



City of Kenmore - 18120 68th Avenue NE - P.O. Box 82607 - Kenmore, WA 98028
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City of Kenmore
REVISED City Council Regular Meeting Agenda

7:00 p.m., Monday, November 24, 2014

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. PRESENTATION

- A. White House 5-Gold Medal Achiever for Let's Move! Cities, Towns and Counties - Rob Karlinsey, City Manager

VI. 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.

VII. CONSENT AGENDA

- A. Adopt Minutes for the November 3, 2014 City Council Meeting
[Draft Minutes](#)
- B. Approve SR 522 West A Project Agreements with Frontier, Contract No. 14-C1333; Puget Sound Energy, Contract No. 14-C1334; and Seattle City Light, Contract No. 14-C1337
[Agenda Bill & Attachments](#)

VIII. PUBLIC HEARING

- A. Public Hearing to Receive Public Testimony on Allowing a "Drive-Through Service" as a Temporary Use at 6532 NE Bothell Way in the Downtown

Commercial Zone - Bryan Hampson, Development Services Director
[Agenda Bill & Attachments](#)

IX. BUSINESS AGENDA

- A. Allow a "Drive-Through Service" as a Temporary Use for One Year at 6532 NE Bothell Way in the Downtown Commercial Zone, Subject to Conditions - Bryan Hampson, Development Services Director
[Agenda Bill & Attachments \(same as "Public Hearing" above\)](#)
- B. Council Reconsideration of Heights in Proposed Waterfront Commercial Zone - Debbie Bent, Community Development Director
[Agenda Bill & Attachments](#)
- C. Authorize City Manager to Execute Contract No. 14-C1345, with CRW Systems, Inc. for Development Services Software, and Contract No. 14-C1346 for Software Maintenance and Support - Bryan Hampson, Development Services Director
[Agenda Bill & Attachments](#)
- D. Continuation of 2015-2016 Biennial Budget Discussion - Rob Karlinsey, City Manager
 - Business Incubator
 - Strategic Opportunities Fund
 - Kenmore Village Fund, Town Green Cost Estimate[Business Incubator Memo](#)
- E. Adopt Ordinance No. 14-0388, Relating to the 2015 Regular Property Tax Levy; Providing for Severability; and Establishing an Effective Date - Rob Karlinsey, City Manager
[Agenda Bill & Attachment](#)

X. STAFF REPORT

XI. COUNCILMEMBER REPORTS & COMMENTS

XII. COUNCILMEMBER INITIATIVES

XIII. ADJOURNMENT

Upcoming Meetings:

Mon., December 1, 2014 7:00 p.m. City Council Special Executive Session
Tues., December 2, 2014 7:00 p.m. Planning Commission Regular Meeting
Mon., December 8, 2014 7:00 p.m. City Council Regular Meeting
Mon., December 15, 2014 7:00 p.m. City Council Regular Meeting

**City of Kenmore, Washington
City Council Special Meeting
Minutes
November 3, 2014**

CALL TO ORDER – The special meeting of the Kenmore City Council was called to order by Mayor David Baker at 5:30 p.m.

Councilmembers present: Mayor David Baker, Deputy Mayor Allan Van Ness and Councilmembers Brent Smith, Laurie Sperry, Milton Curtis, Nigel Herbig and Stacey Denuski

Staff present: Rob Karlinsey, City Manager; Nancy Ousley, Assistant City Manager; Joanne Gregory, Finance & Administration Director; Kris Overleese, Engineering & Environmental Services Director; Bryan Hampson, Development Services Director; Jennifer Gordon, Public Works Operations Manager; Leslie Harris, Management Analyst; Richard Sawyer, Surface Water Program Manager; Lauri Anderson, Senior Planner; Cliff Sether, Police Chief; Rod Kaseguma, City Attorney; and Patty Safrin, City Clerk

PRESENTATION

Presentation of Government Finance Officer Association Awards to Joanne Gregory, Finance & Administration Director, and Brian Randall, Accountant - Mayor Baker announced the receipt of the awards and congratulated Director Gregory, who was present, and Accountant Randall, who was not able to be present.

PROCLAMATION

Proclamation Declaring November 9, 2014 as Bud Eaton Day in Kenmore – Mayor Baker read the proclamation into the record and presented it to members of Leslie G. “Bud” Eaton’s family who were present.

CONSENT AGENDA

Councilmember Denuski moved to approve the consent agenda as submitted.
Councilmember Curtis seconded the motion to Approve Amendment No. 2 to Contract No. 12-C1081 with Osborn Consulting and SR 522 West A Project Agreements with Comcast, Contract No. 14-C1332, and Northshore Utility District (NUD), Contract No. 14-C1335.
The motion passed unanimously.

BUSINESS AGENDA & PUBLIC HEARING

Adopt Resolution No. 14-250, Approving Contract No. 14-C1254, Purchase & Sale Agreement with Main Street Property Group, LLC for Kenmore Village Commercial Property – Rob Karlinsey, City Manager; Andrew Symons, Attorney with Inslee, Best, Doezie & Ryder; Kelly Price, Main Street President; Kim Faust, Main Street Project Manager; and Eric Campbell, Main Street CEO, were present to give a report. They were also available to answer any questions.

City Manager Karlinsey reviewed the process of the City buying the Kenmore Village properties and working to sell the properties and get them developed, including the Purchase and Sale Agreement and Development Agreement with Main Street for the former Park & Ride piece of the property. He recommended Main Street as the buyer and developer of the commercial piece of the Kenmore Village property. He stated that they have demonstrated flexibility and the ability to complete the residential piece in a timely manner, and that their offer for the commercial property was competitive. He reviewed the details of the proposed Purchase and Sale Agreement and stated that the total purchase price will be \$1.15 million.

Kelly Price introduced the Main Street team and spoke briefly about their plans for developing the property. He also spoke about their desire for the Main Street projects and the Town Green project to be in sync with each other and to create a walkable downtown. Eric Campbell reiterated that they see the Town Green and Pavilion pieces as crucial to the development of this property, so they are very supportive.

Councilmember Smith moved to Adopt Resolution No. 14-250, Approving Contract No. 14-C1254, Purchase & Sale Agreement with Main Street Property Group, LLC for Kenmore Village Commercial Property. Councilmember Curtis seconded the motion. The motion passed 7-0.

September 2014 Financial Report for the City of Kenmore, Washington – Joanne Gregory, Finance & Administration Director, was present to give a brief report. She stated that revenues are currently exceeding expenditures by \$154,000. The overall budget picture is favorable, and the current economy is showing positive signs. General Fund revenues are expected to be better than budget by about \$400,000, due largely to sales taxes and development revenues. General Fund expenditures are running several hundred thousand dollars under budget. She stated that staff is recommending any overage in General Fund reserves at the end of the biennium be transferred to the Strategic Opportunities Fund. She also summarized the Street Fund and other funds. She was available to answer any questions.

It was Council consensus to receive and file the September 2014 Financial Report.

PUBLIC HEARING to Receive Public Testimony on Proposed 2015-2016 Budget and Capital Improvement Program (CIP) for 2015-2020 – Joanne Gregory, Finance & Administration Director, was present to give a brief report. She stated that the budget is on the City website and available for review. She highlighted the Proposed Preliminary 2015-2016 Budget and noted that it was developed using the priority-based budgeting process. She detailed some of the changes for 2015-2016, including continued interest in development of multimodal safety. She also reviewed the proposed CIP projects for parks, transportation, and surface water. She was available to answer any questions.

Mayor Baker opened the public hearing to receive public testimony on this issue at 6:24 p.m.

The following citizens spoke:

Andrea Laltoo, 6117 NE 188th Place, Kenmore, was present to thank the City Council for including the safety improvements in the budget, and asked that they keep it in mind for future budget years as well.

Elizabeth Harrison, 32418 NE 50th Street, Carnation, housing manager for Hopelink and manager of the Kenmore shelter, was present to ask the Council to fund human services at least at the current level and to thank Council for funding the work they do to help families and seniors.

Karissa Webster, 15325 75th Avenue NE, Kenmore, was present to thank the Council for all the work that is currently being done on pedestrian and bicycle safety. She stated that she appreciates that Council is willing to ask the citizens for more money to fund these improvements and hopes that this will continue to be a priority.

Clifford (“Chip”) Davidson, Northlake Marina, Kenmore, sent an e-mail to Council, stating his concern regarding development height limits in the proposed Waterfront Commercial Zone.

Barbara Thompson, NAMI Eastside, Redmond, mailed a statement to Council, thanking them for past support and requesting that the Council continue to support the Alliance of Eastside Agencies and its member human service agencies.

As there was no further testimony, Mayor Baker closed the public hearing at 6:31 p.m.

Review and Discussion of Proposed Preliminary 2015-2016 Budget for the City of Kenmore, Washington – Rob Karlinsey, City Manager; Joanne Gregory, Finance & Administration Director; Nancy Ousley, Assistant City Manager; Leslie Harris, Management Analyst; Cliff Sether, Police Chief; Kris Overleese, Engineering & Environmental Services Director; Lauri Anderson, Senior Planner; Bryan Hampson, Development Services Director; and Jennifer Gordon, Public Works Operations Manager were present to report on the various cost centers of the General Fund, and Richard Sawyer, Surface Water Program Manager, was present to report on the Surface Water Fund. They were also available to answer any questions.

City Manager Karlinsey stated that formerly nondepartmental costs are now being allocated to the various departments, linked to department programs. He noted that the final budget narrative sections will explain some of the differences between past budgets and the budget created using the priority-based budgeting process.

It was Council consensus that they would like to have a printout of the priority-based budgeting quartile rankings added as an appendix to the budget.

It was Council consensus that they would like to receive a report showing the changes in the programs from 2014 to 2015 and to 2016.

STAFF REPORT

City Manager Karlinsey thanked the staff team that made the Kenmore Village sale possible.

CITY COUNCILMEMBER REPORTS & COMMENTS

Councilmember Smith stated that he has spoken with Matt Porteous about including some sort of unobtrusive veteran's element into the southwest corner of the Town Green. He requested input from the other Councilmembers, and a discussion followed.

ADJOURNMENT

Mayor Baker adjourned the regular meeting at 10:05 p.m.

David Baker, Mayor

ATTEST:

Patty Safrin, City Clerk



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

Subject/Topic: SR 522 West A Project Agreements with Utilities Proposed Council Action/Motion: 1. Approve SR 522 West A Project Agreements with: • Puget Sound Energy (14-C1334); and • Seattle City Light (14-C1337). 2. Authorize the City Manager to execute an agreement with Frontier for an amount not to exceed \$250,000.	For Council Meeting Agenda of: 11/24/2014 Department: <u>Engineering</u> Prepared by: <u>Kent Vaughan</u> To Be Presented By: <u>N/A</u> Approved by Department Head: <u>KMO 11/20/14</u> Approved by City Attorney: <u>via email</u> Approved by Finance Director: <u>RJK</u> Approved by City Manager: <u>RJK</u> Exhibits/Attachments: Attachment A - **DRAFT Frontier (14-C1333)** Attachment B - Puget Sound Energy (14-C1334) Attachment C - Seattle City Light Agreement (14-C1337)						
<table style="width: 100%; border: none;"> <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 colspan="3" style="text-align: center;">See Fiscal Consideration Below</td> </tr> </table>		Expenditure Required:	Amount Budgeted	Appropriation Required	See Fiscal Consideration Below		
Expenditure Required:	Amount Budgeted	Appropriation Required					
See Fiscal Consideration Below							
<u>INFORMATION/BACKGROUND:</u> <u>Project Status:</u> The project is now being advertised for bids (as of Wednesday November 12, 2014). Once executed, the attached project agreements will be added to the Contract Specifications Appendices Section by written Addendum, prior to the bid opening scheduled for December 10, 2014. <u>Project Agreements:</u> The above listed Utility Owners have work that is incorporated into the West A project. The attached project agreements assign project responsibilities between the Utility Owners and the City in accordance with adopted franchise agreements, tariffs and State law, and provide pre-construction assessments of cost to the Utility Owner. Below is a summary of the project agreements for Council approval. <u>Frontier:</u> The City's franchise agreement with Frontier (2009 transfer from Verizon) is silent on the conversion of underground service process. RCW 35.99.060 states that where aerial to underground relocation is required by the City, the additional incremental cost of underground compared to aerial relocation will be paid by the City requiring relocation. Estimated cost differential to underground compared to aerial (City responsibility): <u>\$250,000</u> <u>Puget Sound Energy (PSE):</u> PSE Electric Tariff G Schedule 74 governs the conversion of underground service for Government entities. Shared costs are allocated 60% to PSE and 40% Government Entity. Shared costs include design, materials, conduit and vault placement, and inspection. 100% Government Entity costs include private conversions, government required upgrades, temporary services, prior relocations/conversions within 5 years, trenching, restoration and surveying.							

S:_T-6-SR 522 West A\Council\2014-11-24-SR 522 West A Project Utility Agreements\2014-11-24-Agenda Bill-rev.docx

Total pre-construction estimate of PSE project cost: \$431,700; City project cost: \$271,100 (excluding trenching, restoration and surveying)

Seattle City Light (SCL): SCL has an aerial fiber optic cable in SR 522 right-of-way that leaves the corridor at 62nd Ave NE. SCL does not have a franchise agreement with the City. SCL will be responsible for 100% of the project cost to underground the cable and will pay proportional shared costs of traffic control, erosion control, utility coordinator, and construction management services.

Total pre-construction estimate of SCL project cost: \$54,206; City project cost: \$0

Staff Recommendation:

Staff has negotiated the terms of the PSE and Seattle City Light project agreements and the project agreements have been reviewed by the City Attorney. Staff recommends that Council approve the project agreements at this time.

Staff continues to negotiate the project agreement with Frontier. Staff believes the City payment to Frontier quoted above is high and is working with Frontier to reach consensus on the estimate. Given the close proximity of the bid opening date for SR 522 West A, staff is requesting Council authorization for the City Manager to execute an agreement with Frontier for an amount not to exceed \$250,000. The latest draft agreement with Frontier is attached.

FISCAL CONSIDERATION:

Estimated costs for the joint utility trench work are included in the approved West A project budget. Final costs and reimbursements will be “trued up” once construction is complete and actual costs are known.

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.

14-C1333

AGREEMENT
BETWEEN FRONTIER COMMUNICATIONS NORTHWEST INC.
AND THE CITY OF KENMORE
SR522 WEST A (61st AVE NE – 65th AVE NE)
CIP PROJECT T-6

THIS AGREEMENT is made and entered into this _____ day of _____, 2014, by and between City of Kenmore, a political subdivision of the State of Washington (hereafter "CITY"), and Frontier Communications Northwest Inc., a Washington corporation (hereafter "FRONTIER").

WHEREAS, the CITY desires to construct road improvements (including aerial to underground utility conversion) to SR 522 from approximately 250 west of 61st Avenue NE to 65th Ave NE; and

WHEREAS, in connection with the CITY'S road improvements, FRONTIER will construct and install certain utilities; and

WHEREAS, FRONTIER finds that it is in the best interest of the public for FRONTIER to work jointly with the CITY on the CITY'S road improvements and to include FRONTIER'S necessary items of work in the CITY'S construction contract for the road improvements; and

WHEREAS, the CITY finds that it is in the best interest of the public for the CITY to work jointly with FRONTIER to accomplish its road improvement project;

NOW, THEREFORE, it is mutually agreed as follows:

I. PURPOSE

The purpose of this Agreement is to provide for joint bidding and contracting of FRONTIER's utility installation project with the CITY's road improvement project. This Agreement will facilitate installation of FRONTIER's utility facilities, to be located within the CITY rights-of-way in the road improvement project area, and sets forth the terms and conditions of the CITY'S engineering, inspection, and contract administration services on behalf of FRONTIER.

II. DURATION OF AGREEMENT

This Agreement shall become effective immediately upon the execution by both parties, and shall remain in effect until either party has received final payments, including all "true-up" payments, as detailed in Section V below, and Exhibit A attached hereto, unless terminated sooner, as provided herein. It is anticipated that this project will be completed by December 2016.

III. CITY RESPONSIBILITY

A. The CITY will undertake a public works construction project for improvements to SR 522 from approximately 250 west of 61st Avenue NE to 65th Ave NE, total length 0.5 miles, including aerial to underground utility conversion ("PROJECT"). The CITY reserves the right to determine not to undertake the PROJECT or to discontinue the PROJECT at any time. In the event that the CITY determines not to undertake the PROJECT, it shall provide written notice to FRONTIER of the same, which shall terminate this Agreement. In the event that the CITY determines to discontinue the PROJECT, the rights and responsibilities of each party upon such termination shall be as provided in Section VII below.

B. The City will be the lead agency for the Project and will be responsible for compliance with WSDOT's Local Agency Guidelines. WSDOT will provide certification acceptance authority during the Design, Right of Way and Construction phases of the Project. The City Engineer or designee shall act as the administrator and the City's representative for this cooperative undertaking.

C. The CITY will include FRONTIER's plans and specifications for the installation of FRONTIER's underground conduit and vault system, and other associated facilities, hereinafter referred to as "TELECOMMUNICATION SYSTEM", within the CITY's plans and specifications for the PROJECT.

D. The CITY shall be responsible for the competitive bidding, award and construction of the PROJECT, and may enter into a contract with the successful bidder, administer the contract and make payments to the contractor on behalf of the CITY and FRONTIER.

E. As required by State law, award of the bid shall be to the lowest responsible bidder submitting a responsive bid for the PROJECT, which includes the TELECOMMUNICATION SYSTEM work.

F. The CITY shall perform all inspections and acceptance of the PROJECT on behalf of the CITY and FRONTIER. Inspection of construction activities shall not constitute a guarantee or warranty of the adequacy of performance.

G. The City shall prepare daily inspection reports, which will be available at City Hall for inspection and copying by FRONTIER. The CITY shall keep as-built record drawings for submission to FRONTIER at the completion of the PROJECT.

H. The CITY shall keep a reasonably itemized and detailed work record covering the cost of services performed on behalf of FRONTIER pursuant to this Agreement. Upon completion of the PROJECT, the CITY will determine its actual cost for the PROJECT. The CITY shall pay for all applicable engineering, labor and materials for the PROJECT in accordance to the Washington State laws, rules and regulations.

I. The CITY shall provide FRONTIER with an electronic copy of the "as built" plan sheets showing the TELECOMMUNICATION SYSTEM, provided that construction of the TELECOMMUNICATION SYSTEM has been completed under the terms of this Agreement.

J. The CITY reserves the right to review and reject plans and specifications submitted by FRONTIER for the TELECOMMUNICATION SYSTEM that are not in compliance with CITY standards or not in conformance with the City's plans and specifications for the PROJECT.

IV. FRONTIER RESPONSIBILITY

A. FRONTIER shall provide the necessary engineering and design standards and specifications required for the CITY to incorporate the TELECOMMUNICATION SYSTEM into the PROJECT.

B. FRONTIER reserves the right to review and reject plans and specifications for the TELECOMMUNICATION SYSTEM that are not in compliance with FRONTIER's design standards and specifications. Ultimate responsibility for accuracy and completeness of the TELECOMMUNICATION SYSTEM design plans rests with FRONTIER.

C. FRONTIER shall coordinate its activities with the City's Contractor and other utility crews on a continuous basis. This coordination shall include, but not be limited to the following:

1. An authorized representative of FRONTIER shall attend the Preconstruction Meeting;
2. The City's Contractor shall prepare the Project Schedule, in accordance with the Contract Documents. FRONTIER shall complete its work in accordance with the Project Schedule. FRONTIER will not be held liable for any delays in the Schedule prior to the commencement of their work. FRONTIER will only start its work after significant sections of vault and conduit are in place to ensure that FRONTIER or its contractor's crews will not have to adjust their working schedule to accommodate another utility that is trying to work in the same area.
3. A weekly meeting will be held in which the City's Contractor will provide a schedule and list of materials needed for the following two weeks (hereinafter the

"Bi-Weekly Schedule"). FRONTIER will have five (5) working days to deliver the list of materials given to them at the weekly meeting. An authorized representative from FRONTIER shall attend each weekly meeting and provide weekly progress reports. The FRONTIER representative shall be responsible for coordinating the delivery of materials in accord with the Bi-Weekly Schedule at these weekly meetings.

4. FRONTIER shall furnish all materials including vaults, conduits, and all other materials necessary for installation of the vaults and conduits required by the City's Contractor for that week, not less than five (5) working days prior to the date that the work is scheduled based upon the weekly meeting. Conduit shall be provided in 20-foot length sections. The City's Contractor shall provide a location to FRONTIER of where the materials shall be delivered, off loaded by the City's contractor and placed in a secure area. FRONTIER will have a representative present when materials are delivered to the site to verify materials are not damaged and are appropriate for the work.
 5. FRONTIER will provide an inspector on-site, on 24 hours notice, to inspect the installation of all vault and conduit installation work. FRONTIER will not provide a daily on-site inspector, but will with 24 hours notice provide an inspector to inspect the requested area of a joint trench for the placement of their vaults and conduits. FRONTIER's inspector shall not direct the City's Contractor in any manner; the FRONTIER inspector shall communicate all requests and comments directly to the City's inspector.
- D. The City will provide FRONTIER written notice that the Contractor has completed installation of FRONTIER's conduit and vault materials (hereinafter the "Completion Notice"). Within ten (10) working days after receipt of the Completion Notice, FRONTIER will issue written notice of any deficiencies or other items requiring completion or will issue written notification of acceptance. The City will review the noted deficiencies and other items and will order the Contractor to complete the approved items. If FRONTIER fails to respond to the Completion Notice within ten (10) working days, the FRONTIER conduit and vault system shall be considered complete and accepted by FRONTIER.
- E. Once significant sections of vault and conduit installation are completed by the City (as determined by the City), and accepted by FRONTIER, the City will issue a Notice to Proceed to FRONTIER to commence installation of its conductors and equipment. FRONTIER will not have to adjust their working schedule to accommodate another utility, such as PSE or Comcast that are trying to work in the same area. FRONTIER shall complete installation of the conductors and equipment within fifteen (15) working days from the City's Notice to Proceed. FRONTIER shall notify the City in writing when the new underground system is energized. FRONTIER will coordinate its conductor and equipment installation such that FRONTIER, or its contractor, will install as much of this equipment as possible prior to completion of the entire vault and conduit system by the City's Contractor. The City shall have the

right to extend the time for completion based upon the progress or installation of the vaults and conduit and in order to coordinate various utilities and the Contractor.

- F. FRONTIER will be responsible for system installation and wreck-out work associated with the installation. This work shall include, but not be limited to furnishing and installing all cables, conductors and electrical equipment for the conversion to underground; and for the removal of other equipment no longer needed.
- G. FRONTIER will perform cut-over and transfer of existing customers and facilities to the new underground system where applicable within 15 working days. FRONTIER will notify such customers in writing 48 hours in advance of the pending outage. A copy of the notice shall be provided to the City or its representative when it is provided to customers. FRONTIER shall reimburse City for its share of installation of FRONTIER supplied materials and structures for private connections serving existing customers.
- H. Once transfer of existing customers and facilities to the new underground system is complete, FRONTIER will remove all overhead systems (if any) within 5 working days.
- I. Traffic control plans must be approved in advance by the City and WSDOT before implementation by FRONTIER. FRONTIER or its contractor will provide traffic control and flaggers for installation of new underground conductor and devices along with overhead construction and removal when required. FRONTIER will coordinate its traffic control with other utilities, the City's contractor and the City. In the event that lane closures are necessary for performance of work, FRONTIER shall be limited to working between the hours of 9AM to 3PM and must maintain two lanes in either direction of traffic on SR 522. The initial traffic control plan will be reviewed by the City and WSDOT in 15 working days and subsequent reviews will be completed in 10 working days. Driveway access to property owners shall remain open during FRONTIER's work. If alternate routes are needed to access businesses and residents, FRONTIER shall clearly identify the route changes and notify businesses, residents and City of the changes at least 48 hours in advance of the change. Traffic control plans must be approved 10 working days in advance by the City before implementation by FRONTIER.
- J. All work required by FRONTIER that is not shown on the Contract Documents, including but not limited to trenching, cable, conduit, and equipment installation, will be the responsibility of FRONTIER. FRONTIER shall coordinate with private property owners in order to not delay the City's schedule. Coordination of work, and payment for necessary easements or agreements from private property owners, is the responsibility of FRONTIER.

- K. At the completion of the Project, FRONTIER will collect and haul off any of its unused materials from the Project staging area within 15 working days of being notified.
- L. FRONTIER shall maintain any utility facilities constructed under this Agreement from the date of acceptance of the facilities by FRONTIER. The cost of any future improvements and/or maintenance, repairs, or corrections to any utility facilities covered under the terms of this Agreement shall be the exclusive responsibility of FRONTIER in accordance with this Agreement.
- M. FRONTIER acknowledges that time is of the essence in completing FRONTIER's installation of FRONTIER's telecommunication facilities not installed by the City's contractor and that any delay in completing such work could delay the PROJECT. FRONTIER shall be responsible for any and all excess costs incurred by the CITY as a direct result of FRONTIER'S failure to timely perform under this Agreement, if such failure is not attributable to delays by the CITY's contractor, COMCAST or PSE.
- N. **PER FEDERAL REQUIREMENTS, as applicable, all steel products (whether separate OR incorporated into an item) provided by Frontier shall be certified "Made in America" as required by and defined in the project Special Provisions under Section 1-06 – Buy America. FRONTIER shall provide all *Certificates of Material Origin* for all steel products.**

V. PAYMENT

- A. All conversion costs associated with the installation of Frontier's facilities will be borne by the City. The final cost to the City will be as stated in the RCW 35.99.060. Section 3b of RCW 35.99.060 states, in part, that the City will pay for "the additional incremental cost of underground compared to aerial relocation". These estimated costs are defined in Exhibit "B".
- B. Upon completion of the PROJECT, the estimated costs on Exhibit A to this Agreement shall be "true-up" with the actual costs incurred, and any differences shall be remitted to the appropriate party within ninety (90) days of approval of the true up by FRONTIER and the CITY. The term "true-up" is defined as reconciling funds owed by one party to another by converting estimated costs to the actual costs of the labor, equipment and materials costs necessary to perform the applicable work substantiated by invoices, timesheets, or other verification of the actual costs suitable to the City for authorization of payment. This true up will be done to ensure payments to either party are equitable and in conformance with applicable laws.
- C. During construction of the PROJECT and for a period of not less than three (3) years after the effective date of this Agreement all records pertaining to the PROJECT and accounting shall be kept available for inspection and audit by the parties and the State and copies of all records, accounts, documents or other data pertaining to the

PROJECT will be furnished upon request. If any litigation, claim or audit is commenced, the records and accounts along with supporting documentation shall be retained until all litigation, claim or audit finding has been resolved even though such litigation, claim, or audit continue past the three-year retention period.

