

AGENDA

DES MOINES CITY COUNCIL REGULAR MEETING City Council Chambers VIA ZOOM

October 8, 2020 – 5:00-8:00 p.m.

NOTE: The City of Des Moines is currently operating under a Proclamation of Emergency issued on March 5, 2020 and Governor Inslee's Stay-at-Home order issued March 23, 2020 in response to the COVID-19 Pandemic. Accordingly, this meeting will be held virtually using Zoom.

Public Comment continues to be encouraged and will be accepted in the following manner:

- (1) In writing, either by email to the City Clerk's Office at <https://www.desmoineswa.gov/FormCenter/City-Forms-3/Council-Meeting-Comments-49> or by mail; Attn: City Clerk Office, 21630 11th Avenue S., Des Moines WA 98198 no later than 4:00 p.m. day of the meeting. Please provide us with your first and last name and the city in which you live. Your full name and the subject of your public comment will be read into the record at the Council meeting. Incomplete forms will not be read into the record, however the full correspondence will be attached to the Council packet and uploaded to the website as part of the permanent record.
- (2) By participation via Zoom. If you wish to provide oral public comment please email the City Clerk's office at <https://www.desmoineswa.gov/FormCenter/City-Forms-3/Council-Meeting-Comments-49> no later than 4:00 p.m. day of the meeting to receive your Zoom log-in and personal identification number. Please note that Zoom attendees do not interact with one another; they join in listen-only mode until it is their turn to address the Council.

City Council meetings can also be viewed live on Comcast Channel 21 or live streamed on the City's website at www.desmoineswa.gov.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

CORRESPONDENCE

COMMENTS FROM THE PUBLIC VIA ZOOM/WRITTEN PUBLIC COMMENT

ADMINISTRATION REPORT

Item 1: RESPONSE TO AIRPORT STUDIES

CONSENT CALENDAR

Page 5 Item 1: APPROVAL OF VOUCHERS

Motion is to approve for payment vouchers and payroll transfers through October 1, 2020 in the attached list and further described as follows:

Total A/P Checks/Vouchers	#161298-161429	\$ 832,315.14
Electronic Wire Transfers	# 1526-1537	\$ 503,825.50
Payroll Checks	# 19389-19390	\$ 7,821.09
Payroll Direct Deposit	#380001-380145	\$ 364,035.06

Total Checks and Wires for A/P and Payroll: \$1,707,996.79

Page 7 Item 2: DRAFT ORDINANCE 20-049: COMCAST CABLE FRANCHISE AGREEMENT, SECOND READING

Motion is to pass Draft Ordinance No. 20-049, approving a ten year cable franchise agreement with Comcast Cable Communications Management.

Page 79 Item 3: CONSULTANT CONTRACT AMENDMENT #10 – GRANT FREDRICKS

Motion is to approve Amendment/Addendum #10 to the Contract with Grant Fredricks, continuing professional consulting services through December 31, 2021, with an increase of \$15,000 for 2020 (bringing the total not-to-exceed amount for 2020 services to \$75,000.00) and up to \$60,000 in 2021 services, and authorize the City Manager to sign the contract amendment substantially in the form submitted.

Page 83 Item 4: STREET SWEEPING SERVICES CONTRACT ADDENDUM #1 WITH MCDONOUGH AND SONS INC. FOR STREET SWEEPING SERVICES

Motion is to approve the Street Sweeping Services Contract Addendum #1 with McDonough and Sons Inc. for Street Sweeping Services for an additional two years in the not to exceed amount of \$111,562.56, and additionally authorize the City Manager to sign the Street Sweeping Services Contract Addendum #1 substantially in the form as submitted.

Page 131 Item 5: MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF DES MOINES AND DES MOINES POLICE GUILD (GUILD)

Motion is to approve the attached Memorandum of Understanding between the City of Des Moines and Des Moines Police Guild regarding Overtime Holiday Premium Time to ensure the pay practice is equitable amongst employees covered under the provision.

NEW BUSINESS

Page 135 Item 1: 2020-2021 POLICE VEHICLE PURCHASE
Staff Presentation: Chief of Police Ken Thomas

Item 2: PRESENTATION OF CITY MANAGER'S RECOMMENDED 2021
BUDGET
Staff Presentation: Finance Director Beth Anne Wroe

**BOARD & COMMITTEE REPORTS/COUNCILMEMBER COMMENTS – (4 minutes per
Councilmember) - 30 minutes**

PRESIDING OFFICER'S REPORT

EXECUTIVE SESSION

NEXT MEETING DATE

October 22, 2020 City Council Regular Meeting

ADJOURNMENT

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CITY OF DES MOINES
Voucher Certification Approval

October 8, 2020

Auditing Officer Certification

Vouchers and Payroll transfers audited and certified by the auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing, which has been made available to the City Council.

As of **October 8, 2020** the Des Moines City Council, by unanimous vote, does approve for payment those vouchers through October 2, 2020 and payroll transfers through September 18, 2020 included in the attached list and further described as follows:

The vouchers below have been reviewed and certified by individual departments and the City of Des Moines Auditing Officer:



Beth Anne Wroe, Finance Director

			# From	# To	Amounts	
Claims Vouchers:						
Total A/P Checks/Vouchers			161298	-	161426	832,315.14
Voided Checks				-		0.00
Electronic Wire Transfers			1526	-	1537	503,825.50
Total claims paid						1,336,140.64
Payroll Vouchers						
Payroll Checks	9/18/2020		19389	-	19390	7,821.09
Direct Deposit			380001		380145	364,035.06
Total Paychecks/Direct Deposits paid						371,856.15
Total checks and wires for A/P & Payroll						1,707,996.79

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A G E N D A I T E M

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Draft Ordinance 20-049: Comcast
Cable Franchise Agreement, Second Reading

ATTACHMENTS:

1. Draft Ordinance No. 20-049
2. Side Letter

FOR AGENDA OF: October 8, 2020

DEPT. OF ORIGIN: Legal

DATE SUBMITTED: September 29, 2020

CLEARANCES:

- [X] Community Development *Susan M. Cagle*
 [] Marina _____
 [] Parks, Recreation & Senior Services _____
 [X] Public Works *R. Blum*

CHIEF OPERATIONS OFFICER: _____

- [X] Legal /s/ TG
 [X] Finance *Catherine W. W.*
 [] Courts _____
 [] Police _____

APPROVED BY CITY MANAGER
FOR SUBMITTAL: *[Signature]*

Purpose and Recommendation

The purpose of this agenda item is for the second reading and approval of a cable franchise agreement with Comcast Cable Communications Management. The following motion will appear on the consent calendar:

Suggested Motion

Motion 1: "I move to pass Draft Ordinance No. 20-049, approving a ten year cable franchise agreement with Comcast Cable Communications Management."

Background

A franchise agreement authorizes an entity to make use of the city streets for the purpose of carrying on the business in which it is generally engaged, that is, of furnishing service to members of the public. The grant of a franchise is a special privilege that allows particular individuals to profit from the use of the city streets in a manner not generally available to the public as a common right. The state legislature has

granted authority to cities to grant a nonexclusive franchise. RCW 35A.47.040. Once granted, a franchise is a contract which is binding on both the grantor and the grantee.

The City's existing franchise agreement with Comcast was approved in 2003 and expired in 2009. Although the agreement has expired, the parties have continued to operate under the terms of the franchise. However, many of the terms and conditions are outdated and in need of updates.

Since expiration of the franchise in 2009, previous negotiations had stalled. However, in 2018, the City and Comcast began seriously negotiating a new agreement. This draft ordinance is the result of those negotiations. This draft ordinance has been reviewed by the City Council's Ad Hoc Franchise Committee and approved for submission to the City Council. The City Council reviewed this draft ordinance on September 24, 2020 and approved it for a second reading on October 8, 2020.

Discussion

There are a number of federal laws and rules that apply to cable franchise agreements which place limitations on a City's authority. Although cities are limited in what they can regulate, this Agreement addresses the areas where regulation is possible in order to effectively protect the interests of the citizens as well as to allow Comcast to provide residents of Des Moines with essential cable, internet and telephone services.

In general, many of the franchise provisions remain the same as the previous franchise. The key terms are detailed below.

1. **Franchise Term:** The term of the Franchise is for 10 years.
2. **Franchise fees:** Comcast will pay to the City 5% of gross revenues. This is consistent with the current fee and the maximum allowed under federal law.
3. **Performance and customer service:** City can hold performance evaluation session in a public meeting to consider compliance with federal laws and franchise. Additionally, Comcast will provide annual written report showing customer complaints and resolutions. Comcast has also provide a customer service phone number for the City to place on our website as well as on their billing documents.
4. **Indemnification/Insurance:** Franchise is consistent with prior agreement and sufficient to cover foreseeable events.
5. **Relocation, Undergrounding and Right of Way Management:** The Franchise reflects current City practice and is consistent with state law and prior franchise. Comcast is required to follow City permitting processes prior to installation of facilities or any work in the right-of-way. Comcast is also required to pay City permit fees as applicable.
6. **Taxes:** Under DMMC 3.68.060(5) the City imposes a 10% utility tax on cable providers.
7. **Abandonment:** The Franchise requires that Comcast inform the City of any equipment in the right of way that is no longer in use. The City can then decide whether to require it to be removed or to allow it to remain in place. Any removal would be at the sole expense of Comcast.

- 8. Additional Terms** – The majority of the remainder of the Agreement is boilerplate legal language. All language and terms have been thoroughly reviewed and negotiated and the City's interests are protected throughout these Agreements.

New Provisions: The following items are new or are significantly updated from the prior franchise.

1. **HD Channel** - As a result of this new agreement, the City will be receiving a high definition (HD) channel for the City's government access channel 21. The channel will be channel 321 and will be available for all customers who have HD services.
2. **Increased PEG Fees** - Public Access, Educational Access, and Government Access fees (PEG) provide funding for the City to purchase the equipment needed to broadcast on Channel 21 and now Channel 321. In the previous franchise, Comcast paid the City \$140,000 for equipment costs upon execution of the Agreement but did not call for additional payments over the remaining term. As a result, the City has not received any PEG fees since 2003. In this proposed draft, the City is seeking monthly payments of \$0.12 per customer per month in order to cover anticipated capital improvements over the first five years of the agreement. There is re-opener language in the agreement for a potential increase to \$0.15 after five years if the cost of improvements increases.
3. **New federal actions:** There has been some new federal laws and orders issued since the last franchise agreement that will affect this agreement. One specifically relates to complimentary service (free cable to public facilities). It is likely that under federal law this will soon be considered a form of franchise payment and Comcast would be able to subtract the cost of those services from their franchise payment. Once this order goes into effect, Comcast will notify the City and the City will need to consider if cable tv is needed at City facilities and other public facilities.

Non-Franchise Comcast Issue:

The City has previously expressed an interest in installing cable service at the City Activity/Senior Center. Outside of this agreement, pursuant to attachment 2 (side letter) Comcast has proposed to cover roughly \$2,500 of the cost of that installation. The remaining cost would be borne by the City (estimated cost \$13,000). Approval of this Franchise does not bind the City to move forward with this project.

Although this project was previously identified as a priority, it will need to be reassessed given COVID 19 and in coordination with the Senior Services Committee.

Follow up from September 24, 2020 Council meeting:

At the first reading on September 24, the question was asked about when the last performance evaluation of Comcast was conducted. Over the life of the franchise, Comcast has met with the City's administrative team numerous time to discuss the state of the cable system in Des Moines. One of these meetings resulted in a formal presentation to Council about Comcast's continued investment in the system across Des Moines. In addition to the face to face meetings, annual reports overview phone performance statistics, complaints, subscriber connects/disconnect, and performance under the FCC Technical Standards. The last performance review resulted in determining the need for HD PEG for the City Channel and put the parties on this pathway for renewing the franchise:

Alternatives

1. Pass the Draft Ordinance.
2. Do not pass the Draft Ordinance and direct staff to continue negotiations.

Financial Impact

The bulk of the taxes and fees that the City collects from Comcast will not change. The City will begin to receive additional PEG fees in the amount of \$0.12 per month per subscriber (\$8,000-\$10,000 per year). Residents of Des Moines who are Comcast customers will not see a rate increase due to this Agreement other than the \$0.12 per month.

Recommendation

The Legal Department, Planning, Building, and Public Works, and Finance Department recommend passing the Draft Ordinance to a second reading.

