORD Form 25 or equivalent) provided to the City pursuant to Section 21.1 shall include the following provision:
- "Should any of the policies described by this certificate be canceled before the expiration date thereof, the issuing company will provide at least thirty (30) days written notice thereof to the certificate holder."
- 21.5 In the event any of the insurance required by this Section 21 is canceled or otherwise not renewed during the term of this Franchise, Puget shall promptly acquire replacement insurance or shall utilize self insurance to restore and maintain the amount of coverage required by this Section 21 and shall promptly provide to the City certificate(s) of insurance or evidence of self insurance as provided in this Section 21 as may be applicable.

Section 22. Default

- 22.1 If Puget shall fail to materially comply with any of the provisions of this Franchise, unless otherwise provided for herein, the City may serve upon Puget a written order to so comply within thirty (30) days from the date such order is received by Puget. If Puget is not in material compliance with this Franchise after expiration of said thirty (30) day period, the City may declare an immediate forfeiture of this Franchise, provided, however, if any failure to materially comply with this Franchise by Puget cannot be corrected with due diligence within said thirty (30) day period then the time within which Puget may so comply may be extended for a period of time as may be reasonably necessary and as agreed upon by the parties, so long as Puget commences promptly and diligently to effect such material compliance.
- 22.2 Notwithstanding Puget's obligation to comply and to proceed with due diligence to correct any default, the City recognizes that unavoidable delays and events beyond

Puget's control may occur. In such event the parties agree that Puget shall make a good faith effort to expeditiously remedy the default. In the event of a declaration of forfeiture, should either party commence litigation against the other to appeal (in the case of Puget) or enforce (in the case of the City) such declaration of forfeiture, the prevailing party in any such litigation shall be entitled to recover its costs, including reasonable attorneys fees.

Section 23. Reimbursement of Administrative Costs

- 23.1 As specifically provided by RCW 35.21.860, the City may not impose a franchise fee or any other fee or charge of whatever nature or description upon Puget, except, as provided in RCW 35.21.860,
- 23.2 Puget shall reimburse the City for all actual administrative expenses and costs incurred by the City that are directly related to negotiating, reviewing and approving this Franchise, to reviewing and approving a permit or license pursuant to this Franchise, to inspecting plans and construction pursuant to this Franchise, and to preparing a detailed statement, as may be required by Chapter 43.21C RCW.
- 23.3 The City shall invoice Puget for all administrative expenses and costs to be reimbursed by Puget hereunder including an itemized statement showing such expenses and costs. Puget shall promptly remit payment therefore as provided in applicable adopted City codes, regulations and rules. Notwithstanding any other provision of this Franchise, no acceptance by Puget of this Franchise shall be effective in the absence of reimbursement for negotiating, reviewing and approving this Franchise.
- 23.4 If Puget disputes any expense or cost included on the City's invoice, Puget shall promptly notify the City thereof and shall otherwise promptly remit payment for any and all undisputed expense and costs included on the City's invoice. As to any expense or cost disputed by Puget, Puget shall promptly provide written identification of such disputed amount(s) together with its written justification for such dispute to the City for the City's consideration. Puget and the City shall work together in good faith to resolve any disputed amount(s), including provision by either or both parties of such further information and documentation supporting or refuting such disputed amount(s) as may reasonably and practically be provided. In the event such dispute is not resolved through discussion of the parties, the dispute shall be resolved as otherwise provided for or prescribed by adopted City codes, regulations and rules. Until any such dispute is resolved by the Parties the City may, at its sole discretion, suspend work being performed by the City or Puget and/or withhold City issued permits or City approvals related to such disputed amount(s). Such dispute will not otherwise effect any other obligation of the parties under this Franchise or under any applicable City code, regulation or rule.