VI. HOLD HARMLESS AND INDEMNIFICATION

FRONTIER shall hold harmless, indemnify and defend the CITY, its officers, appointed and elected officials, employees and agents, from and against any and all claims, actions, suits, liability, loss, expenses, damages and judgments of any nature whatsoever, including costs and attorney's fees in defense thereof, for injury, sickness, liability or death to persons or damage to property or business, caused by or arising out of FRONTIER's negligent or intentional acts, errors or omissions in the performance of this Agreement and arising by reason of FRONTIER's participation in the PROJECT; provided, that in the event of the concurrent negligence of the parties, FRONTIER's obligations hereunder shall apply only to the percentage of fault attributable to FRONTIER, its officers, officials, employees or agents.

The CITY shall hold harmless, indemnify and defend FRONTIER, its officers, appointed and elected officials, employees and agents, from and against any and all claims, actions, suits, liability, loss, expenses, damages and judgments of any nature whatsoever, including costs and attorney's fees in defense thereof, for injury, sickness, liability or death to persons or damage to property or business, caused by or arising out of the CITY's negligent or intentional acts, errors or omissions in the performance of this Agreement and arising by reason of the CITY participation in the PROJECT; provided, that in the event of the concurrent negligence of the parties, the CITY's obligations hereunder shall apply only to the percentage of fault attributable to the CITY, its officers, officials, employees or agents.

VII. TERMINATION

The CITY has the right to terminate this Agreement if the CITY determines not to undertake the PROJECT or to discontinue the PROJECT, in which case, the CITY shall notify FRONTIER in writing and reimburse FRONTIER for all incurred costs prior to the CITY's notice of termination. FRONTIER waives any consequential damages related to such a termination.

VIII. CHANGES TO THE CONSTRUCTION CONTRACT

A. The parties understand that during the course of construction of the PROJECT, there may be unforeseen conditions requiring immediate resolution during the construction phase of this Agreement, such as construction disputes and claims, changed conditions and changes to the Scope of Work. A modification, change order or extra work order not relating to the TELECOMMUNICATION SYSTEM requires approval by only the duly authorized representative of the CITY.

B. Where the unforeseen condition arises out of FRONTIER's portion of the Scope of Work, the CITY will notify FRONTIER of the request for a contract modification, change order or extra work order. Upon receipt of such written notice, FRONTIER shall respond to the CITY within twenty-four (24) hours. If the amount of the requested change is Five Thousand Dollars (\$5,000) or greater, the duly authorized representative of each party must sign the charge order prior to commencement of work. If the amount of the requested change is less than Five Thousand Dollars (\$5,000), the duly authorized representative of FRONTIER must approve the change order verbally or in writing prior to commencement of work, and if the approval was verbal, the approval must be followed by a written confirmation within five (5) working days.

C. Each party, in the event of a claim by the CITY'S contractor, shall be responsible for its share of a claim filed by the contractor arising out of that party's portion of the Scope of Work.

IX. DISPUTE RESOLUTION

In the event the CITY and FRONTIER disagree over whether the Contractor has fulfilled its obligations under the CITY'S contract, the CITY reserves the right to make the final decision as to the acceptability of the work.

If a dispute arises between FRONTIER and the CITY, both parties mutually agree that they will attempt to resolve the issues through mutual negotiation. In the event that the parties are not able to reach an agreement through such negotiation, the parties agree to engage in mediation in order to resolve the dispute. Mediation may be requested by either party, and shall be attempted prior to the institution of any lawsuit arising under this Agreement. The parties agree to share the costs of mediation equally.

This Agreement has been made pursuant to, and shall be construed according to, the laws of the State of Washington. In the event that mediation is unsuccessful and either party finds it necessary to institute legal proceedings to enforce any provision of this Agreement, such proceedings may only be brought in the Superior Court of King County, Washington. In the event that a lawsuit is instituted to enforce any provision of this Agreement, the prevailing party shall be entitled to recover all costs of such a lawsuit, including reasonable attorney's fees.

X. CHANGES AND MODIFICATIONS

Either party may request changes, amendments, or additions to any portion of this Agreement. However, no such changes, amendments, or addition to any portion of this Agreement shall be valid or binding upon either party unless it is in writing and executed by both parties. All amendments shall be attached to and made part of this Agreement.

XI. NOTICES

Unless otherwise directed in writing, notices, reports and payments shall be delivered to each party as follows:

For the City:

Attn: Kris Overleese, PE
City Engineer
or her designee
City of Kenmore
PO Box 82607
Kenmore, WA 98028-0607

For Frontier:

Attn: _____
Frontier Communications Northwest Inc.
1800 41st St., M/C WA01016C
Everett, WA 98201

With a copy to:
Associate General Counsel
Frontier Communications Corporation
9260 E. Stockton Blvd
P.O. 340
Elk Grove, CA 95624

Notices mailed by either party shall be deemed effective on the date mailed. Either party may change its address for receipt of reports, notices, or payments by giving the other written notice of not less than five (5) working days prior to the effective date.

XII. CONFLICTS BETWEEN ATTACHMENTS AND TEXT

Should any conflicts exist between any attached exhibit or schedule and the text of this Agreement, the text shall prevail.

XIII. ENTIRE AGREEMENT

These provisions represent the entire agreement of the parties and may not be modified or amended except as provided herein. Any understanding, whether oral or written, which is not incorporated herein, is expressly excluded.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above. The signatories below represent and warrant they possess the authority to execute this contract and bind their bind their respective entities.

CITY OF KENMORE

ATTEST:

By: _____
City Clerk

Date: _____

APPROVED AS TO FORM:

By: _____
City Attorney

Date: _____

APPROVED:

By: _____
City Manager

Date: _____

**FRONTIER COMMUNICATIONS
NORTHWEST INC.**

APPROVED AS TO FORM:

By: _____
Phyllis A. Whitten
Associate General Counsel--West Region

Date: _____

APPROVED:

By: _____
Justin Fontes
Manager-Network Engineering

Date: _____

EXHIBIT "A"**PLANS AND SPECIFICATIONS and SCOPE OF WORK**

FRONTIER's utility system element of the PROJECT consists of the installation of Frontier's underground system and removal of all FRONTIER's aerial and related facilities within the PROJECT. FRONTIER's underground system will comprise a **telecommunications system and a fiber optic system**. In general this Contract includes the trenching, placing and restoration, for the installation of vaults and conduits as identified in the PROJECT Bid Documents Plans and Specifications. It is understood the general construction window for FRONTIER's installation begins after the CITY's Contractor has removed all hard surfaces (IE: Asphalt Treated Base, concrete materials) of existing road right of way and all permanent sub-grade materials are in place. This includes grading and filing to reach the required subgrade horizontal and vertical controls as specified by the CITY's "Plans and Specifications". It is further agreed FRONTIER's installation is to be completed prior to CITY's Contractor placing any permanent hard surface (IE: Asphalt Treated Base, concrete, curb, sidewalk, etc) materials.

The Plans and Specifications compiled by FRONTIER are for the installation of FRONTIER's Telecommunication System only. The only correlation between the CITY's plans and FRONTIER's is FRONTIER's use of the Project Stationing with reference to Horizontal Controls. The City is responsible for actual Horizontal and Vertical controls in accordance to the "National Electrical Code Specifications (NEC) and the Washington State – "Standard Specifications for Road, Bridge and Municipal Construction" Manual.

The type of backfill material to be used for FRONTIER's trench line and manhole installation will be determined by the CITY.

It has been agreed to allow washed sand as Pipe Zone bedding material for installations under the proposed sidewalk area. This is acceptable as long as a minimum of three inches of the washed sand is placed prior to the conduit installation. This will ensure the required three inches bedding is in place; assurance of 100% conduit encapsulation will be required. Control Density Fill (WSDOT-Grade) will be the pipe zone material for areas within the roadway (curb to curb) prism.

PER FEDERAL REQUIREMENTS, as applicable, all steel products (whether separate OR incorporated into an item) provided by Frontier shall be certified "Made in America" as required by and defined in the project Special Provisions under Section 1-06 – Buy America. FRONTIER shall provide all Certificates of Material Origin for all steel products.

EXHIBIT "B"**DRAFT****ADDITIONAL INCREMENTAL COST OF UNDERGROUND
COMPARED TO AERIAL RELOCATION**

SUMMARY:	
<u>Aerial to Underground Conversion</u>	
FRONTIER Labor	
Preliminary Engineering	\$ 6,566.00
Construction Engineering	\$ 25,491.20
Construction Inspection	\$ 6,566.20
Underground Cable Installation	\$ 117,260.14
Aerial System Removal	\$ 33,882.42
FRONTIER Materials (Conduit, Vaults, Cable, etc.)	\$ 100,278.08
Aerial to Underground Conversion Cost	\$ 290,044.04
<u>Aerial to Aerial Relocation</u>	
FRONTIER Labor	
Preliminary Engineering	\$ 6,566.00
Construction Engineering	\$ 10,177.72
Aerial System Relocation	\$ 20,270.40
FRONTIER Materials (Poles, Guy Wire, Cable, etc.)	\$ 8,979.08
Aerial to Aerial Relocation Credit	-\$ 45,993.20
Telecommunications Upgrades and Capacity Improvements Credit	-\$ 0
Total estimated City payment to FRONTIER	\$ 244,050.84
DOWN PAYMENT DUE TO FRONTIER – (25%)	\$ 61,012.71

City of Kenmore Contract No. 14-C1334

SCHEDULE 74 UNDERGROUND CONVERSION**Project Construction Agreement**

Project Name: City of Kenmore – SR 522 West A

Project Number: 101083380

THIS Agreement, dated as of this 14th day of November, 2014 is made by and between City of Kenmore, a municipal corporation (the "Government Entity"), and PUGET SOUND ENERGY, Inc., a Washington Corporation (the "Company").

RECITALS

A. The Company is a public service company engaged in the sale and distribution of electric energy, and pursuant to its franchise or other rights from the Government Entity, currently locates its electric distribution facilities within the jurisdictional boundaries of the Government Entity.

B. The Government Entity has determined that it is necessary to replace the existing overhead electric distribution system within the area specified in the Project Plan (as defined below) (the "Conversion Area") with a comparable underground electric distribution system, all as more specifically described in the Project Plan (the "Conversion Project").

C. The Government Entity and the Company have previously entered into a Project Design Agreement dated as of June 12, 2013 (the "Design Agreement"), pursuant to which the parties completed certain engineering design, cost assessment, operating rights planning and other preliminary work relating to the Conversion Project and, in connection with that effort, developed the Project Plan.

D. The Government Entity and the Company wish to execute this written contract in accordance with Schedule 74 of the Company's Electric Tariff G ("Schedule 74") to govern the completion of the Conversion Project, which both parties intend shall qualify as an underground conversion under the terms of Schedule 74.

AGREEMENT

The Government Entity and the Company therefore agree as follows:

1. Definitions.

(a) Unless specifically defined otherwise herein, all terms defined in Schedule 74 shall have the same meanings when used in this Agreement, including, without limitation, the following:

- i) Cost of Conversion;
- ii) Public Thoroughfare;
- iii) Temporary Service;
- iv) Trenching and Restoration;
- v) Underground Distribution System; and
- vi) Underground Service Lines.

(b) "Company-Initiated Upgrade" shall mean any feature of the Underground Distribution System which is required by the Company and is not reasonably required to make the Underground Distribution System comparable to the overhead distribution system being replaced. For purposes of the foregoing, a "comparable" system shall include, unless the Parties otherwise agree, the number of empty ducts (not to exceed two (2), typically having a diameter of 6" or less)

Construction Agreement, Attachment "B" to Schedule 74, Page 1
SR 522 West A

of such diameter and number as may be specified and agreed upon in the Project Plan necessary to replicate the load-carrying capacity (system amperage class) of the overhead system being replaced.

- (c) "Estimated Reimbursable Private Conversion Costs" shall mean the Company's good faith estimate of the Reimbursable Private Conversion Costs, as specified in the Project Plan and as changed and adjusted from time to time in accordance with Section 6, below.
- (d) "Estimated Reimbursable Temporary Service Costs" shall mean the Company's good faith estimate of the Reimbursable Temporary Service Costs, as specified in the Project Plan and as changed and adjusted from time to time in accordance with Section 6, below.
- (e) "Estimated Reimbursable Upgrade Costs" shall mean the Company's good faith estimate of the Reimbursable Upgrade Costs, as specified in the Project Plan and as changed and adjusted from time to time in accordance with Section 6, below.
- (f) "Estimated Shared Company Costs" shall mean the Company's good faith estimate of the Shared Company Costs, as specified in the Project Plan and as changed and adjusted from time to time in accordance with Section 6, below.
- (g) "Estimated Shared Government Costs" shall mean the Government Entity's good faith estimate of the Shared Government Costs, as specified in the Project Plan and as changed and adjusted from time to time in accordance with Section 6, below.
- (h) "Government-Requested Upgrade" shall mean any feature of the Underground Distribution System which is requested by the Government Entity and is not reasonably required to make the Underground Distribution System comparable to the overhead distribution system being replaced. For purposes of the foregoing, any empty ducts installed at the request of the Government Entity shall be a Government-Requested Upgrade.
- (i) "Party" shall mean either the Company, the Government Entity, or both.
- (j) "Private Property Conversion" shall mean that portion, if any, of the Conversion Project for which the existing overhead electric distribution system is located, as of the date determined in accordance with Schedule 74, (i) outside of the Public Thoroughfare, or (ii) pursuant to rights not derived from a franchise previously granted by the Government Entity or pursuant to rights not otherwise previously granted by the Government Entity.
- (k) "Project Plan" shall mean the project plan developed by the Parties under the Design Agreement and attached hereto as Exhibit A, as the same may be changed and amended from time to time in accordance with Section 6, below. The Project Plan includes, among other things, (i) a detailed description of the Work that is required to be performed by each Party and any third party, (ii) the applicable requirements and specifications for the Work, (iii) a description of the Operating Rights that are required to be obtained by each Party for the Conversion Project (and the requirements and specifications with respect thereto), (iv) an itemization and summary of the Estimated Shared Company Costs, Estimated Shared Government Costs, Estimated Reimbursable Private Conversion Costs (if any), Estimated Reimbursable Temporary Service Costs (if any) and Estimated Reimbursable Upgrade Costs (if any), and (v) the Work Schedule.
- (l) "Operating Rights" shall mean sufficient space and legal rights for the construction, operation, repair, and maintenance of the Underground Distribution System.
- (m) "Reimbursable Private Conversion Costs" shall mean (i) all Costs of Conversion, if any, incurred by the Company which are attributable to a Private Property Conversion, less (ii) the distribution pole replacement costs (if any) that would be avoided by the Company on account of such

Construction Agreement, Attachment "B" to Schedule 74, Page 2
SR 522 West A

Private Property Conversion, as determined consistent with the applicable Company distribution facilities replacement program, plus (iii) just compensation as provided by law for the Company's interests in real property on which such existing overhead distribution system was located prior to conversion; provided that the portion of the Reimbursable Private Conversion Costs attributable to the Costs of Conversion under subparagraph (i) of this paragraph shall not exceed the Estimated Reimbursable Private Conversion Costs without the prior written authorization of the Government Entity.

- (n) "Reimbursable Temporary Service Costs" shall mean all costs incurred by the Company which are attributable to (i) any facilities installed as part of the Conversion Project to provide Temporary Service, as provided for in Schedule 74, and (ii) the removal of any facilities installed to provide Temporary Service (less salvage value of removed equipment); provided that the Reimbursable Temporary Service Costs shall not exceed the Estimated Reimbursable Temporary Service Costs without the prior written authorization of the Government Entity.
- (o) "Reimbursable Upgrade Costs" shall mean all Costs of Conversion incurred by the Company which are attributable to any Government-Requested Upgrade; provided that the Reimbursable Upgrade Costs shall not exceed the Estimated Reimbursable Upgrade Costs without the prior written authorization of the Government Entity.
- (p) "Shared Company Costs" shall mean all Costs of Conversion (other than Reimbursable Upgrade Costs, Reimbursable Private Conversion Costs and Reimbursable Temporary Service Costs) incurred by the Company in connection with the Conversion Project; provided, however, that the Shared Company Costs shall not exceed the Estimated Shared Company Costs without the prior written authorization of the Government Entity. For the avoidance of doubt, the "Shared Company Costs" shall, as and to the extent specified in the Design Agreement, include the actual, reasonable costs to the Company for the "Design Work" performed by the Company under the Design Agreement.
- (q) "Shared Government Costs" shall mean all Costs of Conversion incurred by the Government Entity in connection with (i) any duct and vault installation Work which the Parties have specified in the Project Plan is to be performed by the Government Entity as part of the Government Work, and (ii) the acquisition of any Operating Rights which the Parties have, by mutual agreement, specified in the Project Plan are to be obtained by the Government Entity for the Conversion Project, but only to the extent attributable to that portion of such Operating Rights which is necessary to accommodate the facilities of the Company; provided, however, that the Shared Government Costs shall not exceed the Estimated Shared Government Costs without the prior written authorization of the Company.
- (r) "Total Shared Costs" shall mean the sum of the Shared Company Costs and the Shared Government Costs. For the avoidance of doubt, the Total Shared Costs shall not include, without limitation, (i) costs to the Government Entity for Trenching and Restoration, or (ii) costs associated with any joint use of trenches by other utilities as permitted under Section 3(b).
- (s) "Work" shall mean all work to be performed in connection with the Conversion Project, as more specifically described in the Project Plan, including, without limitation, the Company Work (as defined in Section 2(a), below) and the Government Work (as defined in Section 3(a), below).
- (t) "Work Schedule" shall mean the schedule specified in the Project Plan which sets forth the milestones for completing the Work, as the same may be changed and amended from time to time in accordance with Section 6, below.

2. Obligations of the Company.

Construction Agreement, Attachment "B" to Schedule 74, Page 3
SR 522 West A

- (a) Subject to the terms and conditions of this Agreement, the Company shall do the following as specified in, and in accordance with the design and construction specifications and other requirements set forth in, the Project Plan (the "Company Work"):
 - i) furnish and install an Underground Distribution System within the Conversion Area (excluding any duct and vault installation or other Work which the Parties have specified in the Project Plan is to be performed by the Government Entity);
 - ii) provide a Company inspector on-site at the times specified in the Work Schedule to inspect the performance of any duct and vault installation Work which the Parties have specified in the Project Plan is to be performed by the Government Entity; and
 - iii) upon connection of those persons or entities to be served by the Underground Distribution System and removal of facilities of any other utilities that are connected to the poles of the overhead system, remove the existing overhead system (including associated wires and Company-owned poles) of 15,000 volts or less within the Conversion Area except for Temporary Services.
 - (b) Upon request of the Government Entity, the Company shall provide periodic reports of the progress of the Company Work identifying (i) the Company Work completed to date, (ii) the Company Work yet to be completed, and (iii) an estimate regarding whether the Conversion Project is on target with respect to the Estimated Shared Company Costs, the Estimated Reimbursable Private Conversion Costs (if any), the Estimated Reimbursable Temporary Service Costs (if any), the Estimated Reimbursable Upgrade Costs (if any) and the Work Schedule.
 - (c) Except as otherwise provided in the Company's Electric Tariff G, the Company shall own, operate and maintain all electrical facilities installed pursuant to this Agreement including, but not limited to, the Underground Distribution System and Underground Service Lines.
 - (d) Subject to the terms and conditions of this Agreement, the Company shall perform all Company Work in accordance with the Project Plan, the Work Schedule and this Agreement.
3. Obligations of the Government Entity.
- (a) Subject to the terms and conditions of this Agreement, the Government Entity shall do the following as specified in, and in accordance with the design and construction specifications and other requirements set forth in, the Project Plan (the "Government Work"):
 - i) provide the Trenching and Restoration;
 - ii) perform the surveying for alignment and grades for ducts and vaults; and
 - iii) perform any duct and vault installation and other Work which the Parties have specified in the Project Plan is to be performed by the Government Entity.
 - (b) Other utilities may be permitted by the Government Entity to use the trenches provided by the Government Entity for the installation of their facilities so long as such facilities or the installation thereof do not interfere (as determined pursuant to the Company's electrical standards) with the Underground Distribution System or the installation or maintenance thereof. Any such use of the trenches by other utilities shall be done subject to and in accordance with the joint trench design specifications and installation drawings set forth or otherwise identified in the Project Plan, and the Government Entity shall be responsible for the coordination of the design and installation of the facilities of the other utilities to ensure compliance with such specifications and drawings.
 - (c) Upon request of the Company, the Government Entity shall provide periodic reports of the progress of the Government Work identifying (i) the Government Work completed to date, (ii) the Government Work yet to be completed, and (iii) an estimate regarding whether the Conversion Project is on target with respect to the Estimated Shared Government Costs and the Work Schedule.

Construction Agreement, Attachment "B" to Schedule 74, Page 4
SR 522 West A

- (d) The Government Entity shall be responsible for coordinating all work to be performed in connection with the street improvement program within the Conversion Area.
- (e) Subject to the terms and conditions of this Agreement, the Government Entity shall perform all Government Work in accordance with the Project Plan, the Work Schedule and this Agreement.

4. Work Schedule.

- (a) The Government Entity and the Company have agreed upon the Work Schedule as set forth in the Project Plan. Changes to the Work Schedule shall be made only in accordance with Section 6, below.
- (b) Promptly following the execution of this Agreement, and upon completion by the Government Entity of any necessary preliminary work, the Government Entity shall hold a pre-construction meeting involving all participants in the Conversion Project to review project design, coordination requirements, work sequencing and related pre-mobilization requirements. Following the pre-construction meeting, the Government Entity shall give the Company written notice to proceed with the Work at least ten (10) business days prior to the commencement date specified in the Work Schedule.
- (c) Subject to the terms and conditions of this Agreement, each Party shall perform the Work assigned to it under this Agreement in accordance with the Work Schedule. So long as the Company performs the Company Work in accordance with the Work Schedule, the Company shall not be liable to the Government Entity (or its agents, servants, employees, contractors, subcontractors, or representatives) for any claims, actions, damages, or liability asserted or arising out of delays in the Work Schedule.

5. Location of Facilities.

All facilities of the Company installed within the Conversion Area pursuant to this Agreement shall be located, and all related Operating Rights shall be obtained, in the manner set forth in the applicable provisions of Schedule 74, as specified by the Parties in the Project Plan.

6. Changes.

- (a) Either Party may, at any time, by written notice thereof to the other Party, request changes in the Work within the general scope of this Agreement (a "Request for Change"), including, but not limited to: (i) changes in, substitutions for, additions to or deletions of any Work; (ii) changes in the specifications, drawings and other requirements in the Project Plan, (iii) changes in the Work Schedule, and (iv) changes in the location, alignment, dimensions or design of items included in the Work. No Request for Change shall be effective and binding upon the Parties unless signed by an authorized representative of each Party.
- (b) If any change included in an approved Request for Change would cause a change in the cost of, or the time required for, the performance of any part of the Work, an equitable adjustment shall be made in the Estimated Shared Company Costs, the Estimated Shared Government Costs, the Estimated Reimbursable Private Conversion Costs (if any), the Estimated Reimbursable Temporary Service Costs (if any), the Estimated Reimbursable Upgrade Costs (if any) and/or the Work Schedule to reflect such change. The Parties shall negotiate in good faith with the objective of agreeing in writing on a mutually acceptable equitable adjustment. If the Parties are unable to agree upon the terms of the equitable adjustment, either Party may submit the matter for resolution pursuant to the dispute resolution provisions in Section 10, below.
- (c) The Work Schedule, the Estimated Shared Company Costs, the Estimated Shared Government Costs, the Estimated Reimbursable Private Conversion Costs, the Estimated Reimbursable Temporary Service Costs and/or the Estimated Reimbursable Upgrade Costs shall be further

Construction Agreement, Attachment "B" to Schedule 74, Page 5
SR 522 West A

equitably adjusted from time to time to reflect any change in the costs or time required to perform the Work to the extent such change is caused by: (i) any Force Majeure Event under Section 11, below, (ii) the discovery of any condition within the Conversion Area which affects the scope, cost, schedule or other aspect of the Work and was not known by or disclosed to the affected Party prior to the date of this Agreement, or (iii) any change or inaccuracy in any assumptions regarding the scope, cost, schedule or other aspect of the Work which are expressly identified by the Parties in the Project Plan. Upon the request of either Party, the Parties will negotiate in good faith with the objective of agreeing in writing on a mutually acceptable equitable adjustment. If, at any time thereafter, the Parties are unable to agree upon the terms of the equitable adjustment, either Party may submit the matter for resolution pursuant to the dispute resolution provisions in Section 10, below.