DRAFT ORDINANCE NO. 20-049**CITY ATTORNEY DRAFT**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DES MOINES, WASHINGTON, TO APPROVE THE FRANCHISE AGREEMENT BETWEEN THE CITY OF DES MOINES AND COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC, A PENNSYLVANIA CORPORATION

WHEREAS, Comcast Cable Communications Management, LLC ("Comcast") has applied to the City of Des Moines ("City") for renewal of a non-exclusive Franchise for the right of entry, use, and occupation of certain public right(s)-of-way within the City, expressly to install, construct, erect, operate, maintain, repair, relocate and remove its facilities in, on, over, under, along and/or across those right(s)-of-way; and

WHEREAS, the City is authorized by Revised Code of Washington 35A.47.040 and Des Moines Municipal Code (DMMC) 20.06.010 to grant a non-exclusive franchise for the use of public streets, bridges, or other public ways for the transmission and distribution of electrical energy, signals and other methods of communication, including cable telecommunications and cable television; and

WHEREAS, following proper notice, the City Council held a public hearing on Comcast's request for a Franchise, at which time representatives of Comcast and interested citizens were heard in a full public proceeding affording opportunity for comment by any and all persons desiring to be heard; and

WHEREAS, from information presented at such public hearing, and from facts and circumstances developed or discovered through independent study and investigation, the City Council now deems it appropriate and in the best interest of the City and its inhabitants that the franchise be granted to Comcast.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DES MOINES
WASHINGTON, DO ORDAIN as follows:

1. The City grants a Cable Television Franchise to Comcast
Cable Communications Management, LLC.

2. The Mayor is authorized to sign a Franchise Agreement
in substantially the same form as the Agreement attached as Exhibit
A.

PASSED:

APPROVED: _____

MATT PINA, MAYOR

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

Published: _____

**EXHIBIT A:
CABLE FRANCHISE AGREEMENT**

Between the City of Des Moines, Washington, and Comcast Cable Communications Management, LLC d/b/a Comcast.

This Cable Franchise Agreement ("Franchise") is made and entered into by and between The City of Des Moines, Washington, a municipal corporation (City), and Comcast Cable Communications Management, LLC d/b/a Comcast, a Pennsylvania corporation (collectively, "Grantee"). The City and Grantee are sometimes referred to hereinafter collectively as the "Parties."

WHEREAS, the City is authorized by 47 USC § 541 *et seq.*, RCW 35A.47.040, DMCC 20.06.010 and DMCC Chapter 20.05 to grant and renew nonexclusive cable franchise agreements for the installation, operation, and maintenance of cable television systems and otherwise regulate cable communications services within the City's incorporated boundary; and

WHEREAS, the City has reviewed Grantee's performance under the prior franchise and the quality of service during the prior franchise term, has identified the future cable-related needs and interests of the City and its citizens, and has determined that Grantee's plans for operating and maintaining its Cable System are adequate; and

WHEREAS, the public has had adequate notice and opportunity to comment on this Franchise during a public proceeding; and

WHEREAS, the Mayor and City Council have determined that it is in the best interests of, and consistent with, the health, safety, and welfare of the citizens of the City to grant a franchise to Grantee to use public rights-of-way for the purposes specified in this Franchise and on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises made herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties do hereby agree as follows:

SECTION 1: PRINCIPLES AND INTENT OF THE CITY

The following provisions are statements of the City's intent in entering into this Franchise, but do not necessarily reflect

Grantee's intent and shall not supplant or modify specific provisions of the Franchise:

- 1.1. Ensure that the City stays at the forefront of cable service by keeping the Cable System up to date with features meeting the current and future cable-related needs and interests of the community;
- 1.2. Encourage the widest feasible scope and diversity of Programming and other services to all City residents consistent with community needs and interests;
- 1.3. Encourage competitive, affordable, and equal access to advanced communications services of all kinds to residents and businesses of the City on a non-discriminatory basis;
- 1.4. Ensure that City residents have the opportunity to view public, educational, and governmental Programming;
- 1.5. Ensure that rates and charges for cable Programming, equipment, and services provided over the Cable System are affordable and consistent with federal standards;
- 1.6. Ensure that the City residents receive high quality customer service;
- 1.7. Ensure that the City receives appropriate compensation for the use of its facilities and property and that installation and maintenance of cable Facilities comply with all applicable City regulations, and do not interfere with the City's legitimate use of its own facilities and property;
- 1.8. Encourage competition among Cable Operators and between Cable Operators and other providers of communications services;
- 1.9. Protect the City's interests and the health, safety, and welfare of its residents; and
- 1.10. Provide for timely mandatory Government Access to all Cable Systems in times of civil emergency.

SECTION 2: DEFINITIONS

For the purpose of this Franchise, the following terms, phrases, and their derivations shall have the meanings given below unless the context clearly mandates a different interpretation. Where

the context so indicates, the present tense shall imply the future tense, words in plural include the singular, and words in singular include the plural. The word "shall" is always mandatory, not merely directory, and the word "may" is discretionary. In the event that the meaning of any word or phrase not defined in this Section is uncertain, the definitions contained in FCC rules and regulations shall apply.

2.1 "Access" means the availability for Non-Commercial use by various governmental and educational agencies, institutions, and organizations in the community, including the City and its designees, of a particular Channel on the Cable System to distribute programming to Subscribers, as permitted under applicable law.

A. "Educational Access" means Access where Schools are the primary users having editorial control over programming and services.

B. "Government Access" means Access where governmental institutions or their designees are the primary users having editorial control over programming and services.

C. "Public Access" means Access for the public, including organizations, groups and individuals.

2.2 "Access Channel" means any Channel or portion of a Channel on a Cable System required by the Franchise to be set aside by the Grantee for public, education, or governmental use.

2.3 "Affiliated Entity" means, when used in connection with Grantee, any Person who owns or controls, is owned by or controlled by, or is under common ownership or control with Grantee.

2.4 "Basic Service" means the lowest Tier of Cable Service that includes, at a minimum, the retransmission of local television broadcast signals.

2.5 "Cable Act" shall mean the Communications Act of 1934, including the Cable Communications Policy Act of 1984, as amended by the Cable Television Consumer Protection and Competition Act of 1992, and the Telecommunications Act of 1996, any and amendments thereto.

2.6 "Cable Operator" means any Person or group of Persons (A) who provides Cable Services over a Cable System and directly or

through one or more affiliates owns a significant interest in such Cable System, or (B) who otherwise controls or, through any arrangement, is responsible for the management and operation of such a Cable System.

2.7 "Cable Service" means

- A. The one-way transmission to Subscribers of (1) Video Programming or (2) other Programming service, and
- B. Subscriber interaction, if any, that is required for the selection or use of such Video Programming or other Programming service.

2.8 "Cable System" means Grantee's Facilities within the Franchise Area, consisting of a set of closed transmission paths and associated signal generation, reception and control equipment that is designed to provide Cable Service, which includes Video Programming, and which is provided to multiple Subscribers within a community, but such term does not include:

- A. A facility that serves only to retransmit the television signals of one or more television broadcast stations;
- B. A facility that serves Subscribers without using any public right-of-way;
- C. A facility of a common carrier which is subject, in whole or in part, to the provisions of Title II of the federal Communications Act (47 U.S.C. § 201 et seq.), except that such facility shall be considered a Cable System (other than for purposes of 47 U.S.C. 541(c)) to the extent such facility is used in the transmission of Video Programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services;
- D. An open video system that complies with 47 U.S.C. § 573; or
- E. Any facilities of any electric utility used solely for operating its electric utility systems.

2.9 "Channel" means a portion of the electromagnetic frequency spectrum which is used in a Cable System and which is capable of delivering a television channel, whether delivered in an analog or digital format.

- 2.10 "City Council" means the legislative body of the City of Des Moines.
- 2.11 "Complaint" means a Subscriber's verbal or written contact with the Grantee to express a grievance or dissatisfaction concerning Cable Service that are not within the regulatory control of the City and does not include issues that are promptly resolved to the Subscriber's satisfaction.
- 2.12 "Designated Access Provider" means the entity or entities designated by the City to manage or co-manage the Access Channel and facilities, and may include the City as a Designated Access Provider.
- 2.13 "Demarcation Point" means the physical point at which the Cable System enters a Subscriber's home or building.
- 2.14 "Document" or "Records" means written or graphic materials, however produced or reproduced, or any other tangible permanent documents, including those maintained by computer or other electronic or digital means, maintained by the Grantee in the ordinary course of conducting its business.
- 2.15 "Dwelling Unit" means any building, or portion thereof, that has independent living facilities, including provisions for cooking, sanitation and sleeping, designed for residential occupancy.
- 2.16 "Effective Date" means the Effective Date of this Franchise pursuant to subsection 3.4.
- 2.17 "Facility" means any distribution or component of the Cable System.
- 2.18 "FCC" means the Federal Communications Commission or its lawful successor.
- 2.19 "Franchise Area" means the area within the jurisdictional boundaries of the City, including any areas annexed by the City during the term of this Franchise.
- 2.20 "Franchise Fee" means consideration paid by Grantee for the privilege to construct and/or operate a Cable System in the Franchise Area as set forth in accordance with Section 622 of the Cable Act.

- 2.21 "Gross Revenues" means, for purposes of Franchise Fee calculations, all revenue received by the Grantee, in whatever form and from all sources, derived from the operation of the Grantee's Cable System to provide Cable Services, in the Franchise Area.
- A. Gross Revenues include, by way of illustration and not limitation, monthly fees charged to Subscribers for Cable Services, including Basic Service and all other Tiers of Cable Service, Pay-Per-View Service, Cable Service installation, disconnection, change-in-service and reconnection fees, Leased Access Channel fees, late fees, payments received by Grantee from programmers for carriage of Cable Services on the Cable System and recognized as revenue under generally accepted accounting principles (GAAP), revenues from rentals of Cable System equipment such as converters, advertising revenues, advertising sales commissions if recognized as revenue under GAAP, additional outlet fees, Franchise Fees, and revenues from home shopping Channels.
 - B. Gross Revenues shall not include Bad Debt, provided that all or part of any such Bad Debt that is written off but subsequently collected shall be included in Gross Revenues in the period collected, or revenues received from telecommunications services.
 - C. Gross Revenues shall be determined without deduction for (1) any operating expense; (2) any accrual; or (3) any other expenditure, regardless of whether such expense, accrual or expenditure reflects a cash payment, and revenue shall be counted only once in determining Gross Revenues.
 - D. Gross Revenues also does not include capital contributions, taxes on services furnished by Grantee which are imposed directly on any Subscriber or user by the State, City or other governmental unit and which are collected by Grantee on behalf of said governmental unit, excluding Franchise Fees.
 - E. This definition shall be construed so as to include all Gross Revenues to the maximum extent permitted by federal and State law, except to the extent specifically excluded in this subsection, and encompasses revenues that may develop in the future, whether or not anticipated.

- F. If a statutory change in State or federal law, or a decision of the FCC or a court of competent jurisdiction expands the categories of revenue available to the City for the Franchise Fee assessment beyond those permitted under this definition as of the Effective Date, that change shall automatically be included in the definition of Gross Revenues under this Franchise, provided that the City imposes the same requirement upon any other similarly situated multichannel video provider over which the City has jurisdiction and authority to impose such fees.
- 2.22 "Headend" means Grantee's primary facility for signal reception and dissemination on the Cable System, including cables, antennas, wires, satellite dishes, monitors, switchers, modulators, processors, and other related equipment.
- 2.23 "Leased Access Channel" means a Channel or portion of a Channel made available by Grantee for Programming by others for a fee.
- 2.24 "Liquidated Damages" means any requirement imposed on the Grantee to pay specified sums to the City as a result of performance deficiencies and/or Franchise violations, as described in Section 13.8.
- 2.25 "Non-Cable Services" means any service that is distributed over the Cable System, other than a Cable Service.
- 2.26 "Normal Business Hours" means those hours during which most similar businesses in the community are open to serve customers.
- 2.27 "Normal Operating Conditions" means service conditions within the control of the Grantee. Those conditions that are not within the control of the Grantee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual-weather conditions. Those conditions that are ordinarily within the control of the Grantee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or Upgrade of the Cable System.
- 2.28 "Parent Corporation" means any existing or future corporation, entity, or Person with greater than fifty percent (50%) ownership or control over Grantee.