Section 24. Utility Tax

Puget acknowledges that the City is authorized under the laws of Washington State to impose certain taxes upon Puget. Nothing in this Franchise shall exempt (nor shall be construed to exempt) Puget from payment of any and all such taxes lawfully imposed by Kenmore Municipal Code, as may hereafter be lawfully amended or superseded, and due from Puget; provided, nothing in this Section 24 shall be construed in any way as a waiver of Puget's rights to contest the validity of any such tax or the amount of any tax due. If payment of such taxes is not made by Puget in a timely manner, the City reserves the right, at its sole option, to

inter alia suspend the rights granted to Puget by this Franchise until such time that Puget pays such taxes or Puget and the City otherwise resolve any matter concerning payment thereof.

Section 25. Assignment of Franchise

All of the provisions, conditions and requirements herein contained shall be binding upon Puget and the City. Puget may not assign or otherwise transfer its rights, privileges, authority and franchise herein conferred without the prior written authorization and approval of the City, which such authorization and approval shall not be unreasonably withheld. The City hereby authorizes and approves Puget to mortgage its rights, privileges, authority and franchise in and under this Franchise to the Trustee for its bondholders.

Section 26. Severability and Survival

- 26.1 If any term, provision, condition or portion of this Franchise shall be held to be invalid such invalidity shall not affect the validity of the remaining portions of this Franchise which shall continue in full force and effect. The headings of the sections and paragraphs of this Franchise are for convenience of reference only and are not intended to restrict, affect or be of any weight in the interpretation or construction of the provisions of such sections or paragraphs.
- 26.2 All provisions, conditions and requirements of this Franchise that may be reasonably construed to survive the termination or expiration of this Franchise shall survive the termination or expiration of the Franchise. Subject to Section 6 above, the parties' respective rights and interests under this Franchise shall inure to the benefit of their respective successors and assigns.

Section 27. Amendments to Franchise

- 27.1 This Franchise may be amended only by mutual agreement thereto, set forth in writing in the form of a City ordinance, signed by both parties, which specifically states that it is an amendment to this Franchise and is approved and executed in accordance with the laws of the State of Washington and the City of Kenmore. Without limiting the generality of the foregoing, this Franchise (including, without limitation the Sections addressing indemnification and insurance) shall govern and supersede and shall not be changed, modified, deleted, added to, supplemented or otherwise amended by any permit, approval, license, agreement or other document required by or obtained from the City in conjunction with the exercise (or failure to exercise) by Puget of any and all of its rights, benefits, privileges, obligations or duties in and under this Franchise, unless such permit, approval, license, agreement or other document specifically:
 - (i) references this Franchise; and
 - (ii) states that it supersedes this Franchise to the extent it contains terms and conditions which change, modify, delete, add to, supplement or otherwise amend the terms and conditions of this Franchise.
- 27.2 This Franchise is subject to the provisions of any applicable Tariff on file with and accepted by the WUTC. In the event of any conflict or any inconsistency between the provisions of this Franchise and such Tariff, the provisions of such Tariff shall control.

27.3 The parties agree to renegotiate the terms of this Franchise, if, during the term of this Franchise there becomes effective any change in federal or state law which:

(a) Affords either party the opportunity to negotiate in good faith a term or condition of this Franchise which term or condition would not, prior to such change, have been consistent with federal or state law; or

(b) Pre-empts or otherwise renders null and void any term or condition of this Franchise which has been negotiated in good faith;

then, in such event, either party may, within one hundred eighty (180) days of the effective date of such change in federal or state law request in writing to commence negotiations to amend this Franchise. Such negotiations shall encompass only the specific term or condition affected by such change in federal or state law and neither party shall be obligated to re-open negotiations on any other term or condition of this Franchise. Within thirty (30) days from and after receipt of such written request, the parties shall, at a mutually agreeable time and place, commence such negotiations. Pending completion of such negotiations resulting in mutually agreeable amendment of this Franchise, adoption of such amendment by Ordinance by the City and acceptance of such Ordinance by Puget, and except as to any portion thereof which has been pre-empted or otherwise rendered null and void by such change in federal or state law, this Franchise shall remain in full force and effect.