- (d) Notwithstanding any dispute or delay in reaching agreement or arriving at a mutually acceptable equitable adjustment, each Party shall, if requested by the other Party, proceed with the Work in accordance with any approved Request for Change. Any request to proceed hereunder must be accompanied by a written statement setting forth the requesting Party's reasons for rejecting the proposed equitable adjustment of the other Party.

7. Compensation and Payment.

- (a) Subject to and in accordance with the terms and conditions of this Agreement (including, without limitation, the payment procedures set forth in this Section 7), payment in connection with the Conversion Project and this Agreement shall be as follows:
 - i) The Total Shared Costs shall be allocated to the Parties in the following percentages: (A) sixty percent (60%) to the Company, and (B) forty percent (40%) to the Government Entity.
 - ii) The Government Entity shall pay one hundred percent (100%) of all Reimbursable Private Conversion Costs, if any.
 - iii) The Government Entity shall pay one hundred percent (100%) of all Reimbursable Upgrade Costs, if any.
 - iv) The Government Entity shall pay one hundred percent (100%) of all Reimbursable Temporary Service Costs, if any.
 - v) The Government Entity shall pay one hundred percent (100%) of the costs it incurs to perform that portion of the Government Work specified in Section 3(a)(i) and (ii) (i.e., Trenching and Restoration and surveying).
 - vi) The Company shall pay one hundred percent (100%) of the costs it incurs to design, provide and construct any Company-Initiated Upgrade.
 - vii) The Company shall pay one hundred percent (100%) of the costs it incurs to obtain Operating Rights outside the Public Thoroughfare.
- (b) Based on the allocation of responsibilities set forth in Section 7(a), above, the Parties shall determine the net amount payable by the Government Entity or the Company, as applicable, to the other Party under this Agreement (the "Net Amount"). The Net Amount shall be determined by using the amount of the Total Shared Costs allocated to the Government Entity under Section 7(a)(i), and adjusting such amount as follows:
 - i) Subtracting (as a credit to the Government Entity) the amount of the Shared Government Costs.
 - ii) Adding (as a credit to the Company) the amount of all Reimbursable Private Conversion Costs, Reimbursable Upgrade Costs and Reimbursable Temporary Service Costs.
 - iii) Subtracting (as a credit to the Government Entity) any payments previously made to the Company by the Government Entity under the Design Agreement which, under the terms of the Design Agreement, are to be credited to the Government Entity under this Agreement.

The Net Amount, as so calculated, (A) will be an amount payable to the Company if it is a positive number, and (B) shall be an amount payable to the Government Entity if it is a negative number.

- (c) Within sixty (60) business days of completion of the Conversion Project, the Government Entity shall provide the Company with an itemization of the Shared Government Costs (the "Government Itemization"), together with such documentation and information as the Company may reasonably request to verify the Government Itemization. The Government Itemization shall, at a minimum, break down the Shared Government Costs by the following categories, as applicable: (i) property and related costs incurred and/or paid by the Government Entity, including any costs of obtaining Operating Rights, and (ii) construction costs incurred and/or paid by the Government Entity, including and listing separately inspection, labor, materials and equipment, overhead and all costs charged by any agent, contractor or subcontractor of the Government Entity.
- (d) Within thirty (30) business days after the Company's receipt of the Government Itemization and requested documentation and information, the Company shall provide the Government Entity a written statement (the "Company Statement") showing (i) an itemization of the Shared Company Costs, (ii) the Parties' relative share of the Total Shared Costs based on the Company's itemization of the Shared Company Costs and the Government Entity's itemization of the Shared Government Costs set forth in the Government Itemization, (iii) any Reimbursable Private Conversion Costs, (iv) any Reimbursable Upgrade Costs, (v) any Reimbursable Temporary Service Costs, (vi) any credits to the Government Entity for payments previously made to the Company by the Government Entity under the Design Agreement which, under the terms of the Design Agreement, are to be credited to the Government Entity under this Agreement, and (vii) the Net Amount, as determined in accordance with Section 7(b), above, together with such documentation and information as the Government Entity may reasonably request to verify the Company Statement. The itemization of the Shared Company Costs included in the Company Statement shall, at a minimum, break down the Shared Company Costs by the following categories, as applicable: (i) design and engineering costs, and (ii) construction costs, including and listing separately inspection, labor, materials and equipment, overhead and all costs charged by any agent, contractor or subcontractor of the Company.
- (e) Within thirty (30) business days after the Government Entity's receipt of the Company Statement and requested documentation and information, the Net Amount shall be paid by the owing Party to the other Party, as specified in the Company Statement.

8. Indemnification.

- (a) The Government Entity releases and shall defend, indemnify and hold the Company harmless from all claims, losses, harm, liabilities, damages, costs and expenses (including, but not limited to, reasonable attorneys' fees) caused by or arising out of any negligent act or omission or willful misconduct of the Government Entity in its performance under this Agreement. During the performance of such activities the Government Entity's employees or contractors shall at all times remain employees or contractors, respectively, of the Government Entity.
- (b) The Company releases and shall defend, indemnify and hold the Government Entity harmless from all claims, losses, harm, liabilities, damages, costs and expenses (including, but not limited to, reasonable attorneys' fees) caused by or arising out of any negligent act or omission or willful misconduct of the Company in its performance under this Agreement. During the performance of such activities the Company's employees or contractors shall at all times remain employees or contractors, respectively, of the Company.
- (c) Solely for purposes of enforcing the indemnification obligations of a Party under this Section 8, each Party expressly waives its immunity under Title 51 of the Revised Code of Washington, the Industrial Insurance Act, and agrees that the obligation to indemnify, defend and hold harmless provided for in this Section 8 extends to any such claim brought against the indemnified Party by

Construction Agreement, Attachment "B" to Schedule 74, Page 7
SR 522 West A

or on behalf of any employee of the indemnifying Party. The foregoing waiver shall not in any way preclude the indemnifying Party from raising such immunity as a defense against any claim brought against the indemnifying Party by any of its employees.

9. Conversion of Service to Customers within Conversion Area.

- (a) Upon commencement of the Work, the Government Entity shall notify all persons and entities within the Conversion Area that service lines to such customers must be converted from overhead to underground service within the applicable statutory period following written notice from the Government Entity that service from underground facilities are available in accordance with RCW 35.96.050. Upon the request of any customer, other than a single family residential customer, within the Conversion Area, the Company shall remove the overhead system and connect such persons' and entities' Underground Service Lines to the Underground Distribution System.
- (b) The Parties acknowledge that single family residences within the Conversion Area must (i) provide a service trench and conduit, in accordance with the Company's specifications, from the underground meter base to the point of service provided during the conversion, and (ii) pay for the secondary service conductors as defined in Schedule 85 of the Company's Electric Tariff G. The Government Entity shall exercise its authority to order disconnection and removal of overhead facilities with respect to owners failing to convert service lines from overhead to underground within the timelines provided in RCW 35.96.050.

10. Dispute Resolution.

- (a) Any dispute, disagreement or claim arising out of or concerning this Agreement must first be presented to and considered by the Parties. A Party who wishes dispute resolution shall notify the other Party in writing as to the nature of the dispute. Each Party shall appoint a representative who shall be responsible for representing the Party's interests. The representatives shall exercise good faith efforts to resolve the dispute. Any dispute that is not resolved within ten (10) business days of the date the disagreement was first raised by written notice shall be referred by the Parties' representatives in writing to the senior management of the Parties for resolution. In the event the senior management are unable to resolve the dispute within twenty (20) business days (or such other period as the Parties may agree upon), each Party may pursue resolution of the dispute through other legal means consistent with the terms of this Agreement. All negotiations pursuant to these procedures for the resolution of disputes shall be confidential and shall be treated as compromise and settlement negotiations for purposes of the state and federal rules of evidence.
- (b) Any claim or dispute arising hereunder which relates to any Request for Change or any equitable adjustment under Section 6, above, or the compensation payable by or to either Party under Section 7, above, and which is not resolved by senior management within the time permitted under Section 10(a), above, shall be resolved by arbitration in Seattle, Washington, under the Construction Industry Arbitration Rules of the American Arbitration Association then in effect. The decision(s) of the arbitrator(s) shall be final, conclusive and binding upon the Parties. All other disputes shall be resolved by litigation in any court or governmental agency, as applicable, having jurisdiction over the Parties and the dispute.
- (c) In connection with any arbitration under this Section 10, costs of the arbitrator(s), hearing rooms and other common costs shall be divided equally among the Parties. Each Party shall bear the cost and expense of preparing and presenting its own case (including, but not limited to, its own attorneys' fees); provided, that, in any arbitration, the arbitrator(s) may require, as part of his or her decision, reimbursement of all or a portion of the prevailing Party's costs and expenses (including, but not limited to, reasonable attorneys' fees) by the other Party.

- (d) Unless otherwise agreed by the Parties in writing, the Parties shall continue to perform their respective obligations under this Agreement during the pendency of any dispute.

11. Uncontrollable Forces.

In the event that either Party is prevented or delayed in the performance of any of its obligations under this Agreement by reason beyond its reasonable control (a "Force Majeure Event"), then that Party's performance shall be excused during the Force Majeure Event. Force Majeure Events shall include, without limitation, war; civil disturbance; flood, earthquake or other Act of God; storm, earthquake or other condition which necessitates the mobilization of the personnel of a Party or its contractors to restore utility service to customers; laws, regulations, rules or orders of any governmental agency; sabotage; strikes or similar labor disputes involving personnel of a Party, its contractors or a third party; or any failure or delay in the performance by the other Party, or a third party who is not an employee, agent or contractor of the Party claiming a Force Majeure Event, in connection with the Work or this Agreement. Upon removal or termination of the Force Majeure Event, the Party claiming a Force Majeure Event shall promptly perform the affected obligations in an orderly and expedited manner under this Agreement or procure a substitute for such obligation. The Parties shall use all commercially reasonable efforts to eliminate or minimize any delay caused by a Force Majeure Event.

12. Insurance.

- (a) PSE shall, and shall require each of its contractors to, secure and maintain in force throughout the duration of the Conversion Project (or, if sooner, until termination of this Agreement) comprehensive general liability insurances, with a minimum coverage of \$1,000,000 per occurrence and \$1,000,000 aggregate for personal injury; and \$1,000,000 per occurrence/aggregate for property damages, and professional liability insurance in the amount of \$1,000,000.
- (b) The Government Entity shall ensure that each of its contractors performing any Government Work secures and maintains in force throughout the duration of the Conversion Project (or, if sooner, until termination of this Agreement) insurance policies having the same coverage, amounts and limits as specified Section 12(a), above.
- (c) In lieu of the insurance requirements set forth in Section 12(a), above, the Company may self-insure against such risks in such amounts as are consistent with good utility practice. Upon the Government Entity's request, the Company shall provide the Government Entity with reasonable written evidence that the Company is maintaining such self-insurance.

13. Other.

- (a) Agreement Subject To Tariff. This Agreement is subject to the General Rules and Provisions set forth in Tariff Schedule 80 of the Company's electrical Tariff G and to Schedule 74 of such Tariff as approved by the Washington Utilities and Transportation Commission and in effect as of the date of this Agreement.
- (b) Termination. The Government Entity reserves the right to terminate the Conversion Project and this Agreement upon written notice to the Company. In the event that the Government Entity terminates the Conversion Project and this Agreement, the Government Entity shall reimburse the Company for all costs reasonably incurred by the Company in connection with the Work performed prior to the effective date of termination. In such event, the costs reimbursable to the Company (i) shall not be reduced by any Shared Government Costs or other costs incurred by the Government Entity, and (ii) shall be paid within thirty (30) days after the receipt of the Company's invoice therefor. Sections 1, 5, 7, 8, 9, 10, 11 and 13 shall survive any termination of the Conversion Project and/or this Agreement.

- (c) Facilities Greater Than 15,000 Volts. Nothing in this Agreement shall in any way affect the rights or obligations of the Company under any previous agreements pertaining to the existing or future facilities of greater than 15,000 Volts within the Conversion Area.
- (d) Compliance With Law. The Parties shall, in performing the Work under this Agreement, comply with all applicable federal, state, and local laws, ordinances, and regulations.
- (e) No Discrimination. The Company, with regard to the Work performed by the Company under this Agreement, shall comply with all applicable laws relating to discrimination on the basis race, color, national origin, religion, creed, age, sex, or the presence of any physical or sensory handicap in the selection and retention of employees or procurement of materials or supplies.
- (f) Independent Contractor. The Company and the Government Entity agree that the Company is an independent contractor with respect to the Work and this Agreement. The Company is acting to preserve and protect its facilities and is not acting for the Government Entity in performing the Work. Nothing in this Agreement shall be considered to create the relationship of employer and employee between the Parties. Neither the Company nor any employee of the Company shall be entitled to any benefits accorded employees of the Government Entity by virtue of the Work or this Agreement. The Government Entity shall not be responsible for withholding or otherwise deducting federal income tax or social security or contributing to the State Industrial Insurance Program, or otherwise assuming the duties of an employer with respect to the Company, or any employee of the Company.
- (g) Nonwaiver of Rights or Remedies. No failure or delay of either Party to insist upon or enforce strict performance by the other Party of any provision of this Agreement or to exercise any other right under this Agreement, and no course of dealing or performance with respect thereto, shall, except to the extent provided in this Agreement, be construed as a waiver or, or choice of, or relinquishment of any right under any provision of this Agreement or any right at law or equity not otherwise provided for herein. The express waiver by either Party of any right or remedy under this Agreement or at law or equity in a particular instance or circumstance shall not constitute a waiver thereof in any other instance or circumstance.
- (h) No Third Party Beneficiaries. There are no third-party beneficiaries of this Agreement. Nothing contained in this Agreement is intended to confer any right or interest on anyone other than the Parties, their respective successors, assigns and legal representatives.
- (i) Governmental Authority. This Agreement is subject to the rules, regulations, orders and other requirements, now or hereafter in effect, of all governmental regulatory authorities and courts having jurisdiction over this Agreement, the Parties or either of them. All laws, ordinances, rules, regulations, orders and other requirements, now or hereafter in effect, of governmental regulatory authorities and courts that are required to be incorporated into agreements of this character are by this reference incorporated in this Agreement.
- (j) No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties or to impose any partnership obligations or liability upon either Party. Further, neither Party shall have any right, power or authority to enter into any agreement or undertaking for or on behalf of, to act as or be an agent or representative of, or to otherwise bind the other Party.
- (k) Severability. In the event that any provision of this Agreement or the application of any such provision shall be held invalid as to either Party or any circumstance by any court having jurisdiction, such provision shall remain in force and effect to the maximum extent provided by law, and all other provisions of this Agreement and their application shall not be affected thereby but shall remain in force and effect unless a court or arbitrator holds they are not severable from the invalid provisions.

- (l) Notice. Any notice under this Agreement shall be in writing and shall be faxed (with a copy followed by mail or hand delivery), delivered in person, or mailed, properly addressed and stamped with the required postage, to the intended recipient as follows:

If to the Government Entity: City of Kenmore
18120 68th Ave NE,
PO Box 82607, Kenmore, WA 98028
Attn: Kris Overleese, City Engineer or Designee
Fax: 425-481-3236

If to the Company: Puget Sound Energy, Inc.

Attn: David Matulich
Fax: 425-424-6528

Any Party may change its address specified in this Section 13(l) by giving the other Party notice of such change in accordance with this Section 13(l).

- (m) Applicable Law. This Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the State of Washington (without reference to rules governing conflict of laws), except to the extent such laws may be preempted by the laws of the United States of America.
- (n) Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and all other agreements and understandings of the Parties, whether written or oral, with respect to the subject matter of this Agreement are hereby superseded in their entireties; provided, however, that except as expressly set forth in this Agreement, nothing herein is intended to or shall alter, amend or supersede the Design Agreement and the same shall remain in full force and effect in accordance with its terms.
- (o) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, purchasers, and transferees of the Parties, including but not limited to, any entity to which the rights or obligations of a Party are assigned, delegated, or transferred in any corporate reorganization, change of organization, or purchase or transfer of assets by or to another corporation, partnership, association, or other business organization or division thereof.

Government Entity:

Company:

PUGET SOUND ENERGY, INC.

BY Rob Karlinsey

BY _____

ITS City Manager

ITS Municipal Liaison Manager

Date Signed _____

Date Signed _____

Approved as to form:

Construction Agreement, Attachment "B" to Schedule 74, Page 11
 SR 522 West A



Exhibit “A” Project Plan Schedule 74 Underground Conversion

City of Kenmore – SR522 West A S74
PSE Project Number: 101083380
11/14/2014

Pursuant to Puget Sound Energy (“PSE”) Rate Schedule 74 and as described in this Project Plan, PSE will convert its existing overhead electrical distribution system of 15,000 volts or less to an equivalent Underground Distribution System. This Project Plan describes the scope of construction work (the “Construction Work”) to be performed by PSE and the City of Kenmore (the “City”) for the conversion of certain PSE electrical distribution system facilities as described herein (the “Conversion Project”). Construction of this Conversion Project is contingent upon and shall commence only after both written acceptance of this Project Plan and written execution of a Schedule 74 Construction Agreement by the City and PSE.

This Project Plan includes and consists of:

- Description of the Construction Work to be performed
- Construction Drawings, Standards, Specifications and Requirements for the Construction Work (attached)
- Operating Rights to be obtained for the Conversion Project (attached)
- Construction Work Schedule
- Construction Costs Estimate Summary (attached)

Revisions to this Project Plan must be mutually approved by the City and PSE.

Construction Work

This Conversion Project will replace PSE’s existing overhead electrical distribution system with an Underground Distribution System within the following area (the “Conversion Area”): The SR522 West A project includes widened travel and Business Access and Transit (BAT) lanes from 61st Avenue NE to 65th Avenue NE, 61st-522 signal improvements, illumination, access management, retaining walls, center medians, sidewalks on both sides of SR522, drainage improvements, landscaping, and utility conversion to underground. The landscaped median is added from 62nd Ave NE to 65th Ave NE. The north and south legs of 61st Avenue NE are widened to add a right turn lane and a left turn lane respectively. The Conversion Project is approximately 3,600 feet in length, including laterals and road crossings.

The Conversion Project includes modification or replacement of all existing services lines within the Conversion Area to connect to the Underground Distribution System and removal of PSE's existing overhead electric distribution facilities (including PSE distribution poles and pole mounted street lights) from the Conversion Area.

City requested upgrades included in this project consist of: Research and compliance with Buy America Act provisions administered by the Federal Highways Administration (FHWA) and/or the Federal Transit Administration (FTA). Project requires Buy America FHWA along entire route.

In conjunction with this Conversion Project, PSE will remove its existing street lighting system from the Conversion Area. Provision of a replacement street lighting system within the Conversion Area is not included in this Project Plan. Replacement street lighting service can be provided by separate arrangement in accordance with applicable PSE Tariff Schedules.

Responsibilities of Parties

City Responsibilities

- a) At least ten (10) business days prior to the scheduled commencement of Construction Work, hold a pre-construction meeting involving all participants in the Conversion Project to review project design, coordination requirements, work sequencing and related premobilization requirements.
- b) At least ten (10) business days prior to the scheduled commencement of Construction Work, give PSE written notice to proceed with the Construction Work to allow for delivery of PSE materials to the job site and scheduling of PSE's on-site Inspector.
- c) Provide written notice to customers within the Conversion Area in advance of Conversion Project Construction Work start. The notice will include contact information for both the City and PSE, the expected Conversion Project schedule, anticipation of service interruptions and work required to be performed by customers.
- d) Coordinate other utility conversion, removal and relocation from PSE's poles.
- e) Provide all surveying for equipment placement, locations, and establish all grade elevations for the Underground Distribution System within the Conversion Area.
- f) Provide all necessary excavation, bedding, backfill, off-site disposal, site restoration and coordination for installation of the Underground Distribution System. This includes trenching, backfill, and restoration for cut-over and transfer of existing underground system and service lines from the existing overhead distribution system to the new Underground Distribution System.
- g) Coordinate private property trenching, excavation and restoration activity with private property owners affected by this Conversion Project.
- h) Provide flagging and traffic control as required for all work performed by the City.
- i) Install and proof all ducts and vaults for the Underground Distribution System (excluding work in ducts or vaults containing energized cables or equipment – see PSE Responsibilities) in accordance with PSE standards and specifications using ducts and vaults provided by PSE.

“Proofing” as used herein is defined as verification using a mandrel that the duct and vault system is free and clear of damage, installed to the proper grade and at the proper location and contains a pulling line.

- j) Provide at least five (5) business days’ notice for scheduled delivery of PSE vaults by PSE’s vault supplier.
- k) Provide secure staging and storage area(s) for duct and vault materials provided by PSE. The City shall be responsible for the security and condition of these materials until they are installed and accepted by PSE or returned to PSE’s custody.
- l) Provide labor and equipment for the off-loading of PSE duct and vault materials delivered to the job site.
- m) Promptly following notice from PSE that the Underground Distribution System has been energized, provide notice to customers within the Conversion Area informing them of their obligation and responsibility to convert their overhead service lines to underground service lines as provided by state law or to modify existing underground service lines for connection to the Underground Distribution System. Affected service lines are listed in the Service Lines section of this Project Plan.
- n) Facilitate weekly (or as otherwise agreed by the City and PSE) construction coordination meetings to include all relevant parties participating in the conversion including PSE and it’s contractor(s), the City and it’s contractor(s), and other utilities.
- o) Provide any necessary operating rights for the installation of PSE’s facilities in accordance with PSE’s Schedule 74 Section 3 and as mutually agreed by the PSE and the City. Operating rights are further addressed in the Operating Rights section of this Project Plan.
- p) Modify, reroute or replace service lines to City owned facilities to connect to the Underground Distribution System.
- q) Following notification from PSE that Construction Work is completed, provide to PSE any Shared Government Costs as provided for in the Construction Agreement.

Puget Sound Energy Responsibilities

- a) Provide all duct and vault materials, cables, electrical equipment and components necessary for installation of the Underground Distribution System including certifications of materials origins (COMOs) as may be required for products that must meet applicable provisions of the Buy America Act as administered by the Federal Highways Administration (FHWA) and/or the Federal Transit Administration (FTA).
- b) Following notice from the City, deliver or cause to be delivered all duct and vault materials to the designated staging/storage area(s). Acknowledge delivered quantities and condition of duct and vault materials by signing shipping manifests.
- c) Following notice from the City, provide inspection services needed for overseeing the proper installation of ducts and vaults by the City.
- d) Accept delivery of the completed duct and vault system once the new system has been proofed (as described above) by the City. PSE will provide a mandrel to the City to be used in proofing of the duct and vault system.

- e) Provide PSE electrical workers to complete duct installation and proofing when such work is performed at or in any energized vault containing energized cables or equipment.
- f) Install (except for ducts and vaults installed by the City) and energize the Underground Distribution System. Provide written notice to the City when the Underground Distribution System is energized.
- g) Perform cut-over and transfer of existing Underground Distribution System and existing underground service lines from the overhead distribution system to the new Underground Distribution System where applicable (see City Responsibility item "f" concerning trenching responsibility). PSE will notify the City for excavation and the affected customers at least two (2) business days prior to installation, transfer, and connection of underground service lines. Affected service lines are listed in the Service Lines section of this Project Plan.
- h) Install and connect replacement underground service lines to single family residences and connect modified and replacement non-residential underground service lines provided by customers within the Conversion Area pursuant to PSE Tariff Schedule 85. Affected service lines are listed in the Service Lines section of this Project Plan.
- i) Remove the existing overhead electric distribution system including, conductors, equipment, down guys, anchors and poles after all service lines to customers within the Conversion Area are connected to the Underground Distribution System and all other utilities have been removed from PSE's poles. Holes left following removal of poles will be filled with crushed rock and compacted in accordance with applicable City standards or specifications.
- j) Provide flagging and traffic control as required for all work performed by PSE (except as may otherwise be reasonably provided by the City during installation of ducts and vaults in conjunction with City performed trenching, excavation, back-fill and restoration).
- k) Attend weekly (or as otherwise agreed by the City and PSE) construction coordination meetings facilitated by the City and its contractor during periods of Conversion Project construction.

Operating Rights

The Underground Distribution System will be located within Public Thoroughfare except as described in the Operating Rights Attachment. The Construction Work will not be released by PSE for construction until i) all operating rights necessary for the installation of PSE's facilities have been obtained and have been verified by PSE, or ii) the City otherwise signs an agreement releasing PSE from any and all financial obligations associated with the location or relocation of PSE facilities resulting from commencement of construction prior to acquisition of all identified necessary operating rights.

Construction Work Schedule

The Construction Work will be performed in accordance with the following Work Schedule, unless this schedule is revised by mutual agreement of the City and PSE or circumstances beyond the reasonable control of the City and/or PSE preclude such performance.

Installation of ducts and vaults: Approximately 48 business days

Installation and energization of the Underground Distribution System: Approximately 27 working days.

Removal of overhead facilities: Approximately 15 working days.

Installation and removal of Temporary Service: N/A.

Work Schedule Restrictions: None

Construction Cost Estimate

The estimated costs to perform the Construction Work and the allocation of costs between the parties are presented in the attached Construction Costs Estimate Summary. These estimated costs are valid for ninety (90) days from the date shown on the attached Construction Costs Estimate Summary. If this Project Plan and a Schedule 74 Construction Agreement are not fully executed within ninety (90) days from this date, the estimated costs shall be subject to revision.