- 2.29 "Pay-Per-View" service means programming offered on a per-program or per-event basis for which a separate fee is charged.
- 2.30 "PEG Access" means Public Access, Educational Access, and Government Access, jointly or severally.
- 2.31 "Person" means any individual, partnership, association, joint stock company, trust, corporation or governmental entity.
- 2.32 "Right-of-Way" or "Rights-of-Way" means the surface of, and the space above and below, any public street, highway, freeway, bridge, land path, alley, court, boulevard, sidewalk, way, lane, public way, drive, circle or other public Right-of-Way, including, but not limited to, general public utility easements, or Right-of-Way dedicated for compatible uses now or hereafter held by the City in the Franchise Area, which shall entitle the Grantee to the use thereof for the purpose of installing, operating, repairing, upgrading and maintaining the Cable System. Right-of-Way shall also mean any easement now or hereafter held by the City within the Franchise Area for the purpose of utility or public service use dedicated for compatible uses.
- 2.33 "School" means any State accredited public educational institution including, for example, primary and secondary Schools (K-12).
- 2.34 "State" means the State of Washington.
- 2.35 "Subscriber" means any Person who lawfully receives Cable Service provided by Grantee by means of the Cable System and whose premises are physically wired and lawfully activated to receive Cable Service from Grantee's Cable System.
- 2.36 "Tier" means a group of Channels for which a separate periodic rate is charged.
- 2.37 "Video Programming" means programming provided by, or generally considered comparable to programming provided by television broadcast station.

SECTION 3: GRANT OF FRANCHISE

3.1. Grant of Franchise

- A. The City hereby grants to Grantee a nonexclusive Franchise authorizing Grantee to construct and operate a Cable System in, along, among, upon, across, above, over, under or in any Right-of-Ways within the Franchise Area for the purpose to install such wires, cables, conductors, ducts, conduits, vaults, manholes, pedestals, amplifiers, appliances, attachments, and other related property or equipment and to use existing poles as may be necessary or appurtenant for the deployment of Cable Services over the Cable System. This Franchise is subject to and shall be governed by all applicable provisions now existing or hereafter amended of federal, State and local laws and regulations, except as specifically provided for within this Franchise.
- B. This Franchise expressly authorizes Grantee to provide Cable Services as allowed by applicable law, and to construct, operate, or maintain Cable System facilities in the Franchise Area. This Franchise is not a bar on Grantee's provision of non-Cable Services. Neither the City nor the Grantee waive any rights they may have under applicable law as to the lawful use of the Cable System for other services and the regulatory obligations related to such services.
- C. This Franchise shall constitute both a right to provide the Cable Services required by, and to fulfill the obligations set forth in, the provisions of this Franchise.
- D. Grantee guarantees, as a condition of exercising the privileges granted by this Franchise, that any Affiliated Entity of the Grantee directly involved in the offering of Cable Service in the Franchise Area, will also comply with the obligations of this Franchise.
- E. Unless otherwise stated in this Franchise, in the event of a conflict between the DMMC and this Franchise, this Franchise shall control, and shall not be unilaterally altered by the City through subsequent ordinance, regulation, resolution, or other enactment of the City, except within the lawful exercise of the City's police power.
 - 1. Grantee acknowledges, without waiving its right to challenge any City ordinance or regulation that conflicts with its rights under this Franchise, that its rights hereunder are subject to the police powers of the City to

adopt and enforce ordinances necessary to protect the health, safety, and welfare of the public, and Grantee agrees to comply with all applicable laws and ordinances enacted by the City pursuant to such power.

2. This Franchise shall not be interpreted to prevent the City from lawfully imposing additional conditions, including additional compensation conditions for use of the rights-of-way.
3. No rights shall pass to Grantee by implication and this Franchise shall not include, nor be a substitute for:
 - a. Any other permit or authorization required for the privilege of transacting and carrying on a business within the City that may be required by the ordinances and laws of the City;
 - b. Any permit, agreement, or authorization required by the City for rights-of-way users in connection with operation on or in rights-of-way or public property, including, by way of example and not limitation, construction or excavation permits; or
 - c. Any permits or agreements for occupying any other property of the City or private entities to which Access is not specifically granted by this Franchise including, without limitation, permits and agreements for placing devices on poles, in conduits or in or on other structures.
- F. This Franchise is intended to convey limited rights and interests only as to those rights-of-way in which the City has a proprietary interest, is not a warranty of title or interest in any rights-of-way, does not provide the Grantee with any interest in any particular location within the rights-of-way, and does not confer rights other than as expressly provided in the grant hereof.
- G. This City has granted this Franchise in reliance upon the Grantee's business skill, reputation, financial capacity, and character and may not be assigned, transferred, conveyed, or otherwise encumbered without the express written consent of the City pursuant to Section 15 of this Franchise.

3.2 Use of Rights-of-Way

- A. Any privilege claimed under this Franchise in any right-of-way shall be subordinated to any prior lawful occupancy of the right-of-way.
- B. Within parameters reasonably related to the City's role in protecting the public health, safety, and welfare, the City may require, through the permitting process, that the Cable System Facilities be installed at a particular time, at a specific place, or in a particular manner as a condition of Access to a particular right-of-way and may deny access if Grantee is not willing to comply with the City's requirements.

3.3 Term

- A. The term of this Franchise, and all rights, privileges, obligations, and restrictions pertaining thereto, shall be ten (10) years from the Effective Date of this Franchise, unless terminated earlier as provided herein.
- B. The City and Grantee agree that any proceedings undertaken relative to the renewal of this Franchise shall be governed by and comply with the provisions of 47 U.S.C. § 546.
- C. If Grantee requests renewal of this Franchise in accordance with the provisions of Section 626 of the Cable Act prior to the expiration of its term or any extension thereof, the Franchise automatically continues month to month until renewed or until either party gives written notice at least one hundred eighty (180) days in advance of the intent not to renew the Franchise.

3.4 Acceptance and Effective Date

- A. This Franchise, and any rights granted hereunder, shall not become effective for any purpose unless and until Grantee files with the City Clerk (1) the Statement of acceptance, Attached hereto as Exhibit 1, and incorporated herein by this reference, (2) all verifications of insurance coverage specified under Section 6.3, and (3) the security specified in Section 6.4. These three items shall collectively be the "Franchise acceptance." The Effective Date of this Franchise shall be the date upon which the City Clerk Receives the Franchise acceptance.

- B. Should Grantee fail to file the Franchise acceptance with the City Clerk within sixty (60) days after this Franchise is approved by City Council, this Franchise may be null and void.

3.5 Franchise Nonexclusive

This Franchise shall be nonexclusive, and subject to all prior rights, interests, easements, permits or licenses granted by the City to any Person to use any property for any purpose whatsoever, including the right of the City to use the same for any purpose it deems fit, including the same or similar purposes allowed Grantee hereunder, and the City may at any time grant authorization to use the Rights-of-Way for any purpose not incompatible with Grantee's authority under this Franchise and for such additional franchises for cable systems as the City deems appropriate.

3.6 Effect of acceptance

By accepting this Franchise, Grantee: (A) acknowledges and accepts the City's legal right to issue and enforce the Franchise; (B) agrees that it will not oppose the City's intervening, to the extent the City is legally entitled to do so, in any legal or regulatory proceeding affecting the Cable System; (C) accepts and agrees to comply with each and every provision of this Franchise; and (D) agrees that the Franchise was granted pursuant to processes and procedures consistent with applicable law, and that it will not raise any claim to the contrary.

3.7 Modifications to this Franchise

- A. This Franchise is subject to the lawful terms and conditions of the DMMC, as the same is now or is hereafter amended by the lawful exercise of the City's police powers.
- B. This Franchise may be amended at any time by mutual written agreement of the parties for any reason.
- C. Competitive Equity:
 - 1. The City reserves the right to grant additional franchises or similar authorizations to provide Video Programming services via Cable Systems or similar wireline systems located in the Right of Way. The City intends to treat wireline competitors in a

nondiscriminatory manner in keeping with federal law. If, following the Effective Date of this Franchise, the City grants such an additional franchise or authorization to use the Right of Way to provide such services and Grantee believes the City has done so on terms materially more favorable than the obligations under this Agreement, then the provisions of this subsection will apply.

2. As part of this Franchise, the City and Grantee have mutually agreed upon the following terms as a condition of granting the Franchise, which terms may place the Grantee at a significant competitive disadvantage if not required of a wireline competitor: the Franchise Fee, PEG Access funding, PEG Access Channels, records and reports, and customer service obligations (hereinafter "Material Obligations"). The City and Grantee agree that these Material Obligations bear no relationship to the technology employed by the Grantee or a wireline competitor and as such can reasonably be expected to be applied fairly across all wireline competitors. The City and Grantee further agree that this provision shall not require a word for word identical franchise or authorization for competitive equity so long as the regulatory and financial burdens on each entity are generally equivalent.
3. Within one (1) year of the adoption of a wireline competitor's franchise or similar authorization, Grantee must notify the City in writing of the Material Obligations in this Franchise that exceed the Material Obligations of the wireline competitor's franchise or similar authorization. The City shall have one hundred twenty (120) days to agree to allow Grantee to adopt the same Material Obligations provided to the wireline competitor, or dispute that the Material Obligations are different. In the event the City disputes that the Material Obligations are different, Grantee may bring an action in federal or State court for a determination as to whether the Material Obligations are different and as to what Franchise amendments would be necessary to remedy the disparity. Alternatively, Grantee may notify the City that it elects to immediately commence the renewal process under 47 U.S.C. § 546 and to have the remaining term of this Franchise shortened to not more than thirty (30) months.

4. Nothing in this subsection is intended to alter the rights or obligations of either party under applicable federal or State law, and it shall only apply to the extent permitted under applicable law and FCC orders. In no event will the City be required to refund or to offset against future amounts due the value of benefits already received.
5. This provision does not apply if the City is ordered or required to issue a franchise on different terms and conditions, or it is legally unable to do so; and the relief is contingent on the new Cable Operator actually commencing provision of service in the market to its first customer. Should the new Cable Operator fail to continuously provide service for a period of six (6) months, the City has the right to implement this Franchise with its original terms upon one hundred eighty (180) days' notice to Grantee.
6. This subsection does not apply to open video systems, nor does it apply to common carrier systems exempted from franchise requirements pursuant to 47 U.S.C. § 571; or to systems that serve less than 5% (five percent) of the geographic area of the City; or to systems that only provide video services via the public Internet.

SECTION 4: FRANCHISE FEES AND FINANCIAL CONTROLS

4.1. Franchise Fees

As compensation for the use of the City's Rights-of-Way, Grantee shall pay as a Franchise Fee to the City, throughout the duration of this Franchise, an amount equal to five percent (5%) of Grantee's Gross Revenues, which shall commence on the Effective Date of this Franchise.

4.2. Payments

Grantee's Franchise Fee payments to the City shall be computed quarterly for the preceding quarter. Each payment shall be due and payable no later than thirty (30) days after the end of the preceding quarter, after which time interest will accrue. The quarters shall end respectively on the last day of March, June, September and December.

4.3. Acceptance of Payment

No acceptance of any payment shall be construed as an accord by the City that the amount paid is, in fact, the correct amount, nor shall any acceptance of payments be construed as a release of any claim the City may have for further or additional sums payable or for the performance of any other obligation of Grantee.

4.4. Franchise Fee Reports

Each payment shall be accompanied by a written report to the City, verified by an authorized representative of Grantee, containing an accurate statement in summarized form which includes a breakdown by category of Grantee's Gross Revenues and the computation of the payment amount.

4.5. Audits

A. Upon forty-five (45) days prior written notice, the City shall have the right to conduct an annual independent audit of Grantee's records necessarily related to the enforcement of this Franchise and to re-compute any amounts determined to be payable under this Franchise.

1. If Grantee cooperates in making all relevant records available to the City, the City will attempt to complete each audit within six (6) months, and the audit period shall be no greater than the previous three (3) years, unless the City has information relating to previous years beyond the three (3) years which raises doubt as to the accuracy of payments made under this or previous franchises, in which case an additional three (3) years may be audited.
2. Any undisputed amounts due to the City as a result of the audit shall be paid within sixty (60) days following written notice to the Grantee by the City, which notice shall include a copy of the audit findings.
3. If the audit shows that Franchise Fees have been underpaid by five percent (5%) or more in any calendar year, Grantee shall pay for the cost of the audit up to five thousand dollars (\$5,000) per year being audited for a maximum of 3 years.

B. If Grantee disputes all or part of the audit findings, then the parties shall meet in an attempt to resolve the matter. If the parties are unable to resolve the matter, then

either of the parties may refer that matter to non-binding arbitration. Each party shall bear one-half of the costs and expenses of the arbitration proceedings. The decision of the arbitrator(s) shall be subject to judicial review at the request of either party.