Section 28. No Third Party Beneficiary

Nothing in this Franchise shall be construed to create any rights in or duties to any third party, nor any liability to or standard of care with reference to any third party. This Franchise shall not confer any right or remedy upon any person other than the parties. No action may be commenced or prosecuted against any party by any third party claiming as a third party beneficiary of this Franchise. This Franchise shall not release or discharge any obligation or liability of any third party to either party.

Section 29. Notice of Tariff Changes

Puget shall, when making application for any changes in Tariffs affecting the provisions of the Franchise, notify the City in writing of the application and provide the Public Works Director with a copy of the submitted application within five (5) days of filing with the WUTC. Puget shall further provide the Public Works Director with a copy of any approved Tariff change affecting the provisions of this Franchise.

Section 30. Repealer

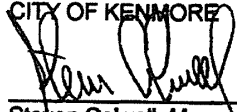
Upon the effective date of this Ordinance and acceptance of such Ordinance and Franchise by Puget, City ordinance 98-0030 shall be deemed repealed.

Section 31. Effective Date

This Ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 25th of July, 2005.

CITY OF KENMORE


Steven Colwell, Mayor

ATTEST/AUTHENTICATED:


Lynn Batchelor, City Clerk

Approved as to form:


Rod Kaseguma, City Attorney

Filed with the City Clerk:	July 15, 2005
Passed by the City Council:	July 25, 2005
Ordinance No.:	05-0233
Date of Publication:	July 29, 2005
Effective Date:	August 3, 2005

HONORABLE MAYOR AND CITY COUNCIL
CITY OF KENMORE, WASHINGTON

In the matter of the application :
of Puget Sound Energy, Inc., a : Franchise Ordinance No. 05-0233
Washington corporation, for a :
franchise to construct, operate :
and maintain facilities in, upon, :
over under, along, across and :
through the franchise area of the : ACCEPTANCE
City of Kenmore, Washington :

WHEREAS, the City Council of the City of Kenmore, Washington, has granted a franchise to Puget Sound Energy, Inc., a Washington corporation, its successors and assigns, by enacting Ordinance No. 05-0233, bearing the date of July 25, 2005; and

WHEREAS, a copy of said Ordinance granting said franchise was received by the Puget Sound Energy, Inc. on August 29, 2005, from said City of Kenmore, King County, Washington.

NOW, THEREFORE, Puget Sound Energy, Inc., a Washington corporation, for itself, its successors and assigns, hereby accepts said Ordinance and all the terms and conditions thereof, and files this, its written acceptance, with the City of Kenmore, King County, Washington.

IN TESTIMONY WHEREOF said Puget Sound Energy, Inc. has caused this written Acceptance to be executed in its name by its undersigned Director of Community Services thereunto duly authorized on this 8th day of September, 2005.

ATTEST:

By:

Jason VanTha

PUGET SOUND ENERGY, INC.

By:

Mark Bouman

Copy received for City of Kenmore
on Sept. 14, 2005

By:

Piper Batchelor
City Clerk

PROPOSED CITY OF KENMORE POSITION
FOR PUGET SOUND ENERGY FRANCHISE
AGREEMENT DISCUSSIONS

February 27, 2017

POWER RELIABILITY IN KENMORE

- Circuits Serving Kenmore Are Among the Least Reliable in PSE's Entire System
- One of the Ten Circuits Serving Kenmore Performed Better than 50% of PSE's System-wide Circuits
- Seven of the Ten Circuits Serving Kenmore Performed at the Lowest Quartile in the PSE System
- Reliability Measures: System Average Interruption Frequency Index (SAIFI)
System Average Interruption Duration Index (SAIDI)

EXPONENT ENGINEERING RELIABILITY ASSESSMENT

- Many Distribution Circuits are Older Vintage Equipment in Heavily Forested Areas
- Expedite Recloser and Sectionalizing Switches Installation
- Implement Plans to Rebuild Circuits 26, 27, 23 and Reliability Issues in Other Circuits
- More Frequent Vegetation Management Patrols and Trimming
- Install Modern Technologies Currently Available in Other Cities
- Detailed Reliability Reports by Circuit and Regular Reporting to City
- Establish a Protocol for Reviewing City Growth Plans