The scope of work provided for in the previously executed Design Agreement has been completed with written acceptance of this Project Plan by the City and PSE. The Construction Cost Estimate reflects and provides for Construction Work costs commencing with PSE attendance at the required pre-construction meeting and receipt of the City's written notice to proceed with Construction Work. Work performed and/or costs incurred by PSE in response to City request following acceptance of the Project Plan and prior to the pre-construction meeting are not included in the Construction Cost Estimate, and shall be subject to addition to the Construction Cost Estimate by revision as described below.

Estimated Inspection and Service Provider Outside Services costs are based on 2014 contract rates. Costs for Construction Work performed by PSE after February 2015 shall be subject to revision to reflect PSE Service Provider contract rates which become effective after this date.

Changes in Construction Work scope, performance and/or schedule can result in actual Construction Costs that differ from estimated costs shown in the Construction Cost Estimate Summary. In the event performance of the Construction Work cannot or does not proceed substantially as provided in this Project Plan, such changes shall promptly be brought to the attention of PSE and the City when anticipated or known and shall be documented in a revision to the Construction Cost Estimate (a "Cost Estimate Revision") mutually agreed and executed by the City and PSE.

Project Assumptions

The project design, construction plans and cost estimates are based on and reflect the following assumptions. Construction conditions that are not consistent with these assumptions may result in a request for change or an equitable adjustment to project compensation under Section 6 of the Construction Agreement and addressed by a Cost Estimate Revision.

Cost Assumptions

1. The Construction Work will be performed in accordance with the Construction Drawings and Construction Work Schedule.
2. PSE's Project Manager will accept or reject (with written justification) the duct and vault installation work performed by the City within five (5) business days notice of completion from the City. In the event PSE rejects any of the ducts or vaults (with reasonable written justification), the City will perform the necessary remedial work. The City will then re-notify PSE and PSE shall have five (5) business days to accept or reject the remedial work.
3. All PSE cables can be pulled through the ducts and vaults system, including existing ducts and vaults if applicable, to be used for the Conversion Project utilizing normal cable pulling equipment and methods.
4. A City Street Use permit is the only permit necessary for PSE to perform its work for this Conversion Project and will be issued within two (2) weeks of PSE submitting a complete permit application (including any supporting documentation reasonably required by the City). There will be no charge for the permit or inspection fees.
5. The estimated daily productivity rate for PSE duct and vault installation is based on the City's contractor opening a minimum of 75 feet of trench per working day. The daily productivity rate is used to estimate the number of days a PSE Inspector will be required during installation of ducts & vaults. The Inspector will be scheduled in full day increments and in one continuous effort. Changes to a continuous schedule require a minimum of 2 business days advance notice and must be mutually agreed between the City and PSE.
6. Attendance by the PSE Project Manager at scheduled weekly construction coordination meetings is included and reflected in the Construction Cost Estimate during periods when the PSE ducts and vaults are actively being installed and when the PSE line crew is performing installation, energization, cut-over and removal work. Attendance at additional meetings that may be requested/required during other periods will be addressed by a Cost Estimate Revision.
7. Traffic control provided by PSE assumes the use of three flaggers, basic signage and simple channelization. Additional traffic control measures are not included and if requested/required will be addressed by a Cost Estimate Revision.
8. Work to be performed by PSE does not include installation and/or removal of Temporary Service facilities at the request of others during construction.
9. Cut-over and transfer work will be completed during regular working hours except as described in Schedule Assumption #3 below. Changes in the performance of this work will be addressed by a Cost Estimate Revision.
10. New guy anchors shall be installed prior to installation of new ducts in the same area.
11. When Fluidized Thermal Backfill (FTB) is used, associated cost will be allocated 100% to PSE when required for a Company Initiated Upgrade and otherwise 100% to the City.
12. Installation of protective bollards may be necessary at some locations and may not be included in the project design. In the event unplanned bollards are required, associated costs will be a Shared Cost and addressed by a Cost Estimate Revision.

Schedule

1. There will be a total of two (2) PSE crew mobilizations as follows: i) one mobilization of an underground line crew for installation of underground conductors and equipment; and ii) one mobilization of an overhead line crew for removal of the existing overhead facilities. Once mobilized PSE crews will have continuous productive work until all PSE Construction Work is complete.
2. All PSE Construction Work will be performed during regular working hours from 7am – 5pm excluding holidays. In the event that lane closures are necessary for performance of work, PSE shall be limited to working between the hours of 9am – 3pm. PSE and the City will mutually agree to weekly work schedules for the Construction Work. PSE shall be allowed to perform PSE work as scheduled without changes or interruptions caused by other construction activities.
3. PSE customers within the Conversion Area will experience interruption of electric service during performance of the Construction Work when cutting over and transferring system and customer loads from the overhead distribution system to the Underground Distribution System. Cut-over and transfer work will be performed during the regular working hours specified in Schedule Assumption #2 above except as otherwise provided below. PSE will notify customers at least two (2) business days in advance of scheduled service interruptions.

Cut-over & Transfer Work Outside of Regular Working Hours City has requested all commercial businesses be cutover/converted/transferred after normal business hours.

Additional Considerations

Service Lines

Service lines within the Conversion Area must be modified or replaced to provide underground service from the Underground Distribution System as described in as listed in the Construction Drawings. Performance of the work and associated costs shall be governed by PSE Tariff Schedule 85.

New Service

Connection of new or increased load for City facilities (such as new traffic signals) under terms of PSE Tariff Schedule 85 will be addressed on a separate work order and work sketch. Additional costs may apply and will be quoted separately.

PSE Design & Construction Standards

This Conversion Project has been designed and will be constructed in accordance with PSE design and construction standards in effect as of the date of this Project Plan. PSE standards applicable to Construction Work to be performed by the City have been provided to the City in PSE's "Electric Distribution Trench/Duct/Vault Construction Standards, 2013". All relevant PSE standard described above are attached to this Project Plan by this reference.

Temporary Support (Holding) of PSE Poles

Whenever any pole(s) are required to be temporarily supported (held) due to excavation in proximity to such poles, the City will coordinate with PSE to provide such support. The need to temporarily support such poles shall be determined by PSE, and if required, such support shall be provided by PSE. As used herein, "temporary support" means supporting one or more poles for a continuous working period of ten hours or less.

Acceptance of Project Plan

The City and PSE mutually agree to and accept this Project Plan as of the date indicated below:

For the City:

For PSE:

By: _____

By: _____

Its: Rob Karlinsey, City Manager

Its: Municipal Liaison Manager

Date: _____

Date: _____



Date: 11/14/2014

Project Title: SR-522 61st to 65th

Project Description: Convert the existing OH distribution system on SR-522 from 61st Ave NE to 65th Ave NE

Rate Schedule: 74

Project Manager / Phone #: Josh Grenner 253-606-4745

Project Engineer / Phone #: Guy Rider 253-841-6553

Municipal Liaison Mgr / Phone #: Dave Matulich 425-424-6442

Project #: 101083380

Revision #:

Revision Date:

Construction Costs Estimate Summary^{1,2,5}

	100% Government Entity Reimbursable Costs						100% PSE Costs	Construction Costs Totals ^{4,5}
	Shared Costs ³	Private Conversion	Gov Req Upgrade	Temporary Services	Prior Conv/Reloc Within 5 Years	Total 100% GE Reimbursable Costs		
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Company								
Labor	\$ 2,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,300
Materials	\$ 180,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,200	\$ 188,900
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inspection	\$ 38,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,800	\$ 45,300
Service Provider Outside Services	\$ 261,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ 268,200
Operating Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overhead	\$ 65,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,100	\$ 68,200
Government Entity⁵								
Labor	\$ 129,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,900
Operating Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Costs Totals^{4,5}	\$ 677,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,100	\$ 702,800

Projected allocation of Estimated Construction Costs at Completion of Construction Work

Company	\$ 406,600		\$ 25,100	\$ 431,700
Government Entity	\$ 271,100		\$ -	\$ 271,100

Notes:¹ Estimate prepared in accordance with Sections 6 & 11 of Schedule 74 Design Agreement and Section 7 of Schedule 74 Construction Agreement² All amounts shown in this estimate are rounded up to the next \$100³ Shared Costs are allocated 40% to the Government Entity and 60% to the Company if the Conversion Project is completed⁴ Total Costs excludes Government Entity costs of trenching, restoration, and surveying⁵ This estimate presentation may not include eligible estimated Government Entity costs and may be incomplete

14-C1337

**CITY OF KENMORE & SEATTLE CITY LIGHT
INTERLOCAL AGREEMENT
FOR CONSTRUCTION OF SEATTLE CITY LIGHT
FACILITIES AS PART OF THE CITY OF KENMORE'S
SR 522 WEST A PROJECT**

The City of Kenmore (hereinafter the "City") and Seattle City Light (hereinafter the "Seattle City Light"), both municipal corporations, in accordance with the Interlocal Cooperation Act (Chapter 39.34 RCW) do hereby agree as follows:

1. **PURPOSE**

The City is requiring the undergrounding of all overhead utilities as part of the SR 522 West A (61st Ave NE to 65th Ave NE, including 61st Ave NE Approaches) project (hereinafter the "Improvement Project"). The purpose of this Agreement is to allow the City to construct the facilities necessary to underground Seattle City Light's existing overhead utilities as part of the City's Improvement Projects, and for payment to the City by Seattle City Light for the costs incurred by the City for constructing said facilities within the project areas. Seattle City Light's facilities will be incorporated into the City approved construction drawings for the Improvement Projects. The parties have determined that it is in their mutual best interest to coordinate the relocation of Seattle City Light's facilities in conjunction with the City's construction of the Improvement Project.

2. **THE PROJECT**

The parties hereby agree that Seattle City Light's plans for relocating its facilities will be incorporated in the City's plans for the Improvement Projects. The construction of Seattle City Light's facilities will be performed in accordance with the design performed by the City's professional engineering representative. The City's right-of-way improvements and construction of Seattle City Light's facilities within the Improvement Project are hereinafter referred to as "the Project."

3. **THE CONSTRUCTION PROCEDURE**

a. Engineering and Design.

Seattle City Light shall be responsible for and pay the engineering and design costs associated with the construction of Seattle City Light's facilities within the Project. Seattle City Light's plans, specifications, and standard details schedule shall be submitted to the City for incorporation into the Improvement Project plans in such a manner as to allow the identification of costs for the Project.

b. City as Contracting Agency

The City shall serve as the contracting agency for the construction of the Project and shall generally manage and oversee the construction of the Improvement Projects, including the construction of Seattle City Light's facilities.

c. Construction of the Project.

i. City Work: The Project work, as identified in the Scope of Work, attached as Exhibit A and incorporated by reference, will be performed by the City's Contractor, under contract by the City.

ii. Seattle City Light Work:

a) Seattle City Light shall for each scope of work, within ten (10) working days after receipt of written notification of the City's completion of installation of Seattle City Light's facilities, issue written notification of any deficiencies or issue written notification of acceptance. The City's contractor will correct the deficiencies upon approval by the City of the requested work. If, after the ten (10) working-day period, notification has not been received by City, then Seattle City Light's facilities shall be considered complete and accepted by Seattle City Light.

b) Once construction of Seattle City Light facilities is completed for each scope of work by the City and accepted by Seattle City Light, the City will issue a Notice to Proceed to Seattle City Light to commence installation of the conductor and equipment ("Seattle City Light's Work"). Seattle City Light, or its contractor, shall complete installation of Seattle City Light's Work within 15 working days for each scope of work (provided that reasonable access to the Project is made available from the City's contractor or subcontractor) from the City's Notice to Proceed. Seattle City Light shall energize the system as soon as possible after installation. Seattle City Light shall notify the City in writing when the new underground system is energized. Seattle City Light shall coordinate its conductor and equipment installation such that Seattle City Light, or its contractor, will install as much of this equipment as possible prior to completion of the entire vault and conduit system by the City's Contractor.

c) Seattle City Light or its contractor shall remove the existing overhead utilities and equipment within 10 working days from Seattle City Light's notice to the City that the new underground system has been energized.

d) Seattle City Light or its contractor will provide traffic control and flaggers for installation of new underground conductor and devices along with overhead construction and removal when required. Seattle City Light will coordinate its traffic control with other utilities, the City's contractor and the City. In the event that lane closures are necessary for performance of work, Seattle City Light shall

be limited to working between the hours of 9AM to 3PM and must maintain four lanes (two lanes in either direction) of traffic on SR522. Seattle City Light must submit proposed traffic control plans to the City and the Washington State Department of Transportation for review and approval. The initial traffic control plan will be reviewed in 15 working days and subsequent reviews will be completed in 10 working days. Driveway access to properties shall remain open during Seattle City Light's work. Traffic control plans must be approved 10 working days in advance by the City before implementation by Seattle City Light.

d. Change Orders

The City may approve changes in those parts of the construction contract relating to the Project, provided that if any change order would change the nature of the work or would cause that portion of the contract price attributable to Seattle City Light's facilities to increase by more than \$1,000.00 or cumulatively more than two percent (2%) of the original contract amount attributable to the work, then Seattle City Light's prior consent to the change orders shall be obtained, which consent shall not be unreasonably withheld. In the event that consent is unreasonably withheld, Seattle City Light shall be held responsible for all claims and liability incurred by the City resulting from such withholding of consent. The City shall immediately provide Seattle City Light with copies of all requests for change orders and executed change orders associated with the construction of Seattle City Light's facilities regardless of the dollar amount of the change order.

e. Payment and Payment Procedure

Seattle City Light shall pay the City's actual costs of constructing Seattle City Light's facilities within the Improvement Project, as set forth on Exhibit B - Cost Estimate, attached hereto and incorporated herein. The City shall provide Seattle City Light with periodic progress billings for the design, construction administration and construction of that portion of the Improvement Projects attributable to the construction of Seattle City Light's facilities. The City and Seattle City Light will meet to review and agree upon progress and proposed disbursements to the Project contractors. The parties acknowledge that the Cost Estimate provided in Exhibit B, is only an estimate of the potential costs. Notwithstanding Exhibit B, Seattle City Light shall pay the City's actual cost, to be determined by contract bid amounts if available or the contractor's determination of cost, for constructing Seattle City Light's facilities within the Improvement Project. Seattle City Light shall pay said costs within forty five (45) calendar days of receipt of each billing.

f. Payments to Contractor

The City shall make all disbursements to the Improvement Projects contractors.

g. Final Acceptance

That portion of the contractor's work consisting of constructing Seattle City Light's facilities shall not be given final acceptance until it is approved in writing by the City and Seattle City Light. Neither party shall unreasonably withhold approval for final acceptance hereto. The conduit, handholes, junction boxes and other items installed for Seattle City Light shall become the property of Seattle City Light upon final acceptance.

h. Staff Time, Costs, and Incidental Expenses

At all times material hereto, the parties shall separately bear their own staff time, engineering costs, and incidental expenses except as specifically provided elsewhere in this Agreement.

Should any claims arise related to construction of Seattle City Light's facilities within the Improvement Project, installation and energizing of Seattle City Light's utilities, or removal of Seattle City Light's existing facilities, the City shall handle and administer such claims in the same manner as it would handle any other claims on the Improvement Projects and Seattle City Light shall reimburse the City for all expenses associated with handling of such claims. The City shall immediately notify Seattle City Light and keep it informed as to the progress of the claim. Seattle City Light will provide guidance to the City regarding proposed terms of settlement. Any decision regarding the settlement or prosecution of a claim shall be approved by Seattle City Light prior to being finalized. If Seattle City Light and the City cannot agree as to the prosecution or settlement of a claim, Seattle City Light may prosecute or defend the claim and the City will assign such claims to Seattle City Light. Seattle City Light agrees to pay all costs of prosecution or defense if assigned such claims and defend, indemnify and hold harmless the City from all damages the City suffers from Seattle City Light's prosecution or defense of the claim.

i. Seattle City Light Inspections

The City will allow Seattle City Light to inspect the construction work at reasonable times before any work is covered. To accomplish this, the City will provide Seattle City Light with copies of the Contractor's project schedules and any revisions thereto, and advise Seattle City Light 24 hours prior to the need for such inspection. Seattle City Light agrees to provide such inspection in a timely manner to minimize delay to the Contractor and City.

j. Other Costs

Other costs to the City that are to be reimbursed by Seattle City Light shall be submitted to Seattle City Light for review and approval. These submittals shall be

based upon actual costs, substantiated by contract unit prices, invoices or other verification of the actual costs suitable to Seattle City Light for authorization of payment. Actual time of payment shall be as stated in section "e" above.

4. INDEMNIFICATION AND INSURANCE

- a. Seattle City Light shall hold harmless, indemnify and defend the City, its officers, appointed and elected officials, employees and agents, from and against any and all claims, actions, suits, liability, loss, expenses, damages and judgments of any nature whatsoever, including costs and attorney's fees in defense thereof, for injury, sickness, liability or death to persons or damage to property or business, caused by or arising out of Seattle City Light's negligent or intentional acts, errors or omissions in the performance of this Agreement and arising by reason of Seattle City Light's participation in the City's Project. PROVIDED FURTHER, that in the event of the concurrent negligence of the parties, Seattle City Light's obligations hereunder shall apply only to the percentage of fault attributable to Seattle City Light, its officers, officials, employees or agents.
- b. Seattle City Light shall hold harmless, indemnify and defend the City, its officers, appointed and elected officials, employees and agents from and against any and all claims, costs, expenses, actions, suits, liability, loss, damages and judgments of any nature whatsoever, including costs and attorney's fees in defense thereof, caused by or relating to Seattle City Light's or its contractor's failure to timely complete its work as identified in this Agreement.
- c. The City shall hold harmless, indemnify and defend Seattle City Light, its officers, appointed and elected officials, employees and agents, from and against any and all claims, actions, suits, liability, loss, expenses, damages and judgments of any nature whatsoever, including costs and attorney's fees in defense thereof, for injury, sickness, liability or death to persons or damage to property or business, caused by or arising out of the City's negligent or intentional acts, errors or omissions in the performance of this Agreement and arising by reason of the City participation in the City's project. PROVIDED FURTHER, that in the event of the concurrent negligence of the parties, the City's obligations hereunder shall apply only to the percentage of fault attributable to the City, its officers, officials, employees or agents.
- d. The foregoing indemnity provisions are specifically and expressly intended to constitute a waiver of each party's immunity under Washington Industrial Insurance Act, Title 51, as respects the other party only, and only to the extent necessary to provide each party with a full and complete indemnity of claims made by the other party's employees. The parties acknowledge that these provisions were specifically negotiated and agreed upon by them.
- e. The provisions of this Section shall survive the expiration or earlier termination of the Agreement with regard to any event that occurred prior to or on the date of such expiration or earlier termination.

- f. The City shall require the Contractor building the Project to be responsible for safety and safety conditions on the job site, including the safety of all persons and property during performance of the work. Contractor shall comply with all applicable City, County, and State regulations, ordinances, orders, and codes regarding safety. The Contractor's attention will be directed to the requirements of the Washington Industrial Safety and Health Act, WISHA, RCW 49.17.
- g. The City shall require the Contractor building the Project to have Seattle City Light, its Commissioners, officials, agents and employees named as additional insureds on all policies of insurance to be maintained by contractor(s) under the terms of any Project contract(s) with the City. The Contractor building the Project shall be required to maintain Public Liability Insurance.
- h. The City shall require Contractor building the Project to indemnify, defend, and save harmless Seattle City Light and its Commissioners, officers, agents, or employees from any claim, real or imaginary, filed against Seattle City Light or its officers, agents, or employees alleging damage or injury arising out of the contractor's participation in the Project.

5. PREVAILING WAGES

The public work contemplated by this Agreement shall comply with the requirements of Chapter 39.12 RCW regarding the payment of prevailing wages, including the requirements to deliver a Statement of Intent to Pay Prevailing Wages and post notice of such intent prior to commencement of work, and to file and Affidavit of Wages Paid after completion of work.

6. NOTICES AND OTHER COMMUNICATIONS

All notices and other formal communications to be delivered under this Agreement shall be mailed or delivered to the following:

City of Kenmore	Seattle City Light
Kristen Overleese, City Engineer	Rob Collins, Communications Supervisor
or her designee	or his designee
P.O. Box 82607	P.O. Box 34023
Kenmore, Washington 98028 - 0607	Seattle, Washington 98124 - 4023

Provided, however, the parties may change their respective designation of representatives by written notification to one another.

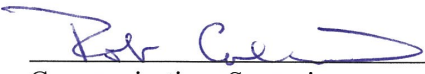
- 6. This Agreement may be signed in counterparts, and, if so signed, shall be deemed one integrated document.

The date of this Agreement is NOVEMBER 18, 2014.

CITY OF KENMORE

SEATTLE CITY LIGHT

City Manager



Communications Supervisor

Approved as to form:

City Attorney

EXHIBIT A
SCOPE OF WORK

The parties intend the following scope of work to be incorporated into the SR 522 West A (61st Ave NE to 65th Ave NE, including 61st Ave NE Approaches) project, as set forth in the City of Kenmore – Seattle City Light Interlocal Agreement for Construction of Seattle City Light Facilities. As Part of the City of Kenmore's SR 522 West A Project:

The City shall furnish and install one - 4-inch conduit on the south side of SR 522 from the west project limits (approximately 300 feet west of the SR 522 and 61st Ave NE intersection), across SR 522, along the north side of SR 522 to 62nd Ave NE, and then up 62nd Ave NE to the nearest utility pole (approximately 200 feet north of SR 522). The total length of conduit being installed will be 1,043 feet. The conversion length will require approximately 17 – 4-inch bends and 2 – 4-inch risers. The City shall also furnish and install three handhole/junction box (25-TA) within the conversion area for future access.

EXHIBIT B
COST ESTIMATE

SEATTLE CITY LIGHT COSTS

Estimated Costs to Furnish and Install Conduits / Vaults				
CONDUIT 4 IN. DIAM. - INSTALL	L.F.	\$5.70	1043	\$5,945
BENDS, 4 IN. DIAM. LESS THAN 20FT RADIUS - INSTALL	EACH	\$360.00	17	\$6,120
CONDUIT RISER, 4 IN. DIAM. - INSTALL	EACH	\$360.00	2	\$720
25-TA PRECAST VAULT	EACH	\$1,425.00	3	\$4,275
			Subtotal	\$17,060
Estimated Cost for Trench Restoration			Subtotal	\$22,698
Estimated Proportional Share of Other Project Costs	Totals	SCL Proportional Share		
			%	Cost
Mobilization Bid Item	\$526,215		0.53%	\$2,783
Traffic Control Bid Items	\$435,850		0.53%	\$2,305
Erosion Control Bid Items	\$175,440		0.53%	\$928
Utility Coordinator Bid Item	\$40,000		0.53%	\$212
Construction Management Services (Consultants)	\$1,554,228		0.53%	\$8,220
				\$14,448
TOTAL COST ASSIGNMENT TO SCL:				\$54,206

Subject/Topic: Motion to allow “drive-through service” as a temporary use for one year located at 6532 NE Bothell Way in the Downtown Commercial zone subject to conditions.	For Council Meeting Agenda of: November 24, 2014 Department: Development Services Prepared by: Andrew Bauer, Associate Planner Initial & Date Approved by Department Head: <u>BA 11/6/14</u> Approved by City Attorney: <u>NA</u> Approved by Finance Director: <u>NA</u> Approved by City Manager: <u>RHK</u>	
Proposed Council Action/Motion: Motion to allow “drive-through service” as a temporary use for one year located at 6532 NE Bothell Way in the Downtown Commercial zone subject to conditions.	Exhibits/Attachments: 1. Site location map 2. Conceptual access plan	
Expenditure Required \$0	Amount Budgeted \$ N/A	Appropriation Required \$ N/A
<u>INFORMATION/BACKGROUND:</u> “Drive-through services” as defined in KMC 18.20.785 are only allowed as an accessory use when meeting certain criteria in the Downtown Commercial (DC) zone. Stand alone drive-through services, such as espresso stands, are prohibited in the DC zone. However, a temporary use permit is a mechanism by which the City may permit a use otherwise not permitted in the zone that can be made compatible for periods of limited duration. A temporary use permit cannot exceed a total of 90 days unless extended by the City Council (KMC 18.100.100). Espresso Works is currently located at the Kenmore Village commercial site which is scheduled for redevelopment. The business has filed a temporary use permit application to relocate their existing business to a new espresso stand for one year at the SW corner of NE Bothell Way and 67th Ave NE (6532 NE Bothell Way). In accordance with KMC 18.100.125, a temporary use permit shall demonstrate that: A) The proposed temporary use will not be materially detrimental to the public welfare; B) The proposed temporary use is compatible with existing land uses in the immediate vicinity in terms of noise and hours of operation; and C) Adequate public off-street and traffic control for the exclusive use of the proposed temporary use can be provided in a safe manner. Staff believes the espresso stand will not be detrimental to the public welfare, is generally compatible with the existing land uses on NE Bothell Way in the immediate vicinity which consist of restaurants and commercial services, and the use will provide adequate vehicle access for customers visiting the site. Development Services staff recommends the temporary use be allowed for one year, beginning from the first date of business opening at the new location, with the condition the espresso stand comply with applicable development standards as determined by the City.		