4.6. Late Payments

In the event any payment due the City is not timely made, Grantee shall pay, in addition to the amount due, interest at the rate of twelve percent (12%) per annum from the payment due date until the City receives the payment.

4.7. Underpayments

If a Franchise Fee underpayment is discovered as the result of an audit, Grantee shall pay, in addition to the amount due, interest at the rate of twelve percent (12%) per annum calculated from the date the underpayment was originally due until the date the City receives the payment.

4.8. Maximum Franchise Fees

- A. The parties acknowledge that, at present, applicable federal law limits the City to collecting a franchise fee of five percent (5%) of Gross Revenues in a 12-month period.
- B. In the event that at any time throughout the term of this Franchise, the City is authorized to collect an amount in excess of five percent (5%) of Grantee's Gross Revenues and the City elects to do so, then this Franchise shall be amended by the parties consistent with such change provided however that all other Cable Operators within the Franchise Area are treated similarly.
- C. In the event that at any time throughout the term of this Franchise, the City may only collect an amount which is less than five percent (5%) of Grantee's Gross Revenues for franchise fees due to a change in federal law, then this Franchise shall be amended by the parties consistent with such change to provide for such lesser percentage.

4.9. Additional Commitments Not Franchise Fees

- A. No term or condition in this Franchise shall in any way modify or affect Grantee's obligation to pay in full the

Franchise Fee percentage listed in this Franchise. Although the total sum of Franchise Fee payments and additional Access capital contribution commitments set forth elsewhere in this Franchise may total more than five percent (5%) of Grantee's Gross Revenues in any 12-month period, Grantee agrees that the additional Access capital contribution commitments are excluded from the definition of Franchise Fee herein and are not Franchise Fees, nor are they to be offset or credited against any Franchise Fee payments due to the City, nor do they represent an increase in Franchise Fees to be passed through to Subscribers.

- B. Additionally, any security fund, performance bond or letter of credit shall not be offset against Franchise Fees. Furthermore, the City and Grantee agree that any utility tax, business and occupation tax or similar generally applicable tax or fee shall be in addition to any Franchise Fees required herein and there shall be no offset against Franchise Fees subject to applicable law.
- C. If Grantee elects to offset certain non-cash commitments or initiatives against the Franchise Fee in accordance with applicable law, Grantee will provide the City ninety (90) days' advance written notice, to include a detailed schedule of the amount it intends to offset, and the cost basis for each schedule item. The City will have the full ninety (90) days from receipt of Grantee's notice to respond. The City reserves the right to terminate Grantee's provision of any non-cash commitments or initiatives.

4.10. Payment on Termination

- A. If this Franchise is lawfully terminated, the Grantee shall file with the City within ninety (90) days of the date of the termination, a financial statement, prepared by a certified public accountant, or representative of the Grantee's Controller or Chief Financial Officer, showing the Gross Revenues received by the Grantee since the end of the previous fiscal year.
- B. Within thirty (30) days of the filing of the statement with the City, Grantee shall pay any unpaid Franchise Fee amounts as indicated.
- C. If the Grantee fails to pay its remaining financial obligations as required in this Franchise, the City may

satisfy the same by utilizing the funds from any security provided by the Grantee.

4.11. Tax Liability

The Franchise Fees shall be in addition to any and all taxes or other levies or assessments which are now or hereafter required to be paid by businesses in general by any law of the City, the State or the United States including, without limitation, sales, use, utility, occupation and other taxes, business license fees or other payments.

4.12. Bundling of Cable and Non-Cable Services

In no event will the Grantee unlawfully evade or reduce applicable Franchise Fee payments required to be made to the City due to discounted bundled services. Customer billing shall be itemized by service(s), and Grantee shall comply with all applicable laws regarding rates for Cable Services and all applicable laws covering issues of cross subsidization.

SECTION 5: ADMINISTRATION AND REGULATION

5.1. Authority

The City shall be vested with the power and right to administer and enforce the requirements of this Franchise and the regulations and requirements of applicable law, including the Cable Act, or to delegate that power and right, or any part thereof, to the extent permitted under law, to any agent in the sole discretion of the City.

5.2. Rate Regulation

All rates, fees, charges, deposits and associated terms and conditions to be imposed by the Grantee or any affiliated Person for any Cable Service as of the effective date shall be in accordance with applicable law.

5.3. Low Income Discount

As long as the Grantee offers Basic Service, the Grantee intends to offer a discount to those individuals who are low income (according to applicable federal guidelines) and either permanently disabled or 65 years of age or older and who are the legal owners or tenants of the Dwelling Unit. Such discounts will consist of thirty percent (30%) off of Basic

Service or the Basic Service portion of digital service packages when not discounted by inclusion in other promotional or programming package rates at which time the promotional or programming package rate will apply.

The City acknowledges that discounted services reflect a voluntary initiative on the part of Grantee and is not a requirement of this Franchise. Subject to applicable law, should Grantee elect to discontinue the low income discount, Grantee shall first provide the City with ninety (90) days' prior notice.

5.4. Performance Evaluations

- A. Upon thirty (30) days written notification, the City may hold performance evaluation sessions, no more than once every twelve months, whenever necessary to ensure proper performance of the provisions of this Franchise.
- B. All evaluation sessions shall be open to the public.
- C. Topics which may be discussed at any evaluation session include, but are not limited to, construction issues, Cable Service rate structures, Franchise Fee payments, liquidated damages, free or discounted Cable Service, application of new technologies, Cable System performance, Cable Services currently provided and programming offered, future plans of Grantee for new services or programs, Subscriber Complaints, privacy, modifications to this Franchise, judicial and FCC rulings, line extension policies and the City's or Grantee's rules; provided that nothing in this subsection shall be construed as requiring the renegotiation of this Franchise.
- D. During evaluations under this subsection, Grantee shall fully cooperate with the City and shall provide such information and documents as the City may reasonably require to perform the evaluation.

5.5. Leased Access Channel Rates

Grantee shall offer Leased Access Channel capacity on such terms and conditions and rates as may be negotiated with each lessee, subject to the requirements of Section 612 of the Cable Act. Upon request, Grantee shall provide a complete schedule of current rates and charges for any and all Leased

Access Channels or portions of such Channels provided by Grantee.

5.6. Late Fees

For purposes of this subsection, any assessment, charge, cost, fee or sum, however characterized, that Grantee imposes upon a Subscriber solely for late payment of a bill is a late fee and changes in late fee rates shall be noticed to the City and applied in accordance with applicable law.

SECTION 6: INDEMNIFICATION AND INSURANCE REQUIREMENTS

6.1. Indemnification

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

B. Indemnification for Relocation: Grantee shall indemnify, defend and hold the City, its elected officials, officers, authorized agents, boards, volunteers, and employees harmless for any damages, claims, additional costs, or expenses payable by the City related to, arising out of, or resulting from Grantee's failure to remove, adjust or relocate any of its facilities in the Rights-of-Way in a timely manner in accordance with any lawful relocation required by the City; including, but not limited to, claims for delay, damages, costs, and/or time asserted by any

contractor performing public work for or on behalf of the City.

- C. Procedures and Defense: With respect to Grantee's indemnity obligations set forth herein, Grantee shall provide the defense of any claims or actions brought against the City or any other indemnified party. Nothing herein shall be deemed to prevent the City from cooperating with Grantee and participating in the defense of any litigation by its own counsel at its own cost and expense; provided, however, that after consultation with the City, Grantee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Grantee shall have the authority to decide the appropriateness and the amount of any such settlement. However, Grantee may not agree to any settlement of claims financially affecting the City without the City's written approval that shall not be unreasonably withheld.
- D. Duty to Give Notice: The City shall give Grantee timely written notice of any claim or of the commencement of any action, suit or other proceeding covered by the indemnity in this Section. The City's failure to so notify and request indemnification shall not relieve Grantee of any liability that Grantee might have, except to the extent that such failure prejudices Grantee's ability to defend such claim or suit. In the event any such claim arises, the City or any other indemnified party shall tender the defense thereof to Grantee and Grantee shall have the obligation and duty to defend any claims arising thereunder, and the City shall cooperate fully therein.
- E. Separate Representation: If separate representation to fully protect the interests of both parties is necessary, such as a conflict of interest between the City and the counsel selected by Grantee to represent the City, Grantee shall pay for the City's selected counsel, from the date such separate representation is required forward, all reasonable expenses incurred by the City in defending itself with regard to any action, suit, or proceeding indemnified by Grantee.
- F. Inspection: Inspection or acceptance by the City of any work performed by Grantee at the time of completion of construction or maintenance projects shall not be grounds for avoidance of any of these covenants of indemnification.

6.2. Grantee's Further Responsibilities.

- A. Grantee shall indemnify and hold harmless the City from any workers' compensation claims to which Grantee may become subject during the Term of this Franchise. It is further specifically and expressly understood that, solely to the extent required to enforce the indemnification provided per this Franchise, Grantee waives its immunity under RCW Title 51; provided, however, the foregoing waiver shall not in any way preclude Grantee from raising such immunity as a defense against any claim brought against Grantee by any of its employees or other third party. This waiver has been mutually negotiated by the parties.
- B. Grantee's indemnification obligations shall include indemnifying the City for actions brought by Grantee's own employees and the employees of Grantee's agents, representatives, contractors, and subcontractors even though Grantee may be immune under Title 51 RCW from direct suit brought by such employee.

6.3. Insurance Requirements

- A. Grantee shall maintain in full force and effect at its own cost and expense each of the following policies of insurance or equivalent self-insurance.
- B. Grantee shall maintain:
 - 1. Commercial General Liability ("CGL") insurance written on an occurrence form at least as broad as ISO CG 00 01, with Minimum Limits of Liability: \$5,000,000.00 per occurrence, \$5,000,000.00 premises/operations, products/completed operations aggregate, personal/advertising inquiry liability, contractual liability, and independent contractors liability; and shall not exclude XCU/subsidence perils or any similar perils;
 - 2. Automobile Liability insurance at least as broad as ISO CA 00 01 including coverage for owned, non-owned, leased, or hired vehicles, as applicable, with a minimum limit of \$5,000,000.00 each accident for bodily injury and property damage;
 - 3. Workers' Compensation insurance for the State as required by Title 51, Revised Code of Washington, Industrial

Insurance, \$5,000,000.00 each accident/ each disease/ policy limit employers liability/Washington stop gap; and

4. Excess or Umbrella Liability: \$5,000,000 each occurrence and \$5,000,000 policy limit.

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

D. Coverage: Each policy shall provide that the insurance shall not be canceled or terminated so as to be out of compliance with these requirements without forty-five (45) days written notice first provided to the City via mail, and thirty (30) days' notice for nonpayment of any premium. If the insurance is canceled or terminated so as to be out of compliance with the requirements of this Franchise, Grantee shall provide a replacement policy. Grantee agrees to maintain continuous uninterrupted insurance coverage, in at least the amounts required, until all work required to be performed under the terms of this Franchise is satisfactorily completed and, in the case of Commercial

General Liability Insurance, for at least one (1) year after expiration of this Franchise. Any failure of Grantee to comply with the claim reporting provisions of the policy(ies) or any breach of an insurance policy warranty shall not affect coverage afforded under the policy to protect the City. However, if coverage is not afforded under these circumstances, Grantee will indemnify the City for losses the City otherwise would have been covered for as an additional insured.

E. Alternative Insurance: Grantee shall not cancel any required insurance policy without obtaining alternative insurance in conformance with this Franchise. Each of the required insurance policies shall be with insurers qualified to do business in the State of Washington with a Best's rating of no less than "A- VII."

F. Verification of Coverage: In addition to the other requirements of this Section, Grantee shall furnish the City with certificates of insurance reflecting at least the minimum coverage and policy limits required hereunder. The certificates for each insurance policy are to be on standard forms or such forms as are consistent with standard industry practices.

G. Grantee's policy shall not include any of the following endorsements, or their equivalent endorsements or exclusions:

1. Contractual liability limitation (GCL Form 21 39 or equivalent),
2. Amendment of insured contract definition (CGL Form 24 26 or equivalent),
3. Limitation of coverage to designated premises or project (CGL Form 21 44 or equivalent),
4. Any endorsement modifying or deleting the exception to the employer's liability exclusion,
5. Any "Insured vs. Insured" or "cross-liability" exclusion with respect to additional insureds, and
6. Any type of punitive, exemplary or multiplied damaged exclusion.