GOALS FOR NEW AGREEMENT=TURNAROUND

- Aggressive Actions to Remedy Reliability Crisis
- Update Construction and Relocation Provisions
- Better Information on Third Party Users of PSE Equipment
- Embrace New Technology and Sustainability
- Accountability to Customers and Community

RECENT PSE PROJECTS AND PLANS

- Moorlands Vitulli Transmission Line Upgrade (2016)
- New Switches and Reclosers in North Kenmore and near Simons Road (2016)
- Distribution Automation Project in South Kenmore (2016)
- Feeder Reroute + Tree Wire NE 196th Street (2017-2018)
- Feeder Reconductor + Tree Wire NE 185th Street (2017-2018)
- Feeder Reconductor + Tree Wire NE Arrowhead Drive (2017-2018)

GENERAL TERMS

- 5 Year Agreement Term
- Non Exclusive Franchise: Natural Gas and Electric Transmission and Distribution
- \$500,000 Security Device
- Emergency Services Planning and Coordination
- Engage with Comprehensive Planning Projects

CONSTRUCTION, FACILITIES AND UNDERGROUNDING

- Facilities in the Franchise Area (Right of Way) may not interfere with safe passage of pedestrian, **bicycle** and/or vehicle traffic and reasonable access to properties. Compliance with City and **ADA** Standards.
- Procedures for removal or decommissioning of unused facilities
- City requests for undergrounding can be covered by PSE with cost recovery from rate payers
- Relocation process improvements
- Improved GIS maps and records of facility locations

THIRD PARTY USERS

- Provide Information and Maps of Leased Pole Space
- Third Party Users Must Have Relevant City Permits and Franchise Agreements
- If Relocation is Necessary, PSE is Responsible for Relocating Third Party Facilities on its Poles

VEGETATION AND EASEMENT MANAGEMENT

- Accelerate Vegetation Patrols and Trimming to Annual
- City Staff May Accompany PSE on Patrols
- Immediate Trimming in Areas Prone to Tree Related Outages
- Compliance Performance Reviews; Adopt Vegetation Standards of Neighboring Providers or Demonstrate that PSE Standards Provide Comparable Reliability
- Arborist Consultation and Crew Training on Pruning Standards
- Communicate Directly Annually with Property Owners with Easements on Easement Maintenance and Enforcement

RELIABILITY REPORTING

- Annual Reports for Past Five Years on Outage Frequency and Duration by Circuit and Citywide; Compare to Neighboring Cities and PSE Systemwide
- Identify Corrective Actions and Projects for Any Circuits That Exceed System Average for the Previous Year
- Annual Reports on All Outages, Including Circuit, Cause, Duration, Equipment, and Number of Customers Affected
- Annual Reports on Projects Planned for a Three Year Period, Including Smart Grid or Other Innovative Measures
- Annual Presentation and Reports to City Council

RELIABILITY INVESTMENT

- Agree on Process to Improve Reliability of Low Performing Circuits (MOU) and Agree to Fund Identified Reliability Improvements
- Include Smart Grid Technology in Capital Improvement Plan
- Dedicate a Line Crew to Kenmore
- Grid Tie Technology
- Reduce Reliance on Fossil Fuel Generated Power
- Agree to Allow Other Utilities to Co-locate on PSE Facilities if Safety Standards are Met

CONSIDERATIONS TO COMMUNITY

- Agree to 24 Hour Response Time to Vegetation Inquiries from Customers
- Report to City on Customer Complaints to PSE and to the Washington Utilities and Transportation Commission (WUTC)
- Provide Service Quality Indices as Reported to WUTC
- Provide Information to Customers for Applying for Rebates/Restitution Related to Loss or Damages from Non Storm Outages
- Provide One Electric Vehicle Charging Station
- Offer Small Business Direct Install Annually

QUESTIONS AND DISCUSSION