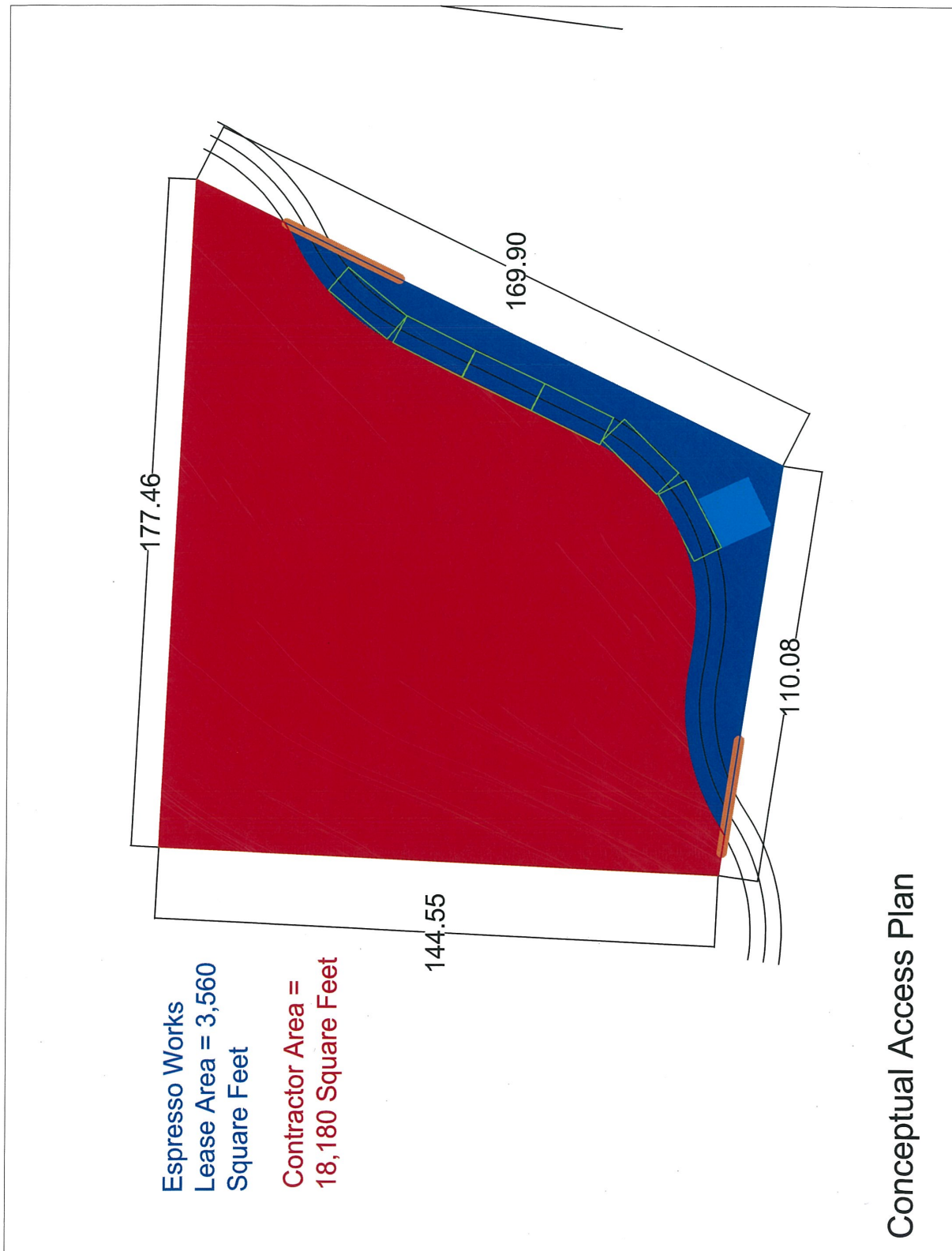
FISCAL CONSIDERATION:

Permit fees have been collected for the temporary use permit and will be assessed for the future construction permits (building, plumbing, etc). Rental income will also be collected by the City as the property is City-owned.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Economic Development





Subject/Topic: Motion to allow “drive-through service” as a temporary use for one year located at 6532 NE Bothell Way in the Downtown Commercial zone subject to conditions.	For Council Meeting Agenda of: November 24, 2014 Department: Development Services Prepared by: Andrew Bauer, Associate Planner Initial & Date Approved by Department Head: <u>BA 11/6/14</u> Approved by City Attorney: <u>NA</u> Approved by Finance Director: <u>NA</u> Approved by City Manager: <u>RHK</u> Exhibits/Attachments: 1. Site location map 2. Conceptual access plan	
Proposed Council Action/Motion: Motion to allow “drive-through service” as a temporary use for one year located at 6532 NE Bothell Way in the Downtown Commercial zone subject to conditions.		
Expenditure Required \$0	Amount Budgeted \$ N/A	Appropriation Required \$ N/A
<u>INFORMATION/BACKGROUND:</u> “Drive-through services” as defined in KMC 18.20.785 are only allowed as an accessory use when meeting certain criteria in the Downtown Commercial (DC) zone. Stand alone drive-through services, such as espresso stands, are prohibited in the DC zone. However, a temporary use permit is a mechanism by which the City may permit a use otherwise not permitted in the zone that can be made compatible for periods of limited duration. A temporary use permit cannot exceed a total of 90 days unless extended by the City Council (KMC 18.100.100). Espresso Works is currently located at the Kenmore Village commercial site which is scheduled for redevelopment. The business has filed a temporary use permit application to relocate their existing business to a new espresso stand for one year at the SW corner of NE Bothell Way and 67th Ave NE (6532 NE Bothell Way). In accordance with KMC 18.100.125, a temporary use permit shall demonstrate that: A) The proposed temporary use will not be materially detrimental to the public welfare; B) The proposed temporary use is compatible with existing land uses in the immediate vicinity in terms of noise and hours of operation; and C) Adequate public off-street and traffic control for the exclusive use of the proposed temporary use can be provided in a safe manner. Staff believes the espresso stand will not be detrimental to the public welfare, is generally compatible with the existing land uses on NE Bothell Way in the immediate vicinity which consist of restaurants and commercial services, and the use will provide adequate vehicle access for customers visiting the site. Development Services staff recommends the temporary use be allowed for one year, beginning from the first date of business opening at the new location, with the condition the espresso stand comply with applicable development standards as determined by the City.		

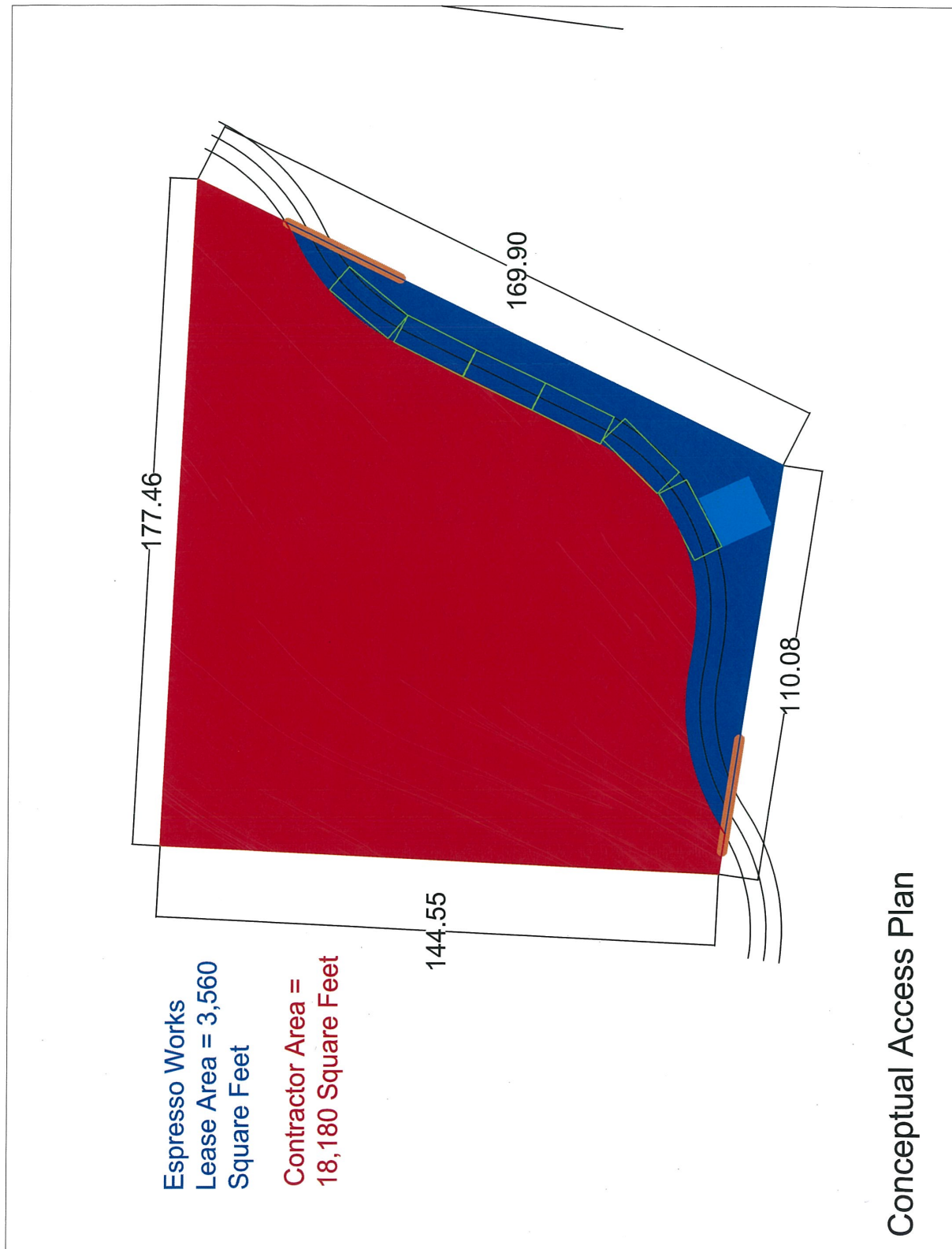
FISCAL CONSIDERATION:

Permit fees have been collected for the temporary use permit and will be assessed for the future construction permits (building, plumbing, etc). Rental income will also be collected by the City as the property is City-owned.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Economic Development







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

Subject/Topic: Council reconsideration of height requirements in the proposed Waterfront Commercial zone. Proposed Council Action/Motion: Discuss height requirements in the proposed Waterfront Commercial zone and give final direction to staff on the preferred approach.	For Council Meeting Agenda of: 11/24/14 Department: <u>Community Development</u> Prepared by: <u>Debbie Bent, Community Development Director and Lauri Anderson, Senior Planner</u> Initial & Date Approved by Department Head: <u>DS 11/24/14</u> Approved by City Attorney: <u>N/A</u> Approved by Finance Director: <u>PK</u> Approved by City Manager: <u>PK</u> Exhibits/Attachments: 1. Planning Commission recommendation 2. Alternative draft view corridor language	
Expenditure Required \$0	Amount Budgeted: Total \$278,501. \$90,000 of this amount is budgeted in the Community Development budget for implementation of the comprehensive plan and downtown plan (including \$30,000 for assistance with update of the transportation element).	Appropriation Required \$0
<u>INFORMATION/BACKGROUND:</u> At the joint meeting with the Planning Commission on October 28, 2014, the City Council extensively discussed the Planning Commission's recommendations for view protection in the proposed Waterfront Commercial zone (between NE 175th Street and Lake Washington). A Council motion was passed endorsing the Planning Commission's recommendation for the area. See Attachment 1 for the approved language. On November 17, 2014, the Council agreed to reconsider that earlier motion, but tabled conclusion of the discussion until the November 24 City Council meeting. On November 24, staff recommends the City Council discuss height requirements in the proposed Waterfront Commercial zone and give final direction to staff on the preferred approach. That approach will be incorporated into the ordinance to be presented for final Council action on December 8, 2014. For your review, and to provide additional background information, we have included as Attachment 2 the original language developed for the Planning Commission for a 50' maximum height limit with a 30% view corridor.		
<u>FISCAL CONSIDERATION:</u> None at this time.		
<u>COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:</u> • Goal 2—To continue to implement the Economic Development Plan with an emphasis on four key points: promote the Image of Kenmore, develop Downtown, support existing businesses, advance the City's		

I:/City Clerk/Agenda Items/Templates

connection to the waterfront (Regional Business zone project and review of former public facilities properties);

- Goal 5—To advance the public's access and connection to the waterfront (Regional Business zone project);
- Goal 10—To conduct a comprehensive review of the Regional Business Zone (Regional Business zone project).

ATTACHMENT 1

**Table B. Waterfront Commercial
Development Standards**

<u>STANDARD</u>	<u>REQUIREMENT</u>
<u>Base Density: Dwelling Units/Gross Acre</u>	48
<u>Maximum Density: Dwelling Units/Gross Acre</u>	72 du/ac ¹
<u>Street Setback</u>	10 ft. ²
<u>Minimum Interior Setback</u>	20 ft. ³
<u>Base Height⁴</u>	35 ft.
<u>Maximum Height</u>	40 ft.
<u>Maximum Impervious Surface: Percentage⁵</u>	90%

¹ This density may only be achieved through the application of residential density incentives or *transfer of density credits in mixed use developments*. See Chapter 18.80 KMC.

² Fuel pump islands shall be placed no closer than 25 feet to *street* front lines.

³ Required on property lines adjoining residential zones.

⁴ Height limits may be increased to a maximum of 40' when portions of the *structure/building* which exceed the base height limit provide one additional foot of *street* and interior *setback* for each foot above the base height limit.

ATTACHMENT 2

**Table B. Waterfront Commercial Development
Standards**

STANDARD	REQUIREMENT
<u>Base Density: Dwelling Units/Gross Acre</u>	<u>48</u>
<u>Maximum Density: Dwelling Units/Gross Acre</u>	<u>72 du/ac¹</u>
<u>Street Setback</u>	<u>10 ft.²</u>
<u>Minimum Interior Setback</u>	<u>20 ft.³</u>
<u>Base Height⁴</u>	<u>35 ft.</u>
<u>Maximum Height⁴</u>	<u>50 ft.</u>
<u>Maximum Impervious Surface: Percentage⁶</u>	<u>90%</u>

¹ This density may only be achieved through the application of residential density incentives or *transfer of density credits in mixed use developments*. See Chapter 18.80 KMC.

² Fuel pump islands shall be placed no closer than 25 feet to *street* front lines.

³ Required on property lines adjoining residential zones.

⁴ Height limits may be increased to a maximum of 50' when a view corridor equivalent to 30% of the average east-west dimension of the development proposal site is established. The intent of this view corridor is to ensure in perpetuity public views of Lake Washington from SR-522. Within this view corridor, no *structure* or vegetation shall exceed 35' in height. The view corridor shall meet the following standards and must be approved by the city manager:

1. The view corridor shall be located to provide the best view of the lake considering the following in order of priority:

a. Locations of existing structures, parking areas or vegetation that are likely to remain in place in the foreseeable future.

b. Locations of existing view corridors in the urban corridor west subarea;

2. The view corridor shall be in one continuous piece.

3. For land divisions, the view corridor shall be established as part of the land division and shall be

ATTACHMENT 2

located to create the largest view corridor on the subject property.

4. The applicant shall execute a covenant or similar legal agreement, in a form acceptable to the City Attorney, and record the agreement with the county records and elections division to protect the view corridor. Land survey information shall be provided by the applicant for this purpose in a format approved by the city manager.

⁵ The *impervious surface* area for any *lot* may be increased beyond the total amount permitted in this chapter subject to approval of a *conditional use permit*.



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

Subject/Topic: CRW Systems Inc. – Contract No. 14-C1345, Agreement for the Installation and Use of Development Services Software Solution and 14-C1346, Software Maintenance and Support Agreement. Proposed Council Action/Motion: Authorize City Manager to Execute Contract No. 14-C1345, Agreement for the Installation and Use of Development Services Software Solution and 14-C1346, Software Maintenance and Support Agreement.	For Council Meeting Agenda of: <u>November 24, 2014</u> Department: <u>Development Services</u> Prepared by: <u>Bryan Hampson</u> Initial & Date Approved by Department Head: <u>BA 11/14/14</u> Approved by City Attorney: <u>BA for R.L. 11/13/14</u> Approved by Finance Director: _____ Approved by City Manager: <u>RAK</u> Exhibits/Attachments: 1. Contract No. 14-C1345, Agreement for the Installation and Use of Development Services Software Solution. 2. Contract No. 14-C1346, Software Maintenance and Support Agreement.
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Expenditure Required
See Fiscal Consideration Below

Amount Budgeted
See Fiscal Consideration Below

Appropriation Required \$NA

INFORMATION/BACKGROUND:

In 2010, the City transitioned from using contracted permitting services to in-house services. Now all land-use, engineering, clearing and grading, right-of-way, building, mechanical, plumbing, special events and other miscellaneous permit applications are managed by City employees. Managing these applications requires the capability to track dates, statuses, documents, and other crucial data. Such data is used for permit review and management, public records requests and other mandatory reporting requirements.

The City is currently using Harris, CityView 8.3 software to track and manage permitting and code compliance cases within the City. CityView, a Windows based software system, was purchased by the City in 2001. The current version of CityView owned by the City is no longer capable of meeting the City's permitting needs. Furthermore, the maintenance for CityView 8.3 is no longer supported by Harris. The current software causes inefficiencies in the permit approval process for the City.

In 2013, the City contracted RNR Consulting to conduct an I.T. Strategic Plan. The I.T. Strategic Plan identified the need to conduct a requirement definition, system selection and implementation process for a new permitting software system that supports the permitting needs of the City of Kenmore. It also identified the need to establish an I.T. Governance Committee to guide the I.T. program through a structured, enterprise-based model for I.T. decision making.

In 2014, the City contracted with RNR Consulting to conduct a Permitting System Requirements Definition and

Acquisition Plan. The Requirements Definition identified the permitting needs of the City and the minimum requirements the permitting software should be capable of performing. The Acquisition Plan identified possible software vendors, methods to receive proposals, demonstration planning and methods to secure the program.

City staff evaluated four different software packages that would provide the necessary needs of the City. Based on the reviews and support of the I.T. Governance Committee our recommendation is to purchase CRW Systems Inc, TRAKiT software system.

TRAKiT is a web-based, GIS-centric database that will interface with our current ArcGIS and SQL servers. It also has the ability to easily interface with the MyBuildingPermit.com electronic permit submittal portal. TRAKiT comes highly recommended. Many regional jurisdictions have implemented TRAKiT, including three eCityGov partnering Cities, (Issaquah, Sammamish, and Mill Creek). In 2009, eCityGov, on behalf of the partnering Cities, conducted a request for proposal for a regional permit system. After evaluating and viewing demonstrations for more than 30 vendors, TRAKiT was one of the top two.

TRAKiT is comprised of a series of interrelated modules that are tightly linked. This contract only includes a few modules, (project, permit, and code enforcement tracking modules). However, TRAKiT does have other modules such as citizen response, business licensing, electronic submittal, and electronic review that the City could add on later if desired.

The overall installation process includes the various phases: software installation, process mapping, interfacing, testing, training and go-live. We estimate the process will take approximately 9-12 months. This process will require that we assign a project manager who is familiar with our business practices and will be able to oversee the entire process. We may need to bring in temporary help to fill in the gaps left by shifting staff around.

FISCAL CONSIDERATION:

The current agreement and quote for the total installation cost is \$146,000 and approximately \$14,000 a year for maintenance and support. The \$146,000 is spread-out over five payments. The first payment of \$66,500 for software and licensing is due at the start, which will occur in 2014. The remaining \$79,500 is split up into four equal payments and are due after each major milestone is accepted and signed-off on. The first year annual maintenance fee is due at system acceptance, starting in 2015.

	Expenditure:	Budgeted:
CRW TRAKiT	\$146,000 ¹	\$155,000 ²
Project Manager	\$18,000	\$18,000 ³
Annual Maintenance	\$13,300 ⁴	\$25,000
Total First Year	\$177,300	\$198,000

¹ The current agreement and quote includes a \$5,000 discount and expires December 6, 2014.

² \$75,000 was budgeted in the Equipment Replacement Fund for permit software replacement. An additional \$80,000 was budgeted for new financial software. These amounts were combined in order to meet the actual costs of the permitting software. The financial software may be re-budgeted for in the 2015-16 biennium budget.

³ Project Manager (temporary employee) expenditure is budgeted for in the 2015/2016 biennium budget.

⁴ Ongoing maintenance and support costs begin after acceptance. Year 3 the maintenance costs increases to \$13,965, year and Year 5 they increase to \$14,663.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

To establish a contemporary Information Technology Program and to provide effective and efficient services.

**AGREEMENT
FOR THE INSTALLATION AND USE OF
DEVELOPMENT SERVICES SOFTWARE SOLUTION
City of Kenmore Contract No. 14-C1345**

This Agreement is entered into this _____ day of _____, _____, by and between CITY OF KENMORE, WA, (hereinafter "CLIENT") and CRW SYSTEMS, INC., (hereafter "CRW") for the installation of a permit and code enforcement software, and other services, as specifically provided herein (hereafter referred to as "the Project").

IN CONSIDERATION of the covenants as set forth in this Agreement, CLIENT and CRW agree as follows:

A. SCOPE OF SERVICES / SCOPE OF WORK

A.1. PROJECT DESCRIPTION:

The Project is more specifically defined as follows: Installation of an automated permit management, project tracking and code enforcement software system, and related subsystems.

A.2. AGREEMENT CONTENTS:

This Agreement includes the following Exhibits:

Exhibit A.	Project Scope of Work.
Exhibit B.	Project Milestone and Payment Schedule.
Exhibit C.	Project Cost Summary
Exhibit D.	Software License
Exhibit E.	System Acceptance Testing

A.3. COMMENCEMENT DATE:

A.3.1. The commencement date for the services to be provided by CRW shall be the date upon which CRW is in receipt of all of the following: (a) a fully executed original of this Agreement, and (b) written notice to proceed provided by CLIENT. CRW shall not be obligated to perform any work pursuant to the Project, including labor or materials, prior to the commencement date as defined herein.

A.3.2. A Scope of Work, with itemized pricing of various items associated with the Project is attached hereto as Exhibits A and B, and incorporated herein by this reference. Subject to CLIENT'S duties and responsibilities provided in Section C, the time periods set forth in Exhibits A and B shall be substantially adhered to; provided, that the time periods indicated are provided as a general understanding of the estimated time period in which various Project items will be completed, and are not intended to impose strict deadlines for completion of all or any part of the work.

A.2.3. The time schedule provided in Exhibit A, Scope of Work, is based in large part on the assumption that CLIENT will provide all necessary information to CRW in a timely manner in accordance with Section C of this Agreement.

B. DUTIES AND RESPONSIBILITIES OF CRW

B.1. SCOPE OF WORK:

B.1.1. After the commencement date, CRW shall perform the following services:

- (1) Install Permit Management, Project Tracking and Code Enforcement Software.
- (2) Provide data conversion of CLIENT'S existing data and incorporate data into CRW system.
- (3) Provide configuration assistance in accordance with work processes and business rules established prior to the Workbook Collection meeting.
- (4) Provide hands-on, Administrator Training, as specifically provided herein.
- (5) Provide on-site, hands-on, User Training, as specifically provided herein.
- (6) Provide remote access support during Annual Maintenance period. CLIENT to provide local workstation with remote connection and appropriate remote access software.

B.1.2. CRW shall furnish and install software free from significant programming errors and from material defects in workmanship, and shall provide all services in a workmanlike manner in accordance with the Scope of Work, subject to the terms and conditions as stated in the Agreement. Any additional services must be evidenced by a written modification of this Agreement, or change request pursuant to Section C of the Agreement. Services to be provided do not include hardware.

B.2. NOT RESPONSIBLE FOR DAMAGES DUE TO UNFORESEEN DELAYS:

Neither CLIENT nor CRW shall be responsible for any damages incurred by the other resulting from delays outside of its reasonable control, including, but not limited to, (a) failure of CLIENT to furnish timely information; (b) failure of CLIENT to approve or disapprove of CRW's work, and/or (c) strikes, lockouts, accidents, or acts of GOD.

C. DUTIES & RESPONSIBILITIES OF CLIENT

C.1. INFORMATION TO BE PROVIDED BY CLIENT:

- C.1.1.** CLIENT will provide all information necessary for CRW to establish the permit software control files, including but not limited to:
 - (1) Current valuation and fee structures
 - (2) Current Permit, Project and Case types designations and categories
 - (3) Examples of all current reports used by the CLIENT relating to permit management.
 - (4) Any exceptions to the typical permit process, or any special permit processing requirements.
- C.1.2.** The CLIENT will provide CRW with access to CLIENT workstations and disk space for installation of the software.
- C.1.3.** The CLIENT will ensure and provide that staff who will be trained in the use of CRW software will have sufficient basic knowledge of permit processing and MS-Windows functions.

C.2. CLIENT COOPERATION:

- C.2.1.** CLIENT understands that timely completion of the Project is dependent in significant part upon the timely cooperation of CLIENT in providing information to CRW necessary to complete the project, including, but not limited to: (a) Data obtained from CLIENT'S present system to be incorporated into the new CRW system; and (b) information relative to desired permit forms to be incorporated into the CRW system.
 - C.2.1.1.** Should substantial changes occur that affect the project timeline, then CRW and CLIENT will mutually agree on an appropriate change in project cost.
- C.2.2.** CLIENT will provide, for the purpose of CRW deploying the acquired Software, access to CLIENT workstations and servers upon CRW's request.
- C.2.3.** CLIENT workstations and servers must be compatible with software configurations requested by CRW.
 - C.2.3.1.** CRW may, at its discretion, provide a workstation to be deployed on the CLIENT's network for the purpose of demonstrating the configuration of the acquired Software.

D. COMPENSATION

D.1. CRW COMPENSATION & FEES:

CLIENT agrees to compensate CRW for professional services rendered under this Agreement for the total contract price of **\$146,000 [One Hundred Forty-Six Thousand Dollars]**, which amount shall include all labor and materials associated with this Project as specified in Exhibit C "Project Cost Summary". Total Contract Price does not include any changes to the work as may be requested by CLIENT and incorporated into the Project pursuant to a written request by CLIENT as provided in section E of this Agreement.