- H. Evidence of insurance shall be in the form of a certificate of insure evidencing compliance with these requirements.

6.4. Franchise Security

- A. Grantee shall provide a performance bond, in a form acceptable to the City, in the amount of Two Hundred Fifty thousand dollars (\$250,000.00) to ensure the faithful performance of its responsibilities under this Franchise and applicable law. Grantee may be required to obtain additional security, such as generally applicable construction bonds, in accordance with the City's permitting requirements. Grantee shall pay all premiums or costs associated with maintaining the security, and shall keep the same in full force and effect at all times and shall immediately replenish the bond upon foreclosure. Except as expressly provided herein or as otherwise specified in the City's construction permitting requirements, the Grantee shall not be required to obtain or maintain other security as a condition of being awarded the Franchise. Grantee shall not cancel the performance bond without obtaining an alternative performance bond in conformance with this Franchise.
- B. The security shall be subject to the approval of the City Engineer as to its adequacy under the requirements of this Section.
- C. In the event Grantee shall fail to substantially comply with any one or more of the provisions of this Franchise, then there shall be recovered, jointly and severally, any damages suffered by the City as a result thereof, including but not limited to, staff time, material and equipment costs, compensation or indemnification of third parties, and the cost of removal or abandonment of Facilities.
- D. The security required by this Section shall not be construed to limit Grantee's liability to the guarantee amount, or otherwise limit the City's recourse to any remedy to which the City is otherwise entitled at law or in equity.

SECTION 7: CUSTOMER SERVICE

7.1. Customer Service Standards

The City hereby adopts the customer service standards set forth in Part 76, §76.309 of the FCC's rules and regulations, as amended. The Grantee shall comply in all respects with the customer service requirements established by the FCC.

7.2. Subscriber Privacy

Grantee shall comply with privacy rights of Subscribers in accordance with federal, State, and local laws.

SECTION 8: REPORTS AND RECORDS

8.1. Open Records

- A. The City shall have Access to, and the right to inspect, any books and records of Grantee and its Affiliates which are reasonably necessary to monitor and enforce Grantee's compliance with the provisions of this Franchise at Grantee's regional business office, during normal business hours, and without unreasonably interfering with Grantee's business operations.
- B. The City may, in writing, request copies of any such records or books that are not identified as proprietary or confidential, and Grantee shall provide such copies within thirty (30) days of the transmittal of such request.
 - 1. One copy of all reports and records required under this or any other Section shall be furnished to the City at the sole expense of Grantee.
 - 2. If the requested books and records are too voluminous, or identified as proprietary and confidential, or for security reasons cannot be copied or removed, then the City shall inspect them at Grantee's regional office.

8.2. Confidentiality

- A. Grantee shall not be required to disclose information to third parties that it reasonably deems to be proprietary or confidential in nature, nor disclose books and records of any affiliate of Grantee that is not providing Cable Service in the Franchise Area.
- B. The City agrees to keep confidential any proprietary or confidential books or records of Grantee to the extent permitted by law; provided that Grantee shall be

responsible for clearly and conspicuously identifying the records as confidential or proprietary, and shall provide a brief written explanation as to why such information is confidential or proprietary and how it may be treated as such under State or federal law.

C. Grantee shall not be required to provide Customer information in violation of Section 631 of the Cable Act or any other applicable federal or State privacy law.

1. For purposes of this subsection, the terms "proprietary or confidential" include, but are not limited to, information relating to the Cable System design, as-built documents, fiber optic cable locations and maps, customer lists, marketing plans, financial information unrelated to the calculation of Franchise Fees or rates pursuant to FCC rules, or other information that is reasonably determined by Grantee to be competitively sensitive.
2. If the City receives a demand from any Person for disclosure of any information designated by Grantee as proprietary or confidential, the City shall, so far as consistent with applicable law, advise Grantee and provide Grantee with a copy of any written request by the Person demanding Access to such information within five (5) business days.

D. While it is not a legal obligation, the City, as a courtesy, will allow Grantee up to ten (10) business days to obtain and serve the City with a court injunction to prevent the City from releasing the Documents.

1. If Grantee fails to obtain a Court order and serve the City within the ten (10) business days, the City may release the Documents.
2. The City will not assert an exemption from disclosure on Grantee's behalf.

8.3. Maps and Records Required

Grantee shall make available to the City upon request:

1. A route map that depicts the general location of the Cable System facilities placed in the Right-of-Ways. The route map shall identify Cable System facilities as aerial or underground and is not required to depict cable types,

number of cables, electronic equipment, and service lines to individual Subscribers. The Grantee shall also provide, if requested, an electronic format of the aerial/underground facilities in relation to a Right-of-Way centerline reference to allow the City to add this information to City's geographic information system program;

2. A copy of all FCC filings that relate to the operation of the Cable System in the Franchise area; and
3. A list of Grantee's Cable Services, rates, and Channel line-up.

8.4. Submittal of Documents

- A. Upon written request, Grantee shall submit to the City a copy of any application, notification, communication or document of any kind, submitted by Grantee or its Affiliates to any federal, State or local courts, regulatory agencies and other governmental bodies if such document directly relates to the operations of Grantee's Cable System within the Franchise Area.
- B. Grantee shall submit such documents to the City no later than thirty (30) days after receipt of the City's request. Grantee shall not claim confidential, privileged or proprietary rights to such documents unless under federal, State, or local law such documents have been treated as confidential or determined to be confidential by a court of competent jurisdiction, or a federal or State agency.

8.5. Annual Reports

In lieu of DMMC Section 20.05.140, Grantee shall provide annual reports upon request from the City, thirty (30) days after the end of the first quarter. Grantee shall submit to the City a written report containing the following information:

- A. The most recently completed annual corporate report;
- B. A Gross Revenue statement for the preceding fiscal year and all deductions and computations for the period, reviewed by a certified public accountant, who may also be the chief financial officer or controller of Grantee;

- C. A summary of the previous years' activities regarding the development of the Cable System, including, but not limited to, homes passed, beginning and ending plant miles, any technological changes occurring in the Cable System; and
- D. An executive summary of Subscriber Complaints received in the previous year.
- E. A description of planned construction, if any, for the current year.

SECTION 9: PROGRAMMING AND ACCESS

9.1. Broad Programming Categories

Grantee shall offer to all Subscribers a diversity of video programming services.

9.2. Parental Control Device

Upon request by any Subscriber, Grantee shall make available a parental control or lockout device, trap or filter to enable a Subscriber to control Access to both the audio and video portions of any or all Channels. Grantee shall inform its Subscribers of the availability of the lockout device at the time of their initial subscription and periodically thereafter. Such devices, traps or filters will be provided at no charge to the Subscriber, unless otherwise provided by federal law.

9.3. Access Channels

- A. The Grantee shall provide to the City three (3) standard digital format PEG Channels for Subscribers within the Franchise Area. The three PEG Channels shall include a Government Access Channel currently being programmed by the City; the Educational Access Channel; and the City's Public Access Channel currently being programmed by a Designated Access Provider.
- B. The City acknowledges that the Grantee's Cable System provides additional benefits to Access programming needs beyond the requirements listed above. This is accomplished through the inclusion of other regional Access programming, including educational and public Access, within the regional channel line-up that services the Franchise Area. The Grantee will endeavor to provide the Subscribers in the

Franchise Area with the other regional Access channels so long as the programmers offer them for use on the Cable System.

C. Simulcast High Definition Access Channel:

1. The Grantee agrees to simulcast the one (1) Government Access Channel in high-definition (HD PEG Channel) format under the following conditions:
 - a. Upon the City's request, the Grantee shall have twelve (12) months to activate the simulcast HD PEG Channel.
 - b. The Grantee shall be responsible for all capital engineering costs associated with fulfilling the request to activate the simulcast HD PEG Channels.
 - c. The City or any Designated Access Provider shall be responsible for acquiring all equipment necessary to produce programming in HD.
 - d. Upon activation of the simulcast HD PEG Channel, Comcast shall own and maintain the encoder equipment used to transmit the high-definition signal from City Hall (the demarcation point).
 - e. The City shall provide the HD PEG Channel signal as specified by the Grantee's engineering standards, as amended by the Grantee from time to time because of changes in technology.
2. The City acknowledges that the simulcast HD PEG Channel will be available only to those Subscribers who elect to subscribe to Grantee's high-definition Cable Service, receive a high-definition set-top converter, and pay all fees associated therewith.
3. Grantee shall have sole discretion to determine the Channel placement of the simulcast HD PEG Access Channel within its high-definition channel line-up.

9.4. Control and Connectivity of Access Channels

- A. The City may authorize Designated Access Providers to control, operate and manage the use of any and all Access facilities provided by Grantee under this Franchise, including, without limitation, the operation of Access

Channels. The City or its designee may formulate rules for the operation of the Access Channels, consistent with this Franchise.

- B. Regarding the City's and Designated Access Providers use of Access facilities and Access Channels, Grantee shall fully cooperate with requests from the City, and provide all necessary assistance related thereto.
- C. As of the effective date of this Franchise, the Grantee maintains and shall continue to maintain all existing fiber optic return line(s) to facilitate the City's current Access connectivity to Grantee's Headend. If the City desires to relocate or expand the fiber optic return line(s) to new location(s) over the term of this Franchise, upon one hundred twenty (120) days written request by the City and at the City's cost for Grantee's reasonable time and materials, the Grantee shall construct the requested new fiber optic return line(s).

9.5. Location and Quality of Access Channels

- A. All Access Channels provided to Subscribers under this Franchise shall be included by Grantee as a part of the lowest Tier of service provided to all Subscribers in the Franchise Areas or as otherwise provided by federal law. Grantee agrees to use reasonable efforts to place the Access Channel in the same vicinity as other local government Access channels.
- B. The parties agree that it is the responsibility of the Designated Access Provider(s) to provide a quality PEG signal, to the Grantee at the point of demarcation, which meets or exceeds the FCC technical standards. Notwithstanding the forgoing, the Grantee agrees that it will deliver to subscribers a PEG signal of the same quality it receives from the designated Access provider(s) without degradation and in accordance with the FCC technical standards. There shall be no restriction on Grantee's technology used to deploy and deliver standard digital or high definition signals so long as the requirements of the Franchise are otherwise met. FCC technical standards shall be used for all testing and assessment of quality under this section.
- C. The Grantee shall provide Headend and hub equipment and routine maintenance and repair and replace, if necessary,

any of Grantee's equipment required to carry the Access signal to and from the City's and any other Access origination point and the Grantee's Headend and hubs for the Access Channels.

- D. If Grantee makes a change in its Cable System and related equipment and facilities, or in its signal delivery technology, which directly or indirectly affects the signal quality or method or type of transmission of Access programming or services, Grantee shall take necessary technical steps and provide necessary technical assistance, including the acquisition of all necessary equipment and full training of Access personnel, to ensure that the capabilities of Access Channels and delivery of Access programming are not diminished or adversely affected by such change. For example, live and taped programming must be cablecast with as good or better signal quality than existed prior to such change.
- E. Grantee shall provide as much notice as possible but not less than sixty (60) days advance written notice to the City prior to any relocation of an Access Channels. In connection with the movement of any of the City controlled Access Channels, Grantee shall provide a bill message on subscriber's bills.

9.6. Access Capital Contribution

- A. Grantee shall collect and remit to the City, as support for any lawful capital PEG use, twelve cents (\$.12) per Subscriber per month, payable quarterly with Franchise Fees as a "PEG Fee." The PEG Fee shall not be treated as franchise fees for purposes of 47 U.S.C. § 542 or any other purpose, and shall at no time be offset or deducted from franchise fee payments made to the City under this Franchise or applicable law.
- B. Upon year five (5) of the Franchise term, both parties shall meet to assess whether the collection and remittance of PEG Fee set forth in Subparagraph A above is sufficient to meet the total identified community need for Access Channel capital of ninety-seven thousand and five-hundred dollars (\$97,500). Based upon that assessment findings, if both parties mutually agree an increase to the PEG Fee is necessary to accommodate the identified need, the PEG Fee may be increased to no more than fifteen cents (\$0.15) per Subscriber per month.

- C. The City shall have discretion to allocate the PEG Fee in accordance with applicable law. To the extent the City makes Access capital investments using City funds prior to receiving the monthly PEG Fee funds, the City is entitled to apply the subsequent monthly PEG Fee payments from Grantee toward such City capital investments. The City agrees that the PEG Fee may be treated as external costs under applicable federal law.
- D. Upon the Grantee's written request, the City shall submit a report no more frequently than annually on the use of the City specific Access Channels and capital PEG Fee. The City shall submit a report to the Grantee within one hundred twenty (120) days of a written request. The Grantee may review the records of the City regarding the use of the PEG Fee.
- E. The City shall dedicate the time, personnel and other resources needed to operate the Access Channels designated herein.

SECTION 10: GENERAL RIGHT-OF-WAY USE AND CONSTRUCTION

10.1. Right to Construct

Subject to the other provisions of this Franchise, and applicable law, Grantee may perform all construction in the Right-of-Ways for any facility needed for the maintenance, operation or extension of Grantee's Cable System.

10.2. General Standard

All work authorized and required hereunder shall be done in a safe, thorough and workmanlike manner. All equipment shall be durable and installed and maintained in accordance with good engineering practices and comply with applicable law. Grantee shall on a daily basis ensure cleanup of all workplaces whether work is performed by Grantee or Grantee's agents.

10.3. Repair and Emergency Work

- A. In the event of an emergency, the Grantee may commence such repair and emergency response work as required under the circumstances, provided that the Grantee shall notify the City's inspector as promptly as possible. Such notification

shall include the Grantee's emergency contact phone number for the corresponding response activity.

- B. During emergencies, except those involving imminent danger to the public health, safety or welfare, the City shall provide notice to Grantee, at a designated emergency response contact number, to allow Grantee the opportunity to respond and rectify the emergency without disrupting Cable Service. If after providing notice, there is no immediate response, the City may move Grantee's facilities.
- C. Grantee shall apply for appropriate permits for emergency or repair work within forty-eight (48) hours after the commencement of said work.

10.4. One Call

The Grantee shall, at its own expense, participate in the call before you dig program required under State law.

10.5. Permits Required

- A. Prior to doing any work in the Right-of-Way or other public property (with the exception of installations or general maintenance that involve no construction and with no disruption to the use of the Right-of-Ways or other public property), Grantee working directly or through a contractor, subcontractor, Affiliated Entity, or other Person shall apply for, and obtain, in advance, appropriate construction permits from the City.
- B. As part of the permitting process, the City may impose such conditions as are necessary for protecting the public or any and all facilities within such Right-of-Ways, and for providing for the proper restoration of such Right-of-Ways and to protect the public and the continuity of non-motorized or vehicular traffic. Grantee shall pay all generally applicable fees for the requisite City construction permits.
- C. Grantee agrees to comply with any required permit conditions and/or licenses.

10.6. Compliance with Applicable Codes

- A. City Codes: Grantee shall comply with all generally applicable City codes regarding the construction and use of the Right-of-Ways.

- B. Regulations and Safety Codes: Grantee shall comply with the National Electric Code, National Electrical Safety Code and Occupational Safety and Health Administration (OSHA) standards.

10.7. Least Interference

Work in the Right-of-Ways, or on other public property, shall be done in a manner that causes the least interference with the rights and reasonable convenience of property owners and City residents. Grantee's Cable System shall be constructed and maintained in such a manner as not to interfere with sewers, water pipes or any other property of the City, or with any other pipes, wires, conduits, pedestals, structures or other facilities that may have been laid in the Right-of-Way by, or under, the City's authority. In the event of such interference, the City may require the removal or relocation of Grantee's lines, cables, equipment and other appurtenances from the property in question at Grantee's expense.

10.8. Undergrounding of Cable

- A. When required by general ordinances, resolutions, regulations, or rules of the City or applicable State or federal law, Grantee's Cable System shall be placed underground at Grantee's expense, unless funding is generally available for such relocation to all users of the Rights-of-Way. Placing facilities underground does not preclude the use of ground-mounted appurtenances.
- B. Where electric, telephone, and other above-ground utilities are installed underground at the time of Cable System construction, or when all such wiring is subsequently placed underground, all Cable System lines shall also be placed underground with other wireline service at no expense to the City. Related Cable System equipment, such as pedestals, must be placed in accordance with the City's applicable code requirements and rules. In areas where either electric or telephone utility wiring is aerial, Grantee may install aerial cable, except when a property owner or resident requests underground installation and agrees to bear the additional cost in excess of aerial installation.
- C. Grantee shall utilize existing poles and conduit wherever possible.

10.9. Restoration of Property

- A. If in connection with the construction, operation, maintenance, upgrade, repair or replacement of the Cable System, the Grantee disturbs, alters, or damages any public property, the Grantee agrees that it shall at its own cost and expense pay for any damage and replace and restore any such property to the satisfaction of the City and in compliance with the permit requirements.
- B. Grantee shall warrant any restoration work performed by or for Grantee in the Right-of-Way or on other public property as required by the Construction permit and applicable municipal code or any generally applicable ordinance or resolution of the City.
- C. If restoration is not satisfactorily and timely performed by the Grantee, the City may, after prior notice to the Grantee, or without notice where the disturbance or damage may create a risk to public health or safety, cause the repairs to be made and recover all direct and indirect cost of those repairs from the Grantee. Within thirty (30) days of receipt of an itemized list of those costs, including the costs of labor, materials and equipment, the Grantee shall pay the City.

10.10. Movement of Cable System Facilities

- A. Relocation at Request of City. Upon thirty (30) days prior written notice to Grantee, City shall have the right to require Grantee to relocate any part of the Cable System within the Right-of-Way when the public convenience, public interest, or safety, health or welfare of the public requires such change, and the expense thereof shall be paid by Grantee.
 - 1. In the event of any capital improvement project exceeding \$500,000 in expenditures by the City which requires the removal, replacement, modification or disconnection of Grantee's facilities or equipment, the City shall provide at least sixty (60) days written notice to Grantee.
 - 2. Following notice by the City, Grantee shall relocate, remove, replace, modify or disconnect any of its facilities or equipment within any Right-of-Way, or on any other property of the City.

3. Should Grantee fail to remove or relocate any such facilities by the date established by the City, the City may effect such removal or relocation, and the expense thereof shall be paid by Grantee, including all costs and expenses incurred by the City due to Grantee's delay.
 4. If the City requires Grantee to relocate its facilities located within the Right-of-Way, the City may provide Grantee with an alternate location within the Right-of-Way.
 5. If public funds are available to any Person using such Right-of-Way for the purpose of defraying the cost of any of the foregoing, the Grantee may make application for such funds.
- B. In the case of relocation projects where the City hires and designates an independent contractor to accommodate and coordinate the conversion of overhead utilities within a City capital improvement project, if the Grantee decides to participate in the joint trench opportunity then the Grantee shall enter into a separate agreement with the City that, at a minimum, requires the Grantee to pay all design, permitting, administration, coordination, and construction costs incurred by the City associated with the proportionate share of the joint trench utilized by the Grantee and the level of effort required to design, permit, administer, coordinate, and construct the joint utility trench to accommodate the Grantee's facilities.
- C. If any removal, replacement, modification or disconnection of the Cable system is required to accommodate the construction, operation or repair of the facilities or equipment of another City franchise holders(s), Grantee shall, after at least thirty (30) days advance written notice, take action to effect the necessary changes requested by the responsible entity, as long as the other franchise holder(s) pay for Grantee's time and material costs associated with the project and Grantee is issued a permit for such work by the City.
- D. Franchisee shall, upon reasonable prior written request of any Subscriber, relocate its aerial distribution cable facilities underground, as long as the Subscriber pays for Grantee's time and material costs associated with the project and Grantee is issued a permit for such work by the City.
- E. In the event an underground conversion of cable facilities is required as part of the street improvement condition(s) of a

new land use development, not associated with a City designated capital improvement project, this Franchise shall in no way limit Grantee's right to recoup all time and material costs associated with the conditioned underground conversion of the Cable System from the Person responsible for the project.

- F. At the request of any Person holding a valid permit and upon reasonable advance notice, Grantee shall temporarily raise, lower or remove its wires as necessary to permit the moving of a building, vehicle, equipment or other item. The expense of such temporary changes must be paid by the permit holder.

10.11. Tree Trimming

The Grantee shall have the authority to conduct pruning and trimming for Access to Cable System facilities in the Right-of-Way. All such trimming shall be done at the Grantee's sole cost and expense. The Grantee shall be responsible for any damage caused by such trimming.

10.12. Rights-of-Way Vacation

If any street, or portion thereof, used by Grantee is vacated by the City during the term of this Franchise, unless the City Council specifically reserves to Grantee the right to continue its installation in the vacated street, Grantee shall, without delay or expense to the City, remove its Facilities from such street.

10.13. Inspection of Facilities

Upon reasonable notice, the City may inspect any of Grantee's Facilities or equipment within the Rights-of-Way and on other public property. If an unsafe condition is found to exist, the City, in addition to taking any other action permitted under applicable law, may order Grantee to make the necessary repairs and alterations specified therein forthwith to correct the unsafe condition by a time the City establishes. The City has the right to inspect, repair and correct the unsafe condition if Grantee fails to do so, and to reasonably charge Grantee therefor.

10.14. Hazardous Substances

- A. Grantee shall comply with all applicable State and federal laws, statutes, regulations, and orders concerning hazardous

substances, as described in RCW 70.105D.020, relating to the Cable System in the City's rights-of-way.

- B. Grantee shall maintain and inspect the Facilities located in the City's rights-of-way and immediately inform the City of any release of hazardous substances.
- C. Upon reasonable notice to Grantee, the City may inspect the Facilities in the City's rights-of-way to determine if any release of hazardous substances has occurred, or may occur, from, or related to, the Facilities.
- D. In removing or modifying the Facilities as provided in this Franchise, Grantee shall also remove all residue of hazardous substances related thereto; provided, however, that if it is determined that the Facilities did not cause the release of hazardous substances, Grantee shall have no duty to remove such substances.
- E. Grantee agrees to forever indemnify the City against any claims, costs, and expenses of any kind, whether direct or indirect, incurred by the City arising out of a release of hazardous substances arising from, connected to, or incident to the Facilities in the City's rights-of-way.

10.15. Reservation of City Use of Rights-of-Way

- A. Grantee agrees that its use of the Franchise Area shall, at all times except in instances of prior right, be subordinate and subject to the City's needs for municipal infrastructure and Access to the Franchise Area and the public's right to travel, except as may be otherwise required by law.
- B. Should Grantee fail to remove, adjust, or relocate its Facilities by the date established by the City Engineer, or his/her designee, and provided in writing to Grantee, the City may effect such removal, adjustment, or relocation and recover the cost thereof from Grantee, including all costs and expenses incurred by the City due to Grantee's delay.
- C. Grantee agrees to coordinate its activities with the City and all other utilities located within the public rights-of-way within which Grantee is undertaking its activity.
- D. Grantee shall not construct the Cable System in any manner that requires any Subscriber to install any cable, wire, conduits, or other facilities, under or over a right-of-way.

- E. The City expressly reserves the right to prescribe how and where Grantee Facilities shall be installed within the public rights-of-way and may, from time to time, pursuant to applicable sections of this Franchise, require the removal, and/or replacement thereof in the public interest and safety at the expense of Grantee.

10.16. Work of Contractors, Subcontractors, and Affiliated Entities

- A. Grantee's contractors, subcontractors, and affiliated entities performing work benefitting Grantee shall be licensed and bonded according to the City's, and the State's, regulations and requirements.
- B. Work by contractors, subcontractors, and affiliated entities is subject to the same restrictions, limitations, and conditions as if the work were performed by Grantee.
- C. Grantee shall be responsible for all work performed by its contractors, subcontractors, or affiliated entities, and other Persons performing work on its behalf as if the work were performed by it, and shall ensure that all such work is performed in compliance with this Franchise and other applicable laws, and shall be, jointly and severally, liable for all damages and correcting all damage caused by them.
- D. It is Grantee's responsibility to ensure that contractors, subcontractors, affiliated entities, or other Persons performing work on Grantee's behalf are familiar with the requirements of this Franchise and other applicable laws governing the work performed by them.
- E. Grantee agrees to inspect its contractors and subcontractors on a regular basis and ensure that both its personnel, contractors, and subcontractors provide clean-up of all workplaces and adhere to industry safety as well as local safety standards.

10.17. Discontinuing Use of Facilities

- A. Whenever Grantee intends to discontinue using any Facility within the City's Rights-of-Way, Grantee shall submit for the approval of the authorizing City department, a complete description of the Facility and the date on which Grantee intends to discontinue using the Facility.