Sales, Use, Excise, or any State or Local taxes and/or licenses which may apply to this Project are the responsibility of CLIENT.

D.2. TERMS OF COMPENSATION:

CRW will submit invoices for work performed according to the payment schedule shown in Exhibit B "Project Milestone and Payment Schedule." Project cost is divided into five (5) payments, each of which is due and payable upon completion of the preceding milestone step. CLIENT agrees to notify CRW of any disputed invoice

within 5 business days of receipt of such invoice. Failure of CLIENT to pay undisputed invoices within 30 days of receipt will subject CLIENT to a late payment fee computed at a periodic rate of 1.0% per month of the amount past due, representing an annual percentage rate of 12%, which late fee shall be applied to any unpaid balance.

E. CHANGES AND ADDITIONS TO THE WORK

E.1 REQUIREMENTS OF WRITTEN CHANGE ORDERS:

CLIENT may request CRW to perform additional services not covered by the specific Scope of Work as set forth in Exhibit A of this Agreement. Any such requests shall be submitted in writing, and shall be signed by the CLIENT Representative, as identified in I1.1 of this Agreement, and an authorized representative of CRW. Such signed requests shall include (a) a description of the additional services to be performed, and (b) the agreed upon price for such services. Any such requests signed by the CLIENT Representative, or other authorized agent of CLIENT, shall be deemed authorized by CLIENT and shall bind CLIENT to its terms.

E.2. PAYMENT FOR ADDITIONAL WORK:

Any such additional work performed by CRW shall be added to the contract price and billed in accordance with the "Project Cost Summary" as outlined in Exhibit C of this Agreement. CRW will not commence any additional services for the CLIENT until written authorization has been given by CLIENT and approved by CRW, as provided above.

F. INDEMNIFICATION AND INSURANCE

F.1. INDEMNIFICATION:

F.1.1. Proprietary Rights Indemnification. CRW shall indemnify, defend and hold harmless CLIENT from and against any actions, damages, costs, liabilities, or claims, based upon infringement of any United States copyright, trademark, patent, or third party right by the Software. CLIENT agrees to notify CRW of any such claim promptly in writing. CLIENT agrees to cooperate fully with CRW during such proceedings. CRW shall defend at its sole expense all proceedings arising out of the foregoing. In the event of such infringement, CRW may replace, in whole or in part, Software with a substantially compatible and functionally equivalent computer program or modify Software to avoid the infringement.

F.1.2. General Indemnification.

F.1.2.1. CRW shall protect, defend, indemnify and save harmless CLIENT, its officers, employees and agents from any and all costs, claims, judgments or awards of damages, arising out of or in any way resulting from the negligent acts or omissions of CRW. CRW agrees that its obligations under this subparagraph extend to any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or agents. For this purpose, CRW, by mutual negotiation, hereby waives, as respects the CLIENT only, any immunity that would otherwise be available against such claims under the Industrial Insurance provisions of Title 51 RCW. In the event CLIENT incurs any judgment, award, and/or cost arising there from including attorneys' fees to enforce the provisions of this article, all such fees, expenses and costs shall be recoverable from CRW.

F.1.2.2. CLIENT shall protect, defend, indemnify and save harmless CRW, its officers, employees and agents from any and all costs, claims, judgments or awards of damages, arising out of or in any way resulting from the negligent acts or omissions of CLIENT. CLIENT agrees that its obligations under this subparagraph extend to any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or agents. For this purpose, CLIENT, by mutual negotiation, hereby waives, as respects CRW only, any immunity that would otherwise be available against such claims under the Industrial Insurance provisions of Title 51 RCW. In the event CRW incurs any judgment, award, and/or cost arising there from including attorneys' fees to enforce the provisions of this article, all such fees, expenses and costs shall be recoverable from CLIENT.

F.1.2.3. If a claim, demand or cause of action arises from the negligent act or failure to act or intentional wrongful act of one of the parties hereto, or its officers, agents or employees, then that party shall indemnify, defend and save the other party and its officers, agents and employees harmless there from; provided, however, that such provision shall not apply to the

extent that damage or injury arises from the fault of the other party, its officers, agents or employees. In the case of negligence of both CRW and CLIENT, any damages allowed shall be levied in proportion to the percentage of negligence attributable to each party, and each party shall have the right to seek contribution from the other party in proportion to the percentage of negligence attributable to the other party.

- F.1.2.4. Where CRW is found to be at fault, CRW will indemnify, defend, and hold CLIENT (and its elected officials, officers, employees, successors, assigns, insurers, licensees, distributors, independent contractors, and agents) harmless from all claims, damages, losses, and expenses (including reasonable attorneys' fees incurred on such claims and in proving the right to indemnification) arising out of or resulting from any claim, action, or other proceeding that is based upon (a) CRW's breach of any obligations, representations, or warranties under the Agreement, (b) CRW's outside business activities, or (c) the infringement or misappropriation by CRW of any foreign or United States patent, copyright, trade secret, or other proprietary right in results.

F.2. INSURANCE:

CRW, shall at CRW's own expense, purchase, maintain and keep in force during the term of this Agreement (unless otherwise stated below) such insurance as set forth below. All insurance policies provided under this Agreement shall be written on an "occurrence" basis. The insurance requirements shall remain in effect throughout the term of this Agreement.

- F.2.1. Worker's Compensation as required by law, Employers Liability Insurance of not less than \$100,000.00 for each accident, \$100,000.00 disease-each employee, \$500,000.00 disease-policy limit.
- F.2.2. Commercial General Liability Insurance - \$1,000,000.00 Limit
- F.2.3. Professional Liability Insurance - \$1,000,000.00 Limit. Professional Liability insurance will be in force for twelve (12) months from commencement date. Professional Liability insurance shall apply to services performed by CRW staff only. Professional Liability insurance shall not apply to third-party services or services of subcontractors.
- F.2.4. All policies are to be written through companies duly approved to transact that class of insurance in the State of Washington.
- F.2.5. Insurance is to be placed with carriers with a Best rating of A:VII or better.
- F.2.6. CRW hereby waives subrogation rights for loss or damage to the extent same are covered by insurance. Insurers shall have no right of recovery or subrogation against CLIENT, it being the intention that the insurance policies shall protect all parties to the Contract and be primary coverage for all losses covered by the policies.

F.3. PROOF OF INSURANCE:

Exhibit G contains a Certificate of Insurance for Items F.2 above as proof that said insurance is in full force as of the date of this Agreement. Additionally, CRW shall deliver to CLIENT an updated Certificate of Insurance for Items F.2 with every invoice submitted during the term of this Agreement.

CLIENT, its officers and agents, shall be endorsed as an additional insured under CRW's General Liability Insurance.

CRW will not modify or cancel its General Liability Insurance without written notification and approval from the CLIENT.

G. TERMINATION

G.1. TERMINATION OF AGREEMENT

- G.1.1. This Agreement may be terminated by CLIENT at any time, with or without cause, upon written notice to CRW. Notwithstanding the date of such notice, termination shall be effective upon receipt by CRW of such notice of termination. In the event of termination by CLIENT, CLIENT shall pay CRW for all services and materials provided to CLIENT pursuant to this Agreement up to and including the date of receipt by CRW of notice of termination.

- G.1.2.** In the event CLIENT terminates this Agreement, the CLIENT agrees to immediately return all source code or other materials provided to CLIENT by CRW, and to return or destroy, erase, and purge all software provided by CRW from any and all CLIENT computers.
- G.1.3.** Within 30 days of termination CLIENT agrees to provide CRW with written confirmation that all CRW software has been destroyed. Within its sole discretion, and upon reasonable notice to CLIENT, CRW shall have the right to verify that CRW software has in fact been removed or destroyed by personal inspection of CLIENT computers.
- G.1.4.** Any use by CLIENT of any CRW software after termination of this agreement by CLIENT without the express written authorization of CRW shall be a breach of this agreement and subject CLIENT to damages.

H. OWNERSHIP OF DOCUMENTS

H.1. OWNERSHIP OF DOCUMENTS:

- H.1.1.** All plans, specifications, reports, and other design documents prepared by CRW pursuant to this Agreement shall become property of CLIENT only after completion of the Project.
- H.1.2.** All source code for computer programs or modifications to programs, which are produced pursuant to this Agreement shall be deemed, and remain, the intellectual property of CRW and are protected under the copyright, patent, or other laws, of the United States as well as other jurisdictions where such programs are being used.
- H.1.3.** CLIENT agrees to respect CRW's purported ownership of any such proprietary rights which may exist, including patent, copyright, trade secret, trademark and other proprietary rights, in and to Software and any corrections, bug fixes, enhancements, updates or other modifications, including custom modifications, to Software, whether made by CRW or any third party. Under no circumstances shall CLIENT sell, license, publish, display, distribute or otherwise transfer to a third party Software or any copy thereof, in whole or in part, without CRW 's prior written consent; provided, that nothing in this section shall prohibit any disclosure or production of documents or other records pursuant to any court order or state or federal law, including but not limited to the Washington Public Records Act.

H.2. SOURCE CODE ESCROW:

- H.2.1.** CRW shall maintain a software escrow account. A copy of the latest source code for the software being installed by CRW pursuant to this Agreement shall be deposited in this escrow account.
- H.2.2.** CRW will pay the entire cost of this source code escrow account.
- H.2.3.** CLIENT will be registered as a Registered Beneficiary of the Software Escrow Agreement.

I. COMMUNICATION THROUGH CLIENT / CRW DESIGNATED REPRESENTATIVES

All communication relating to project status shall be exchanged between a designated representative of the CLIENT and a designated representative of CRW as identified below.

I.1. DESIGNATED CONTRACT REPRESENTATIVES:

- I.1.1.** The designated representative of CLIENT and CRW Systems is as follows:

CLIENT	CRW
Bryan Hampson Development Services Director 18120 68 th Avenue NE Kenmore, WA 98028 Phone: 425-398-8900 Fax: 425-481-3236 Email: bhampson@kenmore.wa.gov	Christopher R. Wuerz, P.E. President, CRW Systems, Inc. 2036 Corte Del Nogal Suite 200 San Diego, CA 92011 Phone: (858) 451-3030 Fax: (760) 438-2060 Email: chris@crw.com

- I.1.2.** If the designated representative or address of either party changes during the term of this Agreement, a written notice shall be given to the other party prior to the effective date of change.

I.2. DESIGNATED SYSTEM ADMINISTRATOR:

- I.2.1. The CLIENT Representative shall identify and designate System Administrators. All communication related to day-to-day operations of the system, including system maintenance, systems problems and/or troubleshooting, shall be made to CRW only through either the designated representative of CLIENT as identified in I.1.1 above, or the System Administrators as identified below.
- I.2.2. The System Administrators shall participate in all training sessions conducted by CRW as required by this Agreement, and shall become fully knowledgeable and competent to use all aspects of the system software. (It is highly recommended that the designated System Administrators be someone with experience and competence with personal computers.)
- I.2.3. The System Administrator for CLIENT is designated as follows:
Name: Samantha Loyuk

J. MISCELLANEOUS GENERAL PROVISIONS

J.1. LICENSES:

CRW shall obtain and maintain all business licenses as may be required by law.

J.2. STATUS OF CRW AS CONSULTANT:

Throughout the term of this Agreement, CRW, its employees, subcontractors, consultants, and agents shall be considered as an independent contractor(s). Nothing in this Agreement shall be interpreted to imply an employee-employer relationship between CLIENT and CRW.

J.3. MEDIATION OF DISPUTES:

Prior to the commencement of any litigation arising out of this Agreement, both CRW and CLIENT agree to participate in good faith in non-binding mediation of any dispute or claim, which remains unresolved after informal discussions. Both CRW and CLIENT shall negotiate in good faith to select a qualified mediator.

J.4. ATTORNEY'S FEES:

In the event that any legal proceeding is instituted by either CRW or CLIENT to enforce the terms of this Agreement or to determine the rights of CRW or CLIENT, the prevailing party in said legal proceeding shall be entitled to recover its reasonable costs and attorney's fees.

J.5. APPLICABLE LAW:

This Agreement, its interpretation and all work performed thereunder shall be governed by the laws of the State of Washington. Venue for the enforcement of this Agreement shall lie exclusively in King County, Washington.

All claims, disputes, and other matters in question arising out of, or relating to, this Agreement or the breach thereof shall be resolved in the Superior Court of King County, Washington, and all parties hereto specifically waive any "venue privilege" they may have in any other jurisdiction.

J.6. BINDING ON SUCCESSORS:

All the terms, provisions and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives.

J.7. DUE AUTHORITY:

CLIENT represents and warrants that the person executing this Agreement on behalf of CLIENT is an agent of CLIENT and has full and complete authority to execute this Agreement and enter into the terms and covenants provided herein, and has been designated by CLIENT to execute this Agreement on behalf of CLIENT.

CRW represents and warrants that the person executing this Agreement on behalf of CRW is an agent of CRW and has full and complete authority to execute this Agreement and enter into the terms and covenants provided herein, and have been designated by CRW to execute this Agreement on behalf of CRW.

J.8. WARRANTY ON TITLE:

CRW warrants that it has good title and all proprietary rights to the Software to enable it to license its use to CLIENT free of any proprietary rights of any other party or any other encumbrance.

J.9. APPLICATION SOFTWARE WARRANTY:

CRW warrants that its Software will perform in the manner described in the Agreement documents hereby incorporated by reference as if fully contained herein and any other written user documentation for the version installed. CRW further warrants that its Software, and any updates thereto, are and will be delivered and installed free of viruses, malware or other similar dysfunctional software not intended to be included in the Software and/or updates provided to CLIENT. The warranties provided in this subsection J.9 shall commence upon date of acceptance by CLIENT as defined by Exhibit E attached hereto. In addition to any other remedies available to CLIENT under this Agreement, CRW agrees to correct any such deficiencies promptly and at no additional cost to CLIENT.

J.10 SERVICES WARRANTY:

CRW warrants that the services provided hereunder shall be performed diligently and in a timely manner by experienced and competent personnel with the care and skill ordinarily exercised by members of the profession practicing under similar conditions, and in accordance with the professional standards of the industry. In addition to any other remedies available to CLIENT under this Agreement, any error or defect in the services provided hereunder shall be corrected by CRW promptly and at no additional cost to the CLIENT. CLIENT may request and receive alternate personnel, which shall be provided by CRW in a timely manner, and any non-conforming work shall be promptly re-performed.

J.11. ENTIRE AGREEMENT:

This Agreement contains the entire understanding and agreement between CRW and CLIENT. Any prior agreements, promises, proposals, negotiations or representations—oral or written—not expressly set forth herein shall be of no force or effect. In the event of a conflict between the terms and conditions of this Agreement and any document incorporated by reference, the terms and conditions of this Agreement shall prevail. This Agreement may be modified or amended only by written agreement signed by both CRW and the CLIENT.

J.12. AGREEMENT AS OFFER:

This Agreement shall be valid only if it is signed by both CLIENT and CRW, and a signed original has been received by both parties on or before December 5, 2014.

CITY OF KENMORE, WA

CRW SYSTEMS, INC.

Dated: _____

Dated: _____

By: _____
Rob Karlinsey, City Manager

By: _____
Christopher R. Wuerz, President

EXHIBIT A

PROJECT SCOPE OF WORK

Upon receipt of a written Notice to Proceed from CLIENT, CRW shall perform the following services:

A. On-Site attendance and participation in project meetings.

Meetings: Project kick-off meeting; business process reviews; software installation; database installation; project implementation meetings.

On Site Days: CLIENT changes to scheduled travel days within 14 days of project schedule may incur increased travel expenses.

B. Deliver computer software (TRAKiT) and database structures for SQL/Server database.

Deliverable: Computer software; installation instructions; services to install software on CLIENT network; services to install SQL/Server database and tables. CRW does not configure/install any hardware.

C. Provide data conversion services.

Deliverable: Electronic transfer (via FTP or email) of converted database; services to develop conversion software for translation; services to perform data conversion; services to install converted data; services to investigate and correct any errors uncovered during conversion balancing and/or system testing. CRW does not guarantee the quality of the source data received, but makes reasonable effort to convert all data in the original source that it is provided.

Applies to: Land data from a single source.

CLIENT will:

- (1) Provide to CRW all tables and files that are necessary for historical data conversion.
- (2) Provide all necessary files and data to CRW within thirty (30) days of project commencement date.
- (3) Thoroughly test data converted by CRW after each delivery, and report issues within the timeframes agreed in the Project Schedule. In the event that unplanned data conversion activities are required, then CRW and CLIENT will mutually agree on an appropriate change in project cost.

D. Provide software training.

Deliverable: Provide System Administrator training for up to one (1) CLIENT staff during scheduled training at CRW designated facilities.

Deliverable: Provide Report Writing training for up to one (1) CLIENT staff during scheduled training at CRW designated facilities.

Deliverable: Conduct two (2) days of on-site, hands-on System Acceptance training at CLIENT office. Class size is limited to eight (8) students per day.

Deliverable: Conduct three (3) days of on-site, hands-on End User training at CLIENT office. Class size is limited to eight (8) students per day.

CLIENT to provide classroom space, workstations, and networked access to the server for all on-site classes at CLIENT facilities. If CLIENT does not have hardware for conducting training, then CRW can provide onsite laptop labs for an additional cost.

E. Provide Project Implementation services.

CRW will provide implementation services for the following departments as identified below:

- a) Planning Department will receive out-of-the-box work-flows configured to the CLIENT's business processes. Project types to be delivered include (but are not limited to) design review, sign, conditional use permit, rezoning, annexation, site plan, subdivision, and variance processes. CLIENT will provide a comprehensive list of project types to CRW.
- b) Building Department will receive out-of-the-box work-flows configured to the CLIENT's business processes. Permit types to be delivered include (but are not limited to) building, grading, plumbing mechanical, electrical, and resale permits. CLIENT will provide a comprehensive list of permit types to CRW.
- c) Code Enforcement Department will receive out-of-the-box work-flows configured to the CLIENT's business processes. Code types to be delivered include (but are not limited to) Building without a permit, Junk, Vehicles, Sign code, and Nuisance violations. CLIENT will provide a comprehensive list of code violation types to CRW.

Deliverable: Boiler-plate emails and letters for reminders (where available) and notifications will be created to use in CLIENT's automated workflows. CLIENT agrees to provide templates to CRW within thirty (30) days of project commencement date.

Deliverable: Develop up to three (3) custom forms, and up to zero (0) custom reports, as directed by CLIENT staff; provide standard (ICC or other) Valuation tables; develop custom valuations and fee formulas as directed by CLIENT staff, using information provided by CLIENT.

Deliverable: Installation of forms, fee tables, types, inspections, and valuation tables in TRAKIT database.

Deliverable: Data import specification (using standard TRAKIT import function) for monthly updates of assessor records.

CLIENT to provide information regarding fee formulas, usage, permit and project forms.

CLIENT agrees to provide all necessary custom report and custom form definitions to CRW within thirty (30) days of project commencement date.

Deliverable: Real-Time integration with the eCityGovAlliance web portal MyBuildingPermit.com, with the same functionality currently in place at Issaquah, WA and other agencies.

Upon a web-service call by MyBuildingPermit.com indicating that a permit or project has been created:

- Create PermitTRAK or ProjectTRAK record
- Link to GeoTRAK record where possible according to established rules
- Create Fees, contacts, and valuations as at other jurisdictions
- Determine which inspections can be scheduled on a given permit
- Allow inspection requests via MyBuildingPermit.com

A web server that can connect to the TRAKIT database and is accessible over the Internet is required. No configuration or licensing of the MyBuildingPermits.com portal itself is included. This is coordinated with the City of Bellevue and eCityGovAlliance.

CLIENT will ensure that the product/license is up to date to take advantage of CRW's integration.

EXHIBIT B**PROJECT MILESTONE AND PAYMENT SCHEDULE**

Task	CLIENT Responsibilities	CRW Responsibilities	Target Date
1. Contract Execution / Notice to Proceed	Client signs contract and provides Notice to Proceed.	CRW signs final contract.	December 2014
2. Project Hand-Off Call	Client reviews and sets initial Project Timeline dates with CRW.	CRW & Client review Project Timeline; CRW delivers electronic copies of Configuration Guide.	December 2014
3. Confirm Hardware & Required Systems	Client provides confirmation that all required hardware, servers, database systems, and related components are ready.	CRW reviews hardware specifications with Client; CRW confirms remote access.	December 2014
4. Initial Data Extract	Client uploads all legacy databases quoted in the contract to CRW's FTP site.	CRW provides FTP access for uploading all source files. CRW reviews initial data upload.	December 2014
5. Project Timeline Sign-Off SIGN OFF	Client signs-off on remaining project milestone dates.	CRW provides Client with timeline dates.	December 2014
6. Software Installation	Client provides remote access to servers.	CRW installs all TRAKIT software on Client servers. One workstation will also be tested.	December 2014
7. First Payment Due 100% of Software Licensing \$66,500	Customer provides 1st payment for software licensing.		December 2014
8. Database Consultation SIGN OFF	Client conducts meeting with CRW to discuss the data conversion process and a brief review of the data structure. Client signs-off on Data Source Document.	CRW provides suggestions to ensure expectations are reviewed.	December 2014
9. GIS Consultation SIGN OFF	Client conducts meeting with CRW to discuss the delivery expectations for GIS data.	CRW offers suggestions to ensure expected delivery is achieved. CRW provides a sample 'Map Template' to be used within TRAKIT GIS.	December 2014
10. Map Template Delivered		The sample map template is also delivered to the client.	December 2014
11. Delivery of Geodatabase	Client uploads geodatabase onto CRW's FTP site for data mapping.	CRW begins mapping the source tables to the TRAKIT structure.	December 2014
12. Screenshots of Existing Software	Client provides screenshots of existing software that relate to the data conversion process.	CRW reviews screenshots and begins mapping of data; CRW prepares data mapping document to submit to Client.	December 2014
13. Demo Existing Legacy Systems	Client conducts an overview of their existing system for CRW.	CRW reviews current legacy systems with Client.	December 2014
14. Remote Webinar Training Series	Client attends and participates in remote 2-hour webinar training sessions for each Core Team.	CRW conducts webinar training sessions prior to onsite meeting.	December 2014

Task	CLIENT Responsibilities	CRW Responsibilities	Target Date
15. Kick-Off Meeting ONSITE	Client attends and participates in Kick-Off Meeting, which includes a review of the Configuration Guide and Workbook.	CRW conducts Kick-Off meeting onsite. Reviews Configuration Guide with all Departments, and assists in completing GeoTRAK data fields. CRW provides workflow samples for future discussions.	January 2014
16. 1 st Workbook Review Remote Discussion	Client Departments attend review meetings with CRW.	CRW conducts a review of business processes with each Department. CRW ensures that the Configuration Workbook is being updated.	January 2015
17. 1 st GeoTRAK Workbook Review	Client reviews land data mapping details and configuration information with CRW.	CRW reviews configuration workbook and provides feedback as applicable.	January 2015
18. Initial Workflows	Client provides initial workflows from various Departments for review.	CRW reviews initial workflows submitted for Business Process Meeting.	January 2015
19. Business Process Review Meeting ONSITE	Client provides business process workflow and corresponding reports/forms used in daily activities. Sessions are divided among various Departments implementing TRAKIT.	CRW assists the Client with Workbooks, identifies process adaptations, and reviews specifications for reporting requirements.	February 2015
20. 1 st Draft of Data Mapping Document ONSITE	Client to review data mapping document and, when required, participate in a comparison review of legacy data with CRW.	CRW to review initial draft of data mapping document with Client.	February 2015
21. 2 nd GeoTRAK Workbook Review	Client reviews the finalized GeoTRAK workbook.	CRW reviews workbook and provides additional feedback as applicable.	February 2015
22. 2 nd Workbook & Workflow Review Remote Discussion	Client Departments attend review meetings with CRW.	CRW conducts a review of business processes with each Department. CRW ensures that the Configuration Workbook & Workflows are being updated.	February 2015
23. 2 nd Draft of Data Mapping Document	Client to review data mapping document for legacy data provided by CRW.	CRW to review draft of data mapping document with Client.	February 2015
24. Final GeoTRAK Workbook Review	Client submits and reviews the finalized GeoTRAK workbook.	CRW reviews workbook and provides additional feedback as applicable.	February 2015
25. Final List of Forms/Reports Due	Client delivers final list of forms and reports and defines custom scripts for additional requirements to CRW to design.	CRW reviews custom forms and reports based on contract requirements.	March 2015
26. GeoTRAK Workbook Final Collection	Client provides final version of GeoTRAK workbook, including all mapping, custom screen, and spatial join requirements.	CRW collects GeoTRAK workbook, completes those spatial joins being handled by CRW, ensures that mapping is consistent with discussed	March 2015