- B. Grantee may remove the Facility or request that the City permit it to remain in place.
- C. Notwithstanding Grantee's request that any such Facility remain in place, the City may require Grantee to remove the Facility from the City's Rights-of-Way or modify or maintain the Facility to protect the public health and safety or otherwise serve the public interest.
- D. The City may require Grantee to perform a combination of modification, maintenance, and/or removal of the Facility.
- E. Until such time as Grantee removes or modifies the Facility as directed by the City, or until the rights to, and responsibility for, the Facility are accepted by another Person having authority to construct and maintain such Facility, Grantee shall be responsible for all necessary repairs and relocations of the Facility, as well as maintenance of the City's Rights-of-Way, in the same manner and degree as if the Facility were in active use, and Grantee shall retain all liability for such Facility.

10.18. Construction and Use of Poles

Grantee may negotiate and enter into pole attachment agreements with utilities maintaining poles in the Franchise Area and on terms acceptable to Grantee and the affected utilities.

10.19. Ducts and Conduits

- A. If the Grantee is constructing underground conduit for its own use, the City may require the Grantee to construct excess conduit capacity in the public ways, provided that the City enters into a contract with the Grantee consistent with RCW 80.36.150. The contract rates to be charged should recover the incremental costs of the Grantee, (calculated as the difference between what the Grantee would have paid for the construction of its conduit and the additional cost only of construction of the excess conduit). If the City makes the additional conduit available to any other entity for the purposes of providing telecommunications service or cable service for hire, sale, or resale to the general public, the rates to be charged, as set forth in the contract with the Grantee shall recover at least the fully allocated costs of the Grantee. The Grantee shall state both contract rates in the contract. The City shall inform the Grantee of the use,

and any change in use, of the requested conduit and related access structures, if any, to determine the applicable rate to be paid by the City.

- B. The City shall not require that the additional conduit space be connected to the access structure and vaults of the Grantee.
- C. Grantee occupancy of City-owned conduit. If the City owns or leases conduit in the path of the Grantee's proposed facilities, provided it is technologically feasible for the Grantee to occupy the conduit owned or leased by City, and further that the City shall provide the Grantee with access structure and vaults connecting the additional conduit to the Grantee's cable system to be accessed solely by the Grantee, the Grantee shall be required to occupy the conduit owned or leased by City in order to reduce the necessity to excavate the public way. The Grantee shall pay to City a fee for such occupancy which shall be the cost the Grantee would have expended to construct its own conduit from the outset, as certified by the Grantee's engineer and approved by the City Engineer. City and Grantee may agree to amortize the fee through annual payments to City over the term of the Franchise, including the time value of money.

SECTION 11: CABLE SYSTEM ARCHITECTURE AND TECHNICAL STANDARDS

11.1. Subscriber Network

- A. Cable System Functionality: As of the Effective Date of this Franchise, Grantee provides its Cable Service utilizing a two-way hybrid fiber-coaxial Cable System architecture that deploys from Grantee's Headend to nodes throughout the City where the signal is converted to radio frequency and runs along the coaxial portion of the Cable System to Subscribers.

Over the term of this Franchise, Grantee shall maintain the Cable System in a manner consistent with, or in excess of, a typical 750 MHz Cable System.

- B. Grantee will take prompt corrective action if it finds that any facilities or equipment on the Cable System are not operating as expected, or if it finds that facilities and equipment do not comply with the requirements of this Franchise or applicable law.

11.2. Standby Power

Grantee shall provide standby power generating capacity at the Cable System Headend capable of providing at least twelve (12) hours of emergency operation. Grantee shall maintain standby power supplies that supply back-up power for at least two (2) hours duration throughout the distribution networks and four (4) hours duration at all nodes and hubs.

11.3. Emergency Alert

Grantee shall provide an operating Emergency Alert System in accordance with and at the time required by the provisions of State and federal laws, including FCC regulations.

11.4. Technical Performance

The technical performance of the Cable System shall meet or exceed all applicable federal technical standards, as they may be amended from time to time, regardless of the transmission technology utilized.

11.5. Cable System Performance Testing

- A. Grantee shall perform on its Cable System all technical tests presently or hereafter required by the FCC.
- B. Upon request, all required FCC technical performance tests may be witnessed by representatives of the City.
- C. Grantee shall maintain written records of its Cable System tests performed by or for Grantee. Copies of such test results will be provided to the City upon request.
- D. Grantee shall promptly take such corrective measures as are necessary to correct any performance deficiencies fully and to prevent their reoccurrence as far as possible. Grantee's failure to correct deficiencies identified through this testing process shall be a material violation of this Franchise. Sites shall be re-tested following correction.

11.6. Additional Tests

- A. In addition to the above, and to the extent applicable, where there exists other evidence which in the judgment of the City casts doubt upon the reliability or technical quality of the Cable System, after giving Grantee thirty

(30) days prior written notice and a reasonable opportunity to cure, the City may require Grantee to conduct additional tests and analyze and report on the performance of the Cable System in the area having service problems.

B. Grantee shall fully cooperate with the City in performing such testing and shall prepare the results and a report if requested, within thirty (30) days after such testing. This report shall include the following information:

1. The nature of the evidence which precipitated the special tests;
2. The Cable System component tested;
3. The equipment used and procedures employed in testing;
4. The results of the testing and Cable System evaluation, including a description of any problem(s) found;
5. The method, if any, in which such problem was resolved; and
6. Any other information pertinent to said tests and analysis, which may be required.

SECTION 12: SERVICE EXTENSION AND SERVICE TO PUBLIC BUILDINGS

12.1. Service Availability

A. Service Connections: Grantee shall provide Cable Service within seven (7) business days of a request by any potential residential subscriber within the City provided, however, that service can be installed via a standard installation, as described below. For purposes of this subsection, a request shall be deemed made on the date of signing a service agreement or receipt by Grantee of a verified verbal request. Grantee shall provide such service with no line extension charge, except as specifically authorized below, at a nondiscriminatory installation charge for a standard installation, consisting of a one hundred twenty-five (125) foot service drop from the cable plant in the Right-of-Way to the exterior demarcation point for residential subscribers, with additional charges for non-standard installations computed according to a nondiscriminatory methodology for such installations.

- B. For non-standard installations that cannot be accommodated without an extension of Grantee's Cable System, the Grantee may elect to provide Cable Service to the requesting resident(s) for the line extension on a time and material cost basis.
 - C. Distribution Line Extension Charges: The Grantee must make Cable Service available to every residential Dwelling Unit within the Franchise Area where the minimum density is at least thirty (30) Dwelling Units per strand mile in areas served by overhead facilities and sixty (60) Dwelling Units per mile in areas served by underground facilities. The Grantee may elect to provide Cable Service to areas not meeting the above density standard and charge the requesting resident(s) for the line extension on a time and material cost basis.
 - D. Grantee shall provide Cable Service to Multiple Dwelling Units in accordance with this Franchise and applicable laws.
 - E. Annexation: In the event of annexation by the City, or as development occurs, any new territory shall become part of the territory for which this Franchise is granted.
 - 1. The Grantee shall construct and extend its Cable System so that it is able to provide Cable Service to any areas which may be acquired, developed or annexed by the City during the Franchise term, or otherwise added to the City's jurisdiction during the Franchise term, or any extension thereof.
 - 2. Access to Cable Service shall not be denied to any group of potential cable Subscribers because of the income of the residents of the area in which such group resides.
 - 3. The Grantee shall be given a reasonable period of time to construct and activate cable plant to service annexed or newly developed areas but in no event to exceed twelve (12) months of Council Approval of the annexation, subject to the provisions on line extension herein.
- 12.2. Permission of Property Owner or Tenant for Installation, and Treatment of Property

- A. If the Facilities pass over or under private or publicly owned property, Grantee is solely responsible for obtaining all necessary permission from the property owner.
- B. Grantee shall not install or attach any of its Facilities to any property without first securing the written permission of the owner or tenant of any property involved, or of such other person who has the right to approve or disapprove the attachment (authorized party), except if there is an existing utility easement; and in the event that such permission or easement is later revoked, Grantee at the request of the authorized party shall promptly remove any of its facilities and promptly restore the property to its original condition at Grantee's expense.
- C. Grantee shall perform all such installations and removals in compliance with state and local law and shall be responsible for any damage to residences or other property caused by the installation or the removal.

12.3. Connection of City and Other Public Buildings

The City acknowledges that Grantee currently provides certain complimentary video services to schools, libraries, and municipal buildings, without charge. The Grantee will voluntarily continue to provide this complimentary service, provided that the facilities are already served or are within 125 aerial service feet or 60 underground trench feet (a Standard Installation) of the Cable System, excluding those buildings or portions of buildings that house or occupy prison/jail populations. Th Grantee agrees to voluntarily continue until it elects to discontinue the provision of complimentary services if allowed under applicable law. At such time as the Grantee elects to discontinue the provision of complimentary services, the Grantee agrees that it will do so only after providing the City with at least one hundred twenty (120) days' prior written notice. Such notice shall document the proposed offset or service charges so that the City can make an informed decision as to whether to keep the services. Upon written notice from the Grantee, the City shall be given the full one hundred twenty (120) days to review the list of outlets receiving complimentary service and shall have the right to discontinue receipt of all or a portion of the outlets receiving complimentary service provided by the Grantee in the event the Grantee elects to discontinue the provision of complimentary service as set forth herein. If the Grantee elects to discontinue complimentary services and the FCC Order 19-80 is

later stayed or overturned in whole or in part by action of the FCC or through judicial review, the City and the Franchisee will meet promptly to discuss what impact such action has on the provision of the in-kind cable-related contributions to which this section applies.

SECTION 13: FRANCHISE VIOLATIONS

13.1. Non-Material Franchise Violations

A. Notice of Non-Material Violation: If the City believes that Grantee has failed to perform any non-material obligation under this Franchise, the City shall notify Grantee in writing, stating with reasonable specificity the nature of the alleged default, and Grantee shall have thirty (30) days from the receipt of such notice to:

1. Respond to the City, contesting the City's assertion that a default has occurred, and request a meeting in accordance with subsection B, below; or
2. Cure the default; or
3. Notify the City that Grantee cannot cure the default within thirty (30) days, because of the nature of the default. In the event the default cannot be cured within thirty (30) days, Grantee shall:
 - a. Notify the City in writing and with specificity the exact steps that will be taken and the projected completion date of each step necessary to promptly cure the default; and
 - b. Request a meeting pursuant to subsection B below for the City to determine whether additional time beyond the thirty (30) days specified above is indeed needed, and whether Grantee's proposed completion schedule and steps are reasonable.

B. Meet and Confer: If Grantee does not cure the alleged default within the cure period stated above, or denies the default, or the City orders a meeting, the City shall set a meeting, not less than fifteen (15) business days after Grantee's receipt of written notice from the City, to investigate the existence of the alleged default or the timing and procedure required to cure a default, and

provide Grantee with an opportunity to be heard and to present evidence in its defense.

- C. Notice to Correct: If, after the meeting, the City determines that a default exists, Grantee and the City may agree on a plan and schedule to cure the default, or the City shall order Grantee to correct or remedy the default within thirty (30) days, or within such additional time as the City determines.
- D. Determination of Default: The determination as to whether a non-material violation under this Franchise has occurred shall be within the discretion of the City, must be made in writing, and based upon findings that include Grantee's submissions; provided that any such determination may be subject to appeal to the City's hearing examiner or review by an arbitrator as described in Section 16.1.
- E. Enforcement: In the event Grantee does not cure the default within the time agreed upon by the Parties or ordered by the City and to the City's reasonable satisfaction, the City may recommend revocation of this Franchise pursuant to the procedures in subsection 13.2 or commence the arbitration procedures in section 16.1.

13.2. Material Franchise Violations

- A. The City shall notify the Grantee, in writing, of any alleged failure to comply with a material provision of this Franchise, which notice shall specify the alleged failure with reasonable particularity. The Grantee shall have thirty (30) days subsequent to receipt of the notice in which to:
 - 1. respond to the City, contesting the City's assertion that a default has occurred, and requesting a meeting in accordance with subsection (B), below; or
 - 2. cure the default; or
 - 3. notify the City that Grantee cannot cure the default within the thirty (30) days, because of the nature of the default.
 - 4. In the event the default cannot be cured within thirty (30) days, Grantee shall promptly take all reasonable steps to cure the default and notify the City, in writing

and in detail, as to the exact steps that will be taken and the projected completion date. In such case, the City may set a meeting in accordance with subsection (B) below to determine whether additional time beyond the thirty (30) days specified above is indeed needed, and whether Grantee's proposed completion schedule and steps are reasonable.

- B. If Grantee does not cure the alleged material default within the cure period stated above, or by the projected completion date under this section, or denies the default and requests a meeting in accordance with this section, or the City orders a meeting in accordance with this section, the City shall set a meeting to investigate said issues and the existence of the alleged default. The City shall notify Grantee of the meeting, in writing, and such meeting shall take place no less than thirty (30) days after Grantee's receipt of notice of the meeting. At the meeting, Grantee shall be provided an opportunity to be heard and to present evidence in its defense.
- C. If, after the meeting, the City determines that a default exists, Grantee and the City may agree on a plan and schedule to cure the default. Absent such agreement, the City shall order Grantee to correct or remedy the default or violation within thirty (30) days or within such other reasonable timeframe as the City shall determine. In the event Grantee does not cure the default within such time to the City's reasonable satisfaction, the City may:
 - 1. recommend the revocation of this Franchise pursuant to the procedures in this franchise; or
 - 2. pursue any other legal or equitable remedy available under this Franchise or applicable law.
- D. The determination as to whether a material violation of this Franchise has occurred shall be within the discretion of the City. Any such determination by the City must be in writing and must be based upon findings that include Grantee's submissions, and such determination shall be subject to appeal to the City Council or review by a court of competent jurisdiction under applicable law.

13.3. Revocation

A. The City may revoke this Franchise and rescind all rights and privileges associated with this Franchise in any of the following circumstances:

1. if Grantee fails to cure any material obligation under this Franchise;
2. if Grantee willfully fails for more than three (3) days to provide continuous Cable Service;
3. if Grantee attempts to evade any material provision of this Franchise or to practice any fraud or deceit upon the City or subscribers;
4. if Grantee becomes insolvent, or if there is an assignment for the benefit of Grantee's creditors;
5. if Grantee willfully misrepresents material facts in the negotiation of this Franchise; or
6. if Grantee repeatedly breaches a material provision of the Customer Service Standards.

B. Prior to forfeiture or termination of the Franchise, the City shall give written notice to the Grantee of its intent to revoke the Franchise. The notice shall set forth the exact nature of the noncompliance. Grantee shall have forty-five (45) days from receipt of such notice to object in writing and to state its reasons for such objection and provide any explanation or cure the alleged default. In the event the City does not receive a timely and satisfactory response from Grantee, it may then seek a termination of the Franchise in accordance with this section.

C. The City shall submit a report and recommendation as to termination of the Franchise to the City's appointed hearing examiner who shall conduct a public hearing to determine if revocation of the Franchise is warranted. The hearing examiner shall act as the final decision maker for the City.

1. At least twenty one (21) calendar days prior to the public hearing, the City clerk shall issue a public hearing notice that shall establish the issue(s) to be addressed in the public hearing; provide the time, date and location of the hearing; provide that the City shall

hear any Persons interested therein; and provide that the Grantee shall be afforded fair opportunity for full participation, including the right to introduce evidence, to require the production of evidence, to be represented by counsel and to question witnesses, consistent with the adopted public hearing rules.

2. The hearing examiner shall hear testimony, take evidence, hear oral argument and receive written briefs. A transcript may be made of such proceeding and the cost shall be shared equally between the parties. A complete record of the public hearing shall be completed including all exhibits introduced at the hearing and an electronic sound recording.

D. Within thirty (30) days after the close of the hearing, the hearing examiner shall adopt a written recommendation to the City Council. If the decision of the hearing examiner is to revoke and terminate the Franchise, the City Council shall declare that the Franchise is revoked and terminated, and any form of surety is forfeited, unless the City Council finds a clear error in the hearing examiner's decision. The City council's written decision shall include findings of fact and conclusions derived from those facts which support the decision of the City council.

E. Grantee shall be bound by the City council's decision to revoke the Franchise unless an appeal to a court of competent jurisdiction is timely filed as allowed by applicable law.

13.4. Termination

A. If this Franchise expires without lawful renewal or is otherwise lawfully terminated or revoked, the City may, subject to applicable law:

1. Require Grantee to maintain and operate its Cable System on a month-to-month basis until a new cable operator is selected; or
2. Purchase Grantee's Cable System in accordance with federal law.

B. The City may order the removal of the above-ground Cable System facilities and such underground facilities from the City at Grantee's sole expense within thirty (30) days

following notice from the City. However, Grantee shall have no obligation to remove the Cable System where it utilizes the system to provide other, permitted and lawful, non-cable services and has any other authority under applicable law to maintain facilitates in the public rights-of-way, or where Grantee is able to find a purchaser of the Cable System who holds such authorization.

- C. If Grantee fails to complete any removal required by subsection 10.10 to the City's satisfaction, after written notice to Grantee, the City may cause the work to be done and Grantee shall reimburse the City for the costs and expenses incurred within thirty (30) days after receipt of an itemized list of the costs and expenses, or the City may recover the costs and expenses through Grantee's security instruments if Grantee has not paid such amount regarding removal, which shall include reasonable attorneys' fees and other costs for work conducted by City staff or agents.

13.5. Receivership

- A. At the option of the City, subject to applicable law, this Franchise may be revoked after the appointment of a receiver or trustee to take over and conduct the business of Grantee or an Affiliated Entity whether in a receivership, reorganization, bankruptcy or other action or proceeding, unless:

- 1. The receivership or trusteeship is timely vacated; or
- 2. The receiver or trustee has timely and fully complied with all the terms and provisions of this Franchise, and has remedies all defaults under this Franchise.

- B. In the event that this Franchise is not revoked pursuant to subsection 13.4(A), the receiver or trustee shall execute an agreement duly approved by a court having jurisdiction, by which the receiver or trustee assumes and agrees to be bound by each and every term, provision and limitation of this Franchise.

13.6. Alternative Remedies

- A. Neither the existence of other remedies identified in this Franchise nor the exercise thereof shall be deemed to bar or otherwise limit the right of either party to recover monetary damages, as allowed under applicable law, or to

seek and obtain judicial enforcement by means of specific performance, injunctive relief or mandate, or any other remedy at law or in equity.

- B. The City specifically does not, by any provision of this Franchise, waive any right, immunity, limitation or protection otherwise available to the City, its officers, officials, City Council, Boards, commissions, agents, or employees under federal, State, or local law (including, for example, Section 635A of the Cable Act).

13.7. Remedies Cumulative

- A. Neither the existence of other remedies identified in this Franchise nor the exercise thereof shall be deemed to bar or otherwise limit the right of either party to recover monetary damages, as allowed under applicable law, or to seek and obtain judicial enforcement by means of specific performance, injunctive relief or mandate, or any other remedy at law or in equity.
- B. The City specifically does not, by any provision of this Franchise, waive any right, immunity, limitation or protection otherwise available to the City, its officers, officials, City Council, Boards, commissions, agents, or employees under federal, State, or local law (including, for example, Section 635A of the Cable Act).

13.8. Assessment of Liquidated Damages

- A. Because it may be difficult to calculate the harm to the City in the event of a breach of this Franchise by Grantee, the parties agree to liquidate damages as a reasonable estimation of the actual damages.
 - 1. Nothing in this subsection is intended to preclude the City from exercising any other right or remedy with respect to a breach that continues past the time the City stops assessing liquidated damages for such breach.
 - 2. The City shall first follow the violation procedures in Section 13 for written notice to Grantee and a thirty (30) day right to cure period under this Franchise before assessing liquidated damages.

- B. The City shall not assess any liquidated damages if Grantee has cured or commenced to, and completes, the cure pursuant to this Franchise.
- C. The first day for which liquidated damages may be assessed, if there has been no cure after the end of the applicable cure period, shall be the day after the end of the applicable cure period, including any extension of the cure period granted by the City.
- D. Liquidated damages as defined by this subsection may be assessed for no more than one hundred and eighty (180) calendar days for any individual incident, after which time the City may implement other remedies as defined in this Franchise and under applicable law.
- E. The Grantee may appeal (by pursuing judicial relief) any assessment of liquidated damages within thirty (30) days of paying the assessment.
- F. Pursuant to the requirements outlined herein, liquidated damages shall not exceed the following amounts:
 - 1. One hundred dollars (\$100.00) per day for material departure from the FCC technical performance standards;
 - 2. One hundred dollars (\$100.00) per day for failure to provide the Access Channel or any equipment related thereto which is required hereunder;
 - 3. One hundred dollars (\$100.00) per day for each material violation of the Customer Service Standards;
 - 4. One hundred dollars (\$150.00) per day for failure to provide reports or notices as required by this Franchise;
 - 5. One hundred dollars (\$250.00) per day for failure to comply with construction, operation, or maintenance standards; and
 - 6. One hundred dollars (\$250.00) per day for any material breaches or defaults not previously listed.
- G. Grantee's maintenance of the security required herein or by applicable code shall not be construed to excuse unfaithful performance by Grantee of this Franchise; to limit liability of Grantee to the amount of the security; or to

otherwise limit the City's recourse to any other remedy available at law or equity.

13.9. Effect of Abandonment

- A. If Grantee abandons its Cable System during the Franchise term, or fails to operate its Cable System in accordance with its duty to provide continuous service, the City, at its option, may obtain an injunction, or operate the Cable System, or designate another entity to operate the Cable System temporarily until Grantee restores service under conditions acceptable to the City, or until the Franchise is revoked and a new franchisee is selected by the City.
- B. If the City operates the Cable System, or designates another entity to operate the Cable System, Grantee shall reimburse the City or the City's designee, as applicable, for all reasonable costs and expenses incurred.
- C. If Grantee permanently abandons its entire Cable System, for a period greater than 12 months, then, at the City's sole discretion, such Cable System may become the property of the City, and Grantee shall then submit to the City a bill of sale and other conveyance documents, to be approved in advance by the City Attorney, transferring ownership of such property to the City.

SECTION 14: FRANCHISE RENEWAL

Any renewal of this Franchise shall be governed by and comply with the provisions of Section 47 U.S.C. § 546, as amended, unless the procedures or substantive protections set forth therein shall be deemed to be preempted or superseded by the provisions of any subsequent federal or State law.

SECTION 15: FRANCHISE TRANSFER OR ASSIGNMENT

- A. Subject to 47 U.S.C § 537, the Cable System and this Franchise shall not be sold, assigned, transferred, leased or disposed of, either in whole or in part, either by involuntary sale or by voluntary sale, merger or consolidation; nor shall title thereto, either legal or equitable, or any right, interest or property therein pass to or vest in any Person (hereinafter "Transfer of the Franchise") without the prior written consent of the City, which consent shall not be unreasonably withheld.

- B. Grantee shall promptly notify the City of any actual or proposed change in, or transfer of, or acquisition by any other party in Control of Grantee. The word "Control" as used herein is not limited to majority stock ownership but includes actual working Control in whatever manner exercised. Every change, transfer or acquisition of Control of Grantee, except as noted in subsection 15.H, shall make this Franchise subject to cancellation unless and until the City shall have consented thereto which consent shall not be unreasonably withheld.
- C. The parties to the Transfer of the Franchise or change of Control shall make a written request to the City for its approval of the Transfer of the Franchise or change of Control (a "Transfer Application") and shall furnish all information required by law. In reviewing a Transfer Application, the City may inquire into any matter reasonably related to the ability and willingness of the prospective transferee or controlling party to perform, in accordance with 47 CFR § 76.502, and applicable DMCC.
- D. In seeking the City's consent to a Transfer Application, the proposed transferee or controlling party shall indicate whether, as applicable, it:
1. Has ever been convicted or held liable for acts involving deceit including any violation of federal, State or local law, or is currently under an indictment, investigation or complaint charging such acts;
 2. Has ever had a judgment in an action for fraud, deceit, or misrepresentation entered against it by any court of competent jurisdiction;
 3. Has pending any material legal claim, lawsuit, or administrative proceeding arising out of or involving a Cable System;
 4. Is financially solvent, by submitting financial data, including financial information as required by FCC Form 394; and
 5. Has the legal, financial and technical capability to enable it to maintain and operate the Cable System for the remaining Term of the Franchise.

- E. In reviewing a Transfer Application, the City may inquire into the legal, technical and financial qualifications of the prospective controlling party or transferee, and Grantee shall assist the City in so inquiring. The City may condition said Transfer of the Franchise or change of Control upon such terms and conditions as it deems reasonably appropriate and as are consistent with federal law; provided, however, that any such terms and conditions so attached shall