Task	CLIENT Responsibilities	CRW Responsibilities	Target Date
27. 3 rd Workbook & Workflow Review Remote Discussion	Client Departments attend review meetings with CRW.	process. CRW conducts a review of business processes with each Department. CRW ensures that the Configuration Workbook & Workflows are being updated.	March 2015
28. Workbook Review Meeting ONSITE	Client provides Workbooks and copies of needed forms/reports; Client attends department meetings to offer insight into workflow; Client provides complete set of source data for conversion.	CRW collects Client responses to Workbooks; CRW conducts Department meetings to ensure understanding of responses and discuss procedural needs; CRW reviews data to convert with Client.	March 2015
29. Customer Survey	Client provides feedback on the CRW efforts to date.	CRW conducts a review of the project to date.	March 2015
30. GeoTRAK Pre-Conversion Review	Client participates in the pre-conversion review.	GIS Specialist and Data Conversion Specialist review GeoTRAK workbook to clarify mapping and conversion details.	March 2015
31. Project Workbook Draft	Client provides their completed Project Workbook.	CRW reviews the submitted workbook.	March 2015
32. GeoTRAK Workbook SIGN OFF	Client signs-off on GeoTRAK workbook.	CRW provides finalized GeoTRAK workbook for Client sign-off.	March 2015
33. Initial Forms/Reports Scope SIGN OFF	Client participate in a review of the Forms/Reports requirements and signs-off on the initial Forms/Reports Scope.	CRW provides the Forms/Reports Scope for Client sign-off.	March 2015
34. Project Workbook SIGN OFF	Client signs-off on final version of the Workbook.	CRW will utilize the Workbook in configuration of the system.	March 2015
35. Final Data Mapping Document SIGN OFF	Client approves data mapping document after a review with CRW's data conversion specialist.	CRW to provide data mapping documents, layouts, and explanations.	March 2015
36. Map Services Delivered	Client delivers Map services to CRW prior to Initial Delivery. Map services may include: - iTRAKiT map service for LAT/LON coordinates - eTRAKiT map service - TRAKiT data map service - TRAKiT visual map service	CRW configures Map services with data.	April 2015
37. System Configuration	Client participates and provides additional information as needed by CRW.	CRW configures system according to Workbook responses and meeting discussions; CRW converts historical data; CRW creates/customizes reports and/or forms (e.g. Permit Form).	April-May 2015
38. Initial Delivery ONSITE	Client will attend the demonstration of the delivery.	CRW installs and demonstrates configured system with various Departments. eTRAKiT	May 2015

Task	CLIENT Responsibilities	CRW Responsibilities	Target Date
		validation/preferences are reviewed with Client.	
39. Workflow Processes Delivered	Client receives written workflow processes from CRW.	CRW delivers a sample set of workflow processes to Client for review and use during Training.	May 2015
40. Second Payment Due 25% of Services \$19,875	Customer provides 2nd payment for services.		May 2015
41. System Acceptance Users Trained ONSITE	Client will provide meeting space and training computers for up to eight (8) staff.	CRW provides training materials for initial system configuration.	May 2015
42. System Acceptance Testing Begins SIGN OFF	Client "System Acceptance" Users verify accuracy and placement of converted data, forms & reports; Client tests software configuration; Client tests program interfaces; Client tests software customizations; Client notifies CRW of desired changes.	CRW receives change requests from Client and makes necessary revisions.	May 2015
43. GeoTRAK Update Routine SIGN OFF	Client to review and sign-off on GeoTRAK Update Routine document.	CRW provide the GeoTRAK Update Routine document.	May 2015
44. 1st System Acceptance Testing Review	Client reviews data & configuration with project manager via remote sessions.	CRW schedules remote meetings with each Department to review system configuration and System Acceptance Checklists.	May 2015
45. 1st Acceptance Review of Forms/Reports	Client reviews Forms/Reports provided at Initial Delivery and provides comments or sign-off.	CRW receives comments or sign-off from Client and makes adjustments as necessary.	May 2015
46. Initial Delivery Revisions	Client delivers revision list to CRW.	CRW receives review comments from Client and begins adjusting configured system.	May 2015
47. External Interface Review	Client tests any external data interfaces provided by CRW; includes land update routine, accounting interface, and other data import routines.	CRW reviews any external data import/export routines prepared for Client.	May 2015
48. 2nd System Acceptance Testing Review	Client reviews data & configuration with project manager via remote sessions.	CRW schedules remote meetings with each Department to review system configuration and System Acceptance Checklists.	May 2015
49. 2nd Delivery ONSITE	Client continues review of system.	CRW delivers revisions to Client.	June 2015
50. Customer Survey	Client provides feedback on the CRW efforts since the Workbook Review.	CRW conducts a review of the project since the Workbook review.	June 2015
51. Third Payment Due 25% of Services \$19,875	Customer provides 3rd payment for services.		June 2015

Task	CLIENT Responsibilities	CRW Responsibilities	Target Date
52. 3 rd System Acceptance Testing Review	Client reviews data & configuration with project manager via remote sessions.	CRW schedules remote meetings with each Department to review system configuration and System Acceptance Checklists.	June 2015
53. 2 nd Acceptance Review of Forms/Reports	Client reviews Forms/Reports provided at 2nd Delivery and provides comments or sign-off.	CRW receives comments or sign-off from Client and makes adjustments as necessary.	June 2015
54. 2 nd Delivery Revisions	Client delivers revision list to CRW.	CRW receives review comments from Client and begins adjusting configured system.	June 2015
55. 4 th System Acceptance Testing Review	Client reviews data & configuration with project manager via remote sessions.	CRW schedules remote meetings with each Department to review system configuration and System Acceptance Checklists.	June 2015
56. 3 rd Delivery	Client continues review of system.	CRW delivers revisions to Client.	July 2015
57. GeoTRAK Update Routine Delivery	Client provides CRW with credentials/access to configure the GeoTRAK Update Routine.	CRW initializes the GeoTRAK Update Routine and Python scripts (in GIS if necessary).	July 2015
58. GIS Final Review	Client tests map services and updates with CRW.	CRW finalizes GIS configuration for Go Live.	July 2015
59. Final Review of Forms/Reports	Client reviews Forms/Reports provided at 3rd Delivery and provides comments or sign-off.	CRW receives comments or sign-off from Client and makes adjustments as necessary.	July 2015
60. Final Revisions List ONSITE	Client delivers final revision list to CRW.	CRW receives review comments from Client and makes final adjustments.	July 2015
61. 5 th System Acceptance Testing Review	Client reviews data & configuration with project manager via remote sessions.	CRW schedules remote meetings with each Department to review system configuration and System Acceptance Checklists.	July 2015
62. Final Delivery	Client reviews final items submitted.	CRW installs modified system.	July 2015
63. Go Live Dry Run	Client delivers data in preparation for Go Live.	CRW develops a Go Live schedule for rehearsal with Client prior to actual Go Live.	July 2015
64. System Acceptance Testing Ends SIGN OFF	Client approves final system before User Training commences.		July 2015
65. Fourth Payment Due 25% of Services \$19,875	Client provides 4th payment for services.		August 2015
66. Client Support Transition Preparation		CRW PM assembles materials necessary to transition the knowledge of the implementation to the CRW Client Support team	August 2015

Task	CLIENT Responsibilities	CRW Responsibilities	Target Date
67. Client Support Transition Call	Client attends remote discussion with CRW Client Support team.	CRW introduces Client Support team along with expectations for using technical assistance after Go Live.	August 2015
68. End User Training ONSITE	Client provides meeting space and training computers for up to eight (8) staff.	CRW provides training materials for onsite training.	2 weeks after System Acceptance ends.
69. General System Administration Training ONSITE	Client core users attend a mini System Administrator training session prior to Go Live.	CRW conducts an accelerated System Admin session with core users for user privilege and general configuration management.	August 2015
70. Transition to Live	Client provides final extract of historical data to CRW.	CRW converts data and loads onto Client's server.	August 2015
71. Go Live ONSITE	Client Goes Live with TRAKIT.	CRW provides Go Live support onsite.	August 2015
72. Final Payment 25% of Services \$19,875	Client provides final payment for services.		30 days after completion of Go Live.
73. Follow-up Visit ONSITE	Client assembles various Departments for review with CRW.	CRW conducts an onsite follow-up visit 45 days after Go Live.	45 days after completion of Go Live.
74. Customer Survey	Client provides feedback on the overall project.	CRW conducts a final review of the project implementation.	
75. Go-Live System Acceptance REVIEW	Client reviews that CRW has provided and committed to all project deliverables.	CRW provides a letter detailing all project commitments.	45 days after completion of Go Live.
System Administrator / Report Writing Training	Client provides System Administrators for training at a remote location.	CRW trains Client staff at any of the following locations & dates.	Date and location to be determined based on availability.

Target dates on this schedule are intended to reflect projected completion dates for the respective milestone. Should the dates represented above not be executed on the agreed upon dates, then the entirety of the subsequent milestone dates will be moved accordingly.

EXHIBIT C

PROJECT COST SUMMARY

A. Software & Licensing Fees				
GeoTRAK, Standard TRAKiT GIS (ArcGIS Server Version 10.1 and above)	\$ 10,000	-	Module	
PermitTRAK	\$ 10,500	-	Module	
ProjectTRAK	\$ 10,500	-	Module	
AEC TRAK	\$ 0	-	Module	
CodeTRAK	\$ 10,500	-	Module	
eCityGov Alliance Integration	\$ 7,500	-	Module	
End-User Licensing (concurrent)	\$ 16,000	-	8 Users	
Read-Only Licensing (concurrent)	\$ 1,500	-	3 Users	
Sub-total:				\$ 66,500
B. Implementation & Project Management				
System Configuration	\$ 11,250	-	15 class. Types	
Control Tables Setup	\$ 14,000			
GIS Integration	\$ 2,500			
TRAKiT System Installation – Support	\$ 1,500	-	1 remote day	
Kick-off Meeting	\$ 2,500	-	1 Day	
Business Process Review (BPR Meeting)	\$ 5,000	-	2 Days	
Project Meetings (on-site)	\$ 10,000	-	4 Days	
CRW Go-Live Support	\$ 5,000	-	2 Days	
Sub-total:				\$ 51,750
C. Data Conversion				
Assessor, or GIS import	\$ 5,000	-	Assessor or GIS data	
Sub-total:				\$ 5,000
D. Training Services				
End User Training	\$ 7,500	-	3 days	
System Acceptance Training	\$ 5,000	-	2 days	
System Admin/Report Writing Training	\$ 2,500	-	2 seats	
Online Instructor-Lead Webinars	\$ Included	-	10 hours	
Sub-total:				\$ 15,000
E. Travel & Expenses				\$ 10,500
F. Contingencies / Customizations				
Financial System Integration	\$ 0	-	Springbrook (batch script)	
Custom Reports	\$ 0	-	0 reports	
Custom Forms	\$ 2,250	-	3 forms	
Sub-total:				\$ 2,250
G. Discounts				
Proposed Project Discount (see note below)	(\$ 5,000)			
Proposed Project Discount applies if the City contracts with CRW on or before December 5, 2014.				
Sub-total:				(\$ 5,000)
Total of TRAKiT Installation:				\$ 146,000

Optional Items available to CLIENT:

eMarkup module

\$ 30,000

Allows up to 5 concurrent users to markup, redline, and comment on electronic plans. Additional users can be added for \$2,000/user.

Maintenance fees for all licensing costs will be 20% of the total license fee.

The CLIENT, at its sole discretion, may select or decline each of the above optional items at the quoted price individually prior to one (1) year from the original date of this contract. The completion time for optional items will be mutually agreed upon by CRW and the CLIENT at time of selection by CLIENT of any of the above optional items.

EXHIBIT D

SOFTWARE LICENSE AGREEMENT

This perpetual License Agreement for the use of "Community Development Software" (Software) developed and marketed by CRW is granted to CLIENT by CRW as of the date of this Agreement.

SUMMARY OF LICENSE TERMS

1. Software is marketed by CRW under the title of "TRAKIT".
2. Software provided to the CLIENT under this License allows the CLIENT to perpetually use, not own, the software.
3. Software is provided to the CLIENT as a multi-user, concurrent access license. The designated number of concurrent Users/Administrators/Observers for this license is eleven (11). CLIENT is permitted to install Software on any and all workstations owned or controlled by the CLIENT. Software will allow a designated number of concurrent users to access the databases maintained by Software. Users attempting to access the system databases with Software after the designated number of concurrent users is logged on will be prohibited from logging on.
4. This software license shall not be sub-licensed, re-sold, assigned, transferred or otherwise distributed by the CLIENT to any other person, company or organization without the written authorization of CRW.
5. This Software, including any and all modifications, upgrades and bug fixes, is protected by the copyright laws of the United States and international copyright treaties. Unauthorized copying of the Software, including software that has been modified, merged or included with the Software, or the associated written materials (the "Documentation") is expressly forbidden consent; provided, that nothing in this paragraph shall prohibit CLIENT from disclosing or producing documents or other records pursuant to any court order or state or federal law, including but not limited to the Washington Public Records Act. CLIENT may not remove, obscure, or alter any notice of patent, copyright, trademarks, trade secret or other proprietary rights in the Software. The Title, ownership rights, and intellectual property rights in and to this Software shall remain with CRW.
6. CRW warrants that it has good title and all proprietary rights to the Software to enable it to license its use to CLIENT free of any proprietary rights of any other party or any other encumbrance.
7. CRW warrants that its Software will perform in the manner described in the Agreement documents including CRW's Response to the CLIENT's RFP, hereby incorporated by reference as if fully contained herein and any other written user documentation for the version installed.
8. The warranties contained in this Software License Agreement shall commence upon date of acceptance by CLIENT as defined by Exhibit E attached hereto.
9. Neither CRW nor any of the people or companies involved in providing this license to the CLIENT may be held liable for any incidental or consequential damages caused by failures or faults of the software or its functions.
10. In addition to any other remedies available to CLIENT under this Agreement, CRW shall correct any defects or errors in the Software or its functions, which are brought to the attention of CRW by the CLIENT, promptly and at not additional cost to CLIENT.
11. This License Agreement will remain in effect until CLIENT returns Software to CRW, or until CLIENT destroys Software.

EXHIBIT E

SYSTEM ACCEPTANCE TESTING

1. CLIENT shall commence System Acceptance tests upon written notification from CRW that system software and database conversion has been installed and is ready for System Acceptance testing. Testing shall be conducted at CLIENT site, using CLIENT computer hardware. CLIENT staff will conduct all System Acceptance Testing.
2. CLIENT shall be allowed a period of thirty (30) business days for System Acceptance Testing, beginning from the date of notification as provided in paragraph 1 above, and continuing, and completed, as provided in paragraphs 3 and 4 below. CLIENT shall immediately advise CRW, in writing, of any error, or perceived error, discovered at any time during the testing period.
3. Upon delivery of written notification from CLIENT to CRW of a software system or database conversion error, or other problem, has occurred, CRW shall have ten (10) business days to address and correct such error so as to render the system operable. CRW shall provide written notice to CLIENT that the error has been corrected. During the time period between notification of any error until to such time that CRW advises CLIENT of correction of such error the thirty (30) day System Acceptance test period shall be suspended. The thirty (30) day System Acceptance test period shall resume upon notice by CRW that the previously noticed errors have been corrected and once the corrections have been made available to the CLIENT.
4. CRW shall provide written notice to CLIENT when the thirty (30) day System Acceptance test period has expired. Thereafter, CLIENT shall have five (5) business days to provide CRW with written notice of any remaining errors or problems. ACCEPTANCE SHALL BE DEEMED TO HAVE OCCURRED AT THE LATEST OF THE FOLLOWING DATES: (a) THE DATE WRITTEN NOTICE IS PROVIDED BY CRW TO CLIENT THAT THE FINAL PROBLEMS IDENTIFIED BY CLIENT PURSUANT TO THIS SECTION HAVE BEEN CORRECTED, OR (b) THE DATE OF NOTICE BY CRW TO CLIENT INDICATING THAT THE ACCEPTANCE TESTING PERIOD HAS EXPIRED.
5. CLIENT may begin using the software for productive use following completion of the System Acceptance tests. "Productive Use" shall include the issuance of any building permits, inspections and/or fee collection from the general public.
6. CLIENT may not begin to use the software for productive use prior to completion of the System Acceptance tests. If CLIENT begins using software for productive use prior to completion of the System Acceptance test, then the system acceptance test will be deemed completed and satisfactory.



SOFTWARE MAINTENANCE & SUPPORT AGREEMENT
City of Kenmore Contract No. 14-C1346

This Agreement is entered into this _____ day of _____, _____, by and between CITY OF KENMORE, WASHINGTON (hereinafter "CLIENT") and CRW SYSTEMS, INC., (hereafter "CRW") for the maintenance and support services as specifically provided herein (hereafter referred to as "the SOFTWARE") provided to CLIENT by CRW pursuant to a separate Installation & License Agreement.

IN CONSIDERATION of the covenants as set forth in this Agreement, CLIENT and CRW agree as follows:

A. SCOPE OF SERVICES

A.1. AGREEMENT CONTENTS:

This Agreement includes the following Exhibits:

- | | |
|------------|--|
| Exhibit A. | Covered Sites, Software Modules, & Configuration |
| Exhibit B. | Services & Fees |

A.2. SERVICES OFFERING:

CRW shall provide maintenance service, technical support, and software updates for the SOFTWARE as further detailed in Exhibit A and herein referred to as "Covered Software". Covered software does not include hardware, hardware vendor operating systems and other system software, CLIENT-developed software, or third-party software.

B. DESCRIPTION OF SERVICES

B.1. SUPPORT SERVICES:

During the term of this Agreement, CRW shall provide the services described herein so as to maintain the Covered Software in good working order, keeping it free from material defects so that the Covered Software shall function properly and in accordance with its intended use.

CRW shall provide the following services:

- B.1.1.** TRAKIT software modifications to correct bugs or errors that are reported to CRW by CLIENT.
- B.1.2.** TRAKIT software updates that are posted from time to time.
- B.1.3.** Technical support via telephone. CRW reserves the right to restrict phone access to CLIENT-designated System Administrators. Toll-free phone access is provided by CRW (888-279-2043).
- B.1.4.** Technical support via web form on CRW web site (www.crw.com).
- B.1.5.** TRAKIT Software enhancement requests may be submitted by CLIENT to CRW. Enhancement requests will be reviewed by CRW and may be incorporated into future releases. CLIENT understands that submittal of enhancement request does not obligate CRW to provide software modification.
- B.1.6.** CLIENT may register for and enroll in CRW training classes for System Administrators or Users. Registration fees may vary from time to time.

B.2. SERVICE LEVEL AGREEMENT:

The purpose of this Service Level Agreement (SLA) is to ensure that the proper commitments are in place to provide consistent IT service support and delivery to CLIENT by CRW. This SLA is valid from the effective date of this Agreement and is valid until further notice.

B.2.1. Service Availability

Coverage parameters specific to the services outlined herein are as follows:

- B.2.1.1.** Telephone and Email support is available during normal operating hours between 5:00 AM to 5:00 PM (PST) Monday through Friday. Calls received out of office hours will be received by CRW's automated messaging system and best efforts will be made to take action on any after-hours requests.



- B.2.1.2.** Emails received outside of normal operating hours will be collected, however, no action can be guaranteed until the next working day.

B.2.2. Remedial Support

Upon notification by CLIENT of an error, defect, malfunction or nonconformity in the Covered Software, CRW shall evaluate and classify the notification by the CLIENT and respond as follows:

- B.2.2.1.** SEVERITY 1: Produces an emergency situation in which the Covered Software is inoperable.

RESPONSE: CRW shall provide a response by a qualified member of its staff to begin to diagnose and to correct Severity 1 problem as soon as reasonably possible, but in any event, a response via telephone will be provided within two (2) hours. CRW will continue to provide best efforts to resolve Severity 1 problems in less than forty-eight (48) hours. The resolution will be delivered to CLIENT as a work-around or as an emergency software fix. If CRW delivers a work-around, the severity classification will drop to Severity 2.

- B.2.2.2.** SEVERITY 2: Produces a detrimental situation in which performance of the Covered Software degrades substantially such that work cannot be accomplished, severely impacting use; the Covered Software is usable, but materially incomplete; or one or more mainline functions or commands is inoperable.

RESPONSE: CRW will provide a response by a qualified member of its staff to begin to diagnose and to correct a Severity 2 problem as soon as reasonably possible, but in any event a response via telephone will be provided within six (6) hours. CRW will exercise best efforts to resolve Severity 2 problems within five (5) days. The resolution shall be delivered to CLIENT in the same format as Severity 1 problems. If CRW delivers a work-around for a Severity 2 problem, the severity classification will drop to a Severity 3.

- B.2.2.3.** SEVERITY 3: Produces a situation in which the Covered Software is usable, but has a minor defect; the user suffers little or no significant impact.

RESPONSE: CRW will make a best effort to provide a fix for Severity 3 problems within the next two scheduled maintenance releases.

- B.2.2.4.** SEVERITY 4: Produces a situation in which use of the Covered Software is superficially affected (e.g. appearance or understanding) and which is correctable by a documentation change or by a future, regular release from CRW.

RESPONSE: CRW will make a best effort to provide a fix for Severity 4 problems within the next four scheduled maintenance releases.

- B.2.2.5.** For the purpose of the response listed above, an "hour" is defined as one (1) business hour during CRW office hours, and a "day" is defined as one (1) business day during CRW office hours.

B.3. SERVICE NOT INCLUDED:

Maintenance services do not include any of the following:

- (1) Custom programming services;
- (2) On-site support, including installation of hardware or software;
- (3) Support of any software not designated as Covered Software.
- (4) Custom reports/forms or a modification to an existing reports/forms.
- (5) Training, except as specified in Exhibit B.

B.4. ADDITIONAL SERVICES:

CLIENT may request CRW perform additional services which are not covered under the Scope of Services or Description of Services as provided in this Agreement. Should CRW agree to perform said additional services, CRW & CLIENT shall enter into a separate written agreement setting forth the scope of said additional services



and the compensation to CRW for those additional services. Said separate written agreement may be made an amendment to this Agreement at CRW's discretion.

B.5. LIMITS OF LIABILITY

CRW assumes no responsibility for the correctness of, performance of, or any resulting incompatibilities with, current or future releases of the Covered Software if CLIENT has made changes to the system hardware or software configuration or modifications to any supplied source code of the Covered Software.

C. DUTIES & RESPONSIBILITIES OF CLIENT

C.1. INFORMATION TO BE PROVIDED BY CLIENT:

- C.1.1.** The CLIENT will provide CRW with access to CLIENT servers and workstations as needed for technical support or assistance.
- C.1.1.1** CLIENT will provide, for the purpose of CRW providing technical support or assistance, access to CLIENT workstations and servers upon CRW's request.
- C.1.2.** The CLIENT will ensure and provide that staff who the use of CRW software will have sufficient basic knowledge of CLIENT business processes and basic MS-Windows functions.
- C.1.3.** CLIENT workstations and servers must be compatible with software configurations requested by CRW.

D. COMPENSATION

D.1. SERVICE FEES:

Fees for Maintenance, Support & Service provided under this Agreement shall be contained in Exhibit B. Should a user and/or software package be added to Exhibit A, CRW reserves the right to adjust and/or amend Exhibit A and Exhibit B accordingly and shall provide CLIENT with notification of such adjustment.

D.2. TAXES:

CLIENT shall, in addition to the other amounts payable under this Agreement, pay all sales and other taxes, national, state or otherwise, however designated which are levied or imposed by reason of transaction contemplated by this Agreement, except those which arise as a result of income, including withholding taxes or similar deductions. Without limiting the foregoing, CLIENT shall promptly pay to CRW an amount equal to any such items actually paid, or required to be collected by CRW.

E. EXCLUSIONS OF LIABILITY

E.1. WARRANTY:

CLIENT ACKNOWLEDGES AND AGREES THAT THE MAINTENANCE FEES AND OTHER CHARGES WHICH CRW IS CHARGING UNDER THIS AGREEMENT DO NOT INCLUDE ANY CONSIDERATION FOR ASSUMPTION BY CRW OF THE RISK OF CLIENT'S CONSEQUENTIAL OR INCIDENTAL DAMAGES. ACCORDINGLY, CRW SHALL HAVE NO LIABILITY WITH RESPECT TO ITS OBLIGATIONS UNDER THIS AGREEMENT FOR CONSEQUENTIAL, EXEMPLARY, OR INCIDENTAL DAMAGES, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

E.2. INDEMNITY:

- E.2.1.** To the extent permitted by law, CRW agrees to protect, defend, indemnify and hold harmless CLIENT, its officers, officials, employees, and agents from and against liability, damages, costs, losses, claims and expenses, including reasonable attorneys' fees, arising out of the negligent, intentional or inadvertent acts, errors or omissions of CRW and its employees, subcontractors, sub consultants, and agents in the performance of this Agreement. For this purpose, CRW, by mutual negotiation, hereby waives as respects the CLIENT only, any immunity that would otherwise be available against such claims under the industrial Insurance provisions of Title 51 RCW.
- E.2.2.** To the extent permitted by law, CLIENT agrees to protect, defend, indemnify and hold harmless CRW, its employees, sub consultants, and agents from and against liability, damages, costs, losses, claims, and expenses, including reasonable attorneys' fees, arising out of the negligent, intentional or inadvertent acts, errors, or omissions of the CLIENT, its officers or employees, including, but not limited to incorrect data or information provided by CLIENT. For this purpose, CLIENT, by mutual negotiation, hereby



waives, as respects CRW only, any immunity that would otherwise be available against such claims under the Industrial Insurance provisions of Title 51 RCW.

F. INSURANCES & LICENSES

F.1. INSURANCE:

CRW shall procure and maintain in force, for the entire duration of this Agreement, insurance providing coverage for bodily injury and property damage which may arise out of the operations of CRW or its subcontractors, employees, agents, assigns or for anyone whose acts any of them may be liable. Such insurance shall have coverage limits equal to or greater than the minimum limits set forth herein.

CRW shall furnish an Accord 25-S certificate of insurance evidencing the existence of all insurance coverage's required by this contract prior to the commencement of a new term.

F.1.1. Commercial General Liability Insurance (CGL)

F.1.1.1. Commercial General Liability Insurance (CGL) shall be provided on an Occurrence Form with coverage limits as shown in this section below. Claims-made coverage and Modified occurrence forms are unacceptable.

Each Occurrence Limit	\$2,000,000
General Aggregate Limit	\$3,000,000
Products/Completed Operations Limit:	\$2,000,000
Personal and Advertising Injury Limit	\$2,000,000

F.1.1.2. CRW shall endorse the CGL to include CLIENT as an "additional insured", including coverage for products and completed operations, and a copy of this endorsement shall accompany each certificate. The additional insurance endorsement shall be CG2010\1985 edition or its equivalent.

F.1.1.3. CRW's insurance shall be primary and not excess to, or contributory with any insurance coverage. CRW's insurance shall be endorsed to provide project specific aggregate limits with respect to project covered by this contract.

F.1.1.4. CGL coverage, including products and completed operations coverage, shall be maintained from the date work commences until two years after the work has been completed.

F.1.2. Worker's Compensation/Employers Liability Insurance

F.1.2.1. CRW and its subcontractors are required to purchase and maintain in force worker's compensation coverage and employer's liability coverage at the following limits:

Worker's Compensation Coverage	Statutory Limits
Federal Acts Coverage (if applicable)	Statutory Limits
Employers Liability Insurance	
Each Occurrence Limit	\$1,000,000
Disease – Each Employee	\$1,000,000
Disease – Policy Limit	\$1,000,000

F.1.2.2. If the work required by this contract or the location of the work specified in this contract constitutes an exposure to the employees of CRW or its subcontractors under the U.S. Longshoremen and harbor Workers Act, The Jones Act, or under any laws, regulations or statutes that apply to maritime workers, CRW shall ensure that proper coverage is purchased and maintained.

F.1.2.3. CRW and all Subcontractors shall endorse the Worker's Compensation coverage to provide a "waiver of subrogation" in favor of the CLIENT.

F.1.3. Commercial Automobile Liability Coverage

Commercial Automobile Liability Coverage shall be provided as Combined Single Limit \$2,000,000. Automobile Liability coverage shall include coverage for owned, non-owned and hired automobiles and be endorsed naming the CLIENT as an additional insured.

F.1.4. Professional Liability Coverage



Professional Liability Coverage covering any damages caused by an error, omission or any negligent or wrongful acts related to the services to be provided under this contract. Per occurrence (for all claimants for claims arising out of a single accident or occurrence) in the amount of \$2,000,000.

F.2. LICENSES:

CRW shall maintain all licenses required by law which are applicable and necessary to the course and conduct of their business, including, but not limited to, a business license in the State, County, and/or City in which CLIENT is located, if applicable. Said licenses shall be maintained in full force throughout the term of this Agreement and any extension thereof.

G. TERM & TERMINATION

G.1. TERM:

The term of this Agreement shall be for five (5) years. Covered Software maintenance service and support shall commence upon the receipt of a fully executed original of this Agreement. This Agreement shall remain in effect for the original five (5) year term and, thereafter, for automatic renewal terms on annual basis until terminated.

G.2. TERMINATION:

This Agreement may be terminated by CLIENT at any time, with or without cause upon thirty (30) days written notice to CRW. The Date of Termination (hereinafter "Date of Termination" or "Termination Date") shall be defined as the date which is thirty (30) days from the date on which the written notice of termination is postmarked or if sent by email, the date which is thirty (30) days from the date on which CRW is in receipt of said email. In the event of termination by CLIENT, CLIENT shall pay CRW for all services rendered up to and including the Date of Termination. Upon termination CLIENT will be deactivated from access to the Software. All data will be provided to the CLIENT on a separate CD-disk.

H. COMMUNICATION THROUGH CLIENT / CRW DESIGNATED REPRESENTATIVES

H.1. DESIGNATED CONTRACT REPRESENTATIVES:

H.1.1. All communication relating to fees, termination, or the general provisions of this Agreement shall be exchanged between the designated representatives of CLIENT and CRW Systems as follows:

CLIENT	CRW
Bryan Hampson Development Services Director 18120 68 th Avenue NE Kenmore, WA 98028 Phone: 425-398-8900 Fax: 425-481-3236 Email: bhampson@kenmore.wa.gov	Christopher R. Wuerz, P.E. President, CRW Systems, Inc. 2036 Corte Del Nogal Suite 200 San Diego, CA 92011 Phone: (858) 451-3030 Fax: (760) 438-2060 Email: chris@crw.com

H.1.2. If the designated representative or address of either party changes during the term of this Agreement, a written notice shall be given to the other party prior to the effective date of change.

H.2. CLIENT REFERENCES:

CRW will not use CLIENT's name, logo or any other trademarks (including in any press releases, CLIENT "case studies," and the like) without CLIENT's prior written approval, email acceptable

I. ADDITIONAL PROVISIONS

I.1. INDEPENDENT CONTRACTOR:

CLIENT and CRW acknowledge and intend that, to the maximum extent permissible by law: (a) this Agreement does not constitute an employment agreement by either party; (b) that CLIENT and CRW are independent contracting parties with respect to all services rendered under this Agreement; and (c) this Agreement shall not be construed as a partnership. CRW shall retain sole and absolute discretion and judgment in methods, techniques and procedures used in performing the services set forth herein. The fact that CLIENT or CRW may



carry worker compensation insurance for their own respective benefits and for the benefit of each other shall not create an inference of employment.

I.2. ATTORNEY'S FEES:

In the event that any legal proceeding is instituted by either CRW or CLIENT to enforce the terms of this Agreement or to determine the rights of CRW or CLIENT, the prevailing party in said legal proceeding shall be entitled to recover its reasonable costs and attorney's fees.

I.3. APPLICABLE LAW:

This Agreement, its interpretation and all work performed thereunder shall be governed by the laws of the State of Washington. Venue for the enforcement of this Agreement shall lie exclusively in Kenmore, WA.

All claims, disputes, and other matters in question arising out of, or relating to, this Agreement or the breach thereof shall be resolved in the Superior Court of King County, Washington, and all parties hereto specifically waive any "venue privilege" they may have in any other jurisdiction.

I.4. BINDING ON SUCCESSORS:

All the terms, provisions and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives.

I.5. SEVERABILITY:

If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

I.6. DUE AUTHORITY:

CLIENT represents and warrants that the person executing this Agreement on behalf of CLIENT is an agent of CLIENT and has full and complete authority to execute this Agreement and enter into the terms and covenants provided herein, and has been designated by CLIENT to execute this Agreement on behalf of CLIENT.

CRW represents and warrants that the person executing this Agreement on behalf of CRW is an agent of CRW and has full and complete authority to execute this Agreement and enter into the terms and covenants provided herein, and have been designated by CRW to execute this Agreement on behalf of CRW.

I.7. ENTIRE AGREEMENT:

This Agreement contains the entire understanding and agreement between CRW and CLIENT. Any prior agreements, promises, proposals, negotiations or representations—oral or written—not expressly set forth herein shall be of no force or effect. In the event of a conflict between the terms and conditions of this Agreement and any document incorporated by reference, the terms and conditions of this Agreement shall prevail. This Agreement may be modified or amended only by written agreement signed by both CRW and the CLIENT.

I.8. AGREEMENT AS OFFER:

This Agreement shall be valid only if it is signed by both CLIENT and CRW, and a signed original has been received by both parties on or before December 5, 2014.

CITY OF KENMORE, WA

CRW SYSTEMS, INC.

Dated: _____

Dated: _____

By: _____
Rob Karlinsey, City Manager

By: _____
Christopher R. Wuerz, President



EXHIBIT A

COVERED SITES, SOFTWARE MODULES, & CONFIGURATION

A. COVERED SITES

This Agreement covers the following CLIENT sites:

1. City of Kenmore, Washington offices

B. COVERED SOFTWARE MODULES

This Agreement covers the following TRAKIT software components at each site listed in Exhibit A, Section A:

1. TRAKIT Software Modules including:
 - a. ProjectTRAK
 - b. PermitTRAK
 - c. CodeTRAK
 - d. AEC TRAK
 - e. GeoTRAK
 - f. Reporting
2. TRAKIT GIS

C. COVERED CONFIGURATION

This Agreement covers the following configuration:

8 Simultaneous User and 3 Observer licenses of Covered Software (except eMarkup) purchased by CLIENT and installed on Unlimited workstations. (Platform support Windows 7 Operating System).



EXHIBIT B

SERVICES & FEES

Maintenance Services and Support for the applications and configuration listed in Exhibit A will be provided for a fee and payable per the Fee Schedule below. The fee may be adjusted at the end of the five (5) year term of this Agreement to the then current pricing. Should additions to the number of licensed users or the Covered Software occur during the term of this Agreement or any extension thereof, CRW shall adjust the fee to reflect the applicable changes and provide CLIENT with written notice of the fee change.

First year Annual Maintenance Fees for TRAKiT modules are due at System Acceptance. Second and subsequent Annual Maintenance Fees are due on the Anniversary of System Acceptance.

FEE SCHEDULE – TRAKiT (11 Users)

YEAR	FEES	DUE DATE	Covered Period
YEAR 1	\$13,300.00	May 2015	May 2015 – April 2016
YEAR 2	\$13,300.00	May 2016	May 2016 – April 2017
YEAR 3	\$13,965.00	May 2017	May 2017 – April 2018
YEAR 4	\$13,965.00	May 2018	May 2018 – April 2019
YEAR 5	\$14,663.00	May 2019	May 2019 – April 2020



City Of Kenmore, Washington

7 November 2014

MEMORANDUM

TO: Rob Karlinsey, City Manager

FR: Nancy Ousley, Assistant City Manager

NKO

RE: Kenmore Business Incubator

The City Council approved a two year pilot project for the Kenmore Business Incubator in late 2012, and the first company moved into the 3000 sf facility in February, 2013. The Incubator provides a visible endorsement for early stage businesses and communicates that Kenmore is a place that values entrepreneurs. The National Business Incubator Association reports, “four out of five businesses that start in an incubator program succeed within five years.”

Local business experts have stepped up to offer pro bono seminars for the local business community and mentoring for Incubator clients after seeing the sign at the corner of 73rd Avenue NE and SR 522. It provides a spark. So far, four companies have called the Incubator home and have brought new workers to Kenmore that use local businesses for some of their daily needs. Companies agree to use their best efforts to locate in Kenmore after graduating from the program. This is one point that we make in encouraging office developers to invest in Kenmore. Many more have inquired about the program and several are considering submitting their applications for the program, including for virtual incubator status. Corey Hansen, who recently succeeded Barry Weisband as Program Consultant, is off to a great start in working with and encouraging companies to consider involvement with the Incubator. We have also formed an Advisory Group, which will meet later this month.

The 2013-2014 approved budget in the Strategic Opportunities Fund for the Business Incubator is \$238,100, not counting revenues. Program expenditures for this biennium are on track to come in at about 10% under budget. The net cost of the program in 2013-2014 is projected to be \$178,325. The City Council provided guidance in February, 2014 on 2015-2016 Budget development for the Kenmore Business Incubator pilot project, to proceed on the assumption that the Incubator program would continue status quo for 2015. The current lease term for the office space is through December, 2015. Based on the February discussion, the Proposed Preliminary Budget funds the 2015 program, including the new virtual incubator services, at \$116,200, which is slightly less than the amount budgeted for 2014. The projected revenue for 2015 is \$18,000.

I have mentioned previously that business incubators typically require subsidies for at least 5-7 years on average. We have also pursued grant opportunities, but as we have mentioned in briefings, many grant programs are targeted for non-profits or academic institutions. We have budgeted some grant writing assistance for 2015 and will continue to look for outside funding support, including sponsorships.

We have identified three options for the 2016 Budget:

- 1) Continue the program in 2016 in its current form and location, including both in-house and the new virtual incubator services, assuming a lease extension is available.
 - 2) Transition the program in 2016 to a virtual-only incubator format, which will require less leased space. This could be in a different space than the current location.
 - 3) Suspend the program in 2016.
- a) In Options 2 or 3 consider providing initial incentives/support for a privately owned and operated co-working facility. (note this is not included in the proposed preliminary budget)

As we consider the future of the program and the level of City support, I offer the following as important program features to maintain in assessing the options:

- Quality business development mentoring and training
- Identifiable, tangible location in downtown Kenmore
- Networking /community for early stage and other businesses with growth potential

Option 1: Continue the program in its current form and location

The Incubator lease term ends in December 2015, and it may be possible that the Landlord would consider extending the lease. The location is ideal for visibility and convenience for workers who can commute by transit, bike or auto. However, the facility is not ADA accessible. We are also adding virtual incubator clients in addition to those companies who have dedicated work space at the facility.

PRO: The Incubator's central, visible location is a primary marketing tool

Investments in furniture and other one-time costs are completed

Can serve both in-house and virtual clients

CON: The facility is not ADA accessible

The City is in a program management, tenant and landlord role

Cost

Option 2: Transition the program in 2016 to a virtual-only incubator format, which will require less leased space. This could be in a different space than the current location.

This format would combine individual or small group mentoring and consultation plus the opportunity for seminars that are tailored for a targeted audience. Virtual Incubator clients are asked to make a one year commitment to the program. We recommend operating this option from leased office space that can be considerably smaller than the current space, since there would not be dedicated office space for clients. Using City Hall for some seminars or presentations, as we do now, would continue.

PRO: Lower operational costs

Potential to continue to have a tangible/visible location for the program

CON: No identified space at the present, so cost projections are speculative (using a portion of the current Incubator space may be an option, but that has not been investigated at this point)

May miss a cohort of early stage companies that value low cost work space

Option 3: Suspend the program in 2016

PRO: The City can focus on other economic development ventures

Less investment needed

CON: Programs typically take longer than 2 years to get well- established

We would be missing the opportunity to build on the message we have formed and attract new companies

It will be more difficult to bring new companies into the program now if it's clearly not continuing

CO-WORKING SPACE: We also recommend working hard to bring a privately operated co-working space business to Kenmore, given our high number of home-based businesses. The City may find it worthwhile to provide some level of incentive or start up cost support in order to bring this resource on line. We plan to research this possibility further. Co-working spaces provide a mix of dedicated or non-dedicated work and meeting space on a membership basis. They do not provide business consultation or mentoring. There are a number of co-working spaces in Seattle, and Impact HUB recently opened a facility in Kirkland.

STRATEGIC OPPORTUNITY FUND: We recommend funding this program for the next biennium in the Strategic Opportunities Fund, which is directed toward short term programs, and if it continues, transferring the program to General Fund after the 2015-2016 biennium.

BUDGET SUMMARY (not counting revenues)**Strategic Opportunities Fund**

	2015	2016	Total
Option 1	116,200	\$106,500	\$222,700
Option 2	116,200	\$84,900-\$91,900	\$201,110-\$208,100
Option 3	116,200	\$5000	\$121,200

2016 Kenmore Business Incubator Budget Options

	Option 1	Option 2	2014 Estimated Exp.
Lease	\$44,880*	\$30,000-\$37,000**	\$39,372***
Furniture/Equipment	\$3200	\$2200	\$6001 (One time:\$2724; Ongoing \$3277)
I.T.	\$2500	\$1700	\$2480
Utilities	\$5000	Included in Lease	\$5000
Consultant Services	\$41,000	\$41,000	\$36,000
Maintenance	\$6000	\$6000	\$5965
Sign/Promotion/Events	\$4000	\$4000	\$787
Total	\$106,500	\$84,900-\$91,900	\$95,605
Estimated Revenue: Lease and Fees	\$18,100-\$26,100****	\$9000-\$18,000*****	\$19,150
Sponsorships	\$1500-\$2000	\$1500-\$2000	0

Net City Investment \$ 78,400 - \$ 86,900 \$ 62,400 - \$ 78,900 \$ 76,455

*Assumes 18% increase in base rent from 2014-2015 level (\$2550 to \$3009) + operating cost share

**1200sf-1500sf @ \$25/sf gross Mid point of typical lease rate in Kirkland/Bothell/Kenmore market

***Base rent of \$2550 + \$731=\$3281

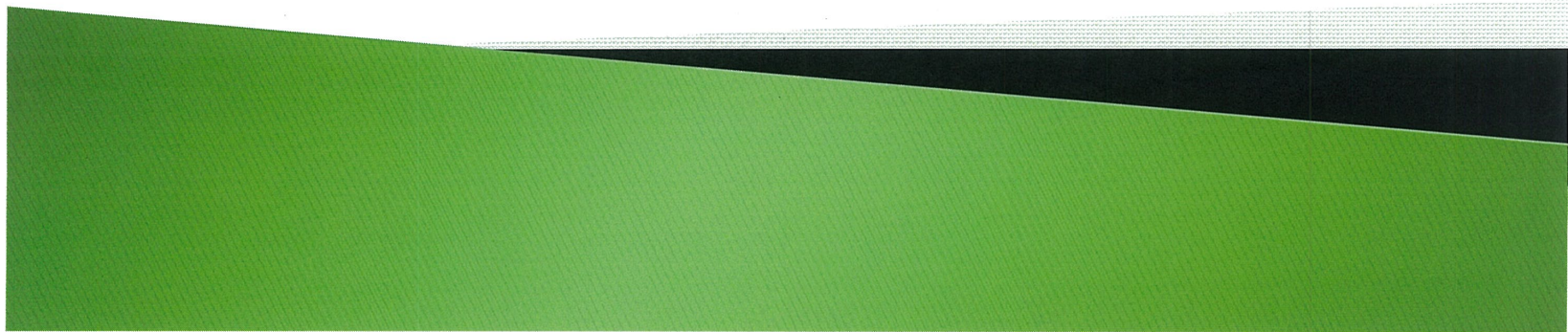
****Range assumes 4 companies + 5 virtual clients -- Incubator at capacity with 5 virtual clients

*****10 -20 virtual clients @\$75 per month

Attachment

Kenmore Business Incubator

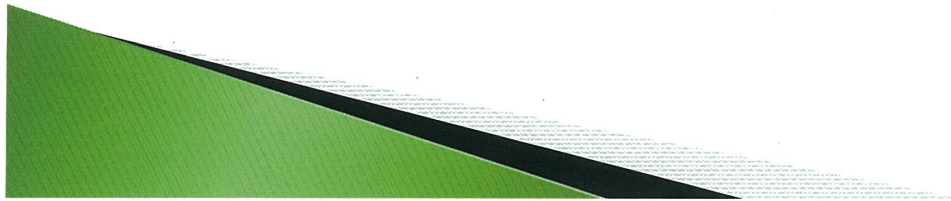
Kenmore City Council
October 20, 2014



Incubator Industry Facts

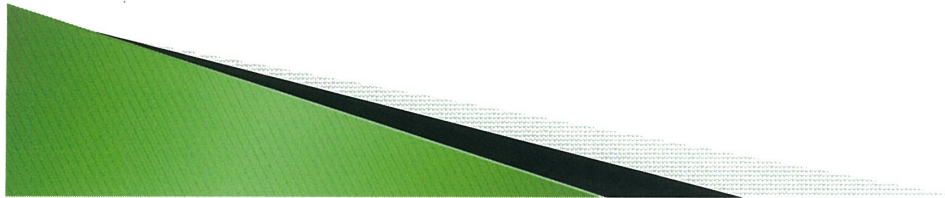
- ▶ Incubator Locations: 47% in Urban Areas; 25% in Suburban Areas; 28% in Rural Areas
- ▶ Incubator Program Hosts/Sponsors: 32 % Academic Institutions; 25% Economic Development Organizations; 16 % Government; 4% Multiple Sponsors; 4% For Profit; 4% Other
- ▶ Program Subsidies are Typically Required for at least 5–7 years for New Programs

▶ Source: National Business Incubator Association www.nbia.org

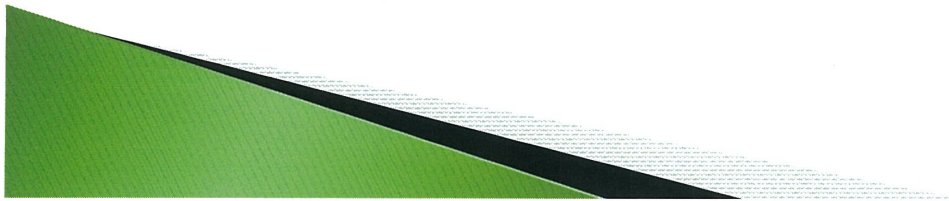
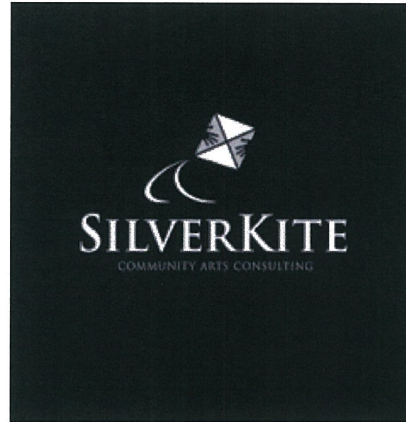


Q2-3 2014 Update

- ▶ Completed Business Seminar Series: 6 Sessions on Marketing; Business Plan Development; Finance and Accounting; and Legal Topics (March – October)
- ▶ Program Consultant Transition: Corey Hansen
- ▶ Launching Virtual Business Incubator Option
- ▶ Formed Advisory Group

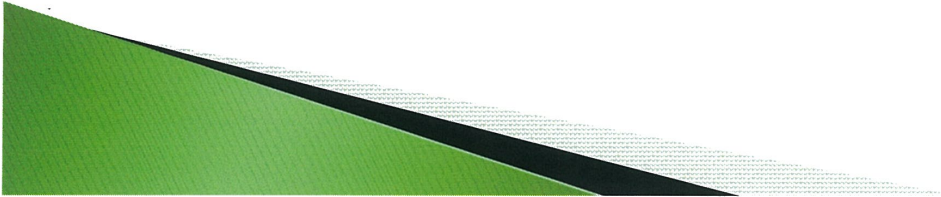


KBI's Newest Company



Metrics Update

	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Businesses Goal/ Actual	1 / 1	3 / 2	3 / 3	4 / 3	4 / 3	5 / 3	5 / 4	
Employees (current)	5	10	13	15	15	15	12	
% of base rent offset	40	56	71	85	71	71	71	



2014 Budget Update

- ▶ 2013–2014 Budget= \$238,100
(\$123,100+\$115,00) Not Including Program Revenue

- ▶ Expenditures:

2013	2014 Q1–Q3	Total
\$118,332	\$68,767	\$187,099

- ▶ Program Revenue:

2013= \$16,462 2014 Q1–Q3=\$14,050

increase, is expected to be about \$1.36/\$1,000 AV which is \$.20 less than last year. Without a 1% levy increase, the tax rate would be about \$.02 (2 cents) less per \$1,000 of assessed value (or \$1.34).

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

RCW. 84.55.120 The legislative body must hold a public hearing on revenue sources for the coming year's budget including consideration of possible increases in property tax revenues, before taking action on the property tax levy.

**CITY OF KENMORE
WASHINGTON**

ORDINANCE NO. 14-0388

**AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON,
RELATING TO THE 2015 REGULAR PROPERTY TAX LEVY;
PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN
EFFECTIVE DATE.**

WHEREAS, the City Council of the City of Kenmore, Washington, has considered its biennial budget for calendar years 2015-2016; and

WHEREAS, the City Council held a Public Hearing on October 27, 2014 to consider the City's current expense budget and revenue sources pursuant to RCW 84.55.120; and

WHEREAS, after a Public Hearing, and after duly considering all relevant evidence and testimony presented, the City Council determined that the City of Kenmore requires an estimated regular tax levy in the amount of \$4,434,285 which includes a one (1%) increase in property tax revenue from the previous year except for amounts resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, and amounts authorized by law as a result of any annexations that have occurred and refunds made, in order to discharge the expected expenses and obligations of the City and in its best interest (the actual levy to be calculated by the King County Assessor's Office once the City's assessed value is certified by the Assessor);

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

Section 1. Regular Tax Levy. An increase in the regular property tax levy is hereby authorized for the 2015 levy in the amount of \$4,434,285 which is a one percentage increase (1%) from the previous year. This increase is exclusive of additional revenue resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, and any additional amounts resulting from any annexations that have occurred and refunds made.

Section 2. Transmittal. The City Clerk is directed to transmit a certified copy of this Ordinance to the Office of the Auditor of the State of Washington, Division of Municipal Corporations, to the King County Assessor, to the Clerk of the King County Council, and to any other agency required by law to receive a copy of this Ordinance.

Section 3. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or

otherwise invalid for any reason, or should any portion of this Ordinance be preempted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

Section 4. Effective Date. This Ordinance 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.

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 24th DAY OF NOVEMBER, 2014.

CITY OF KENMORE

David Baker, Mayor

ATTEST/AUTHENTICATED:

Patty Safrin, City Clerk

Approved as to form:

Rod P. Kaseguma

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

**CITY OF KENMORE
WASHINGTON**

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WHEREAS, after a Public Hearing, and after duly considering all relevant evidence and testimony presented, the City Council determined that the City of Kenmore requires an estimated regular tax levy in the amount of \$4,391,051 which includes a zero (0%) increase in property tax revenue from the previous year except for amounts resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, and amounts authorized by law as a result of any annexations that have occurred and refunds made, in order to discharge the expected expenses and obligations of the City and in its best interest (the actual levy to be calculated by the King County Assessor's Office once the City's assessed value is certified by the Assessor);

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

Section 1. Regular Tax Levy. An increase in the regular property tax levy is hereby authorized for the 2015 levy in the amount of \$4,391,051 which is a zero percentage increase (0%) from the previous year. This increase is exclusive of additional revenue resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, and any additional amounts resulting from any annexations that have occurred and refunds made.

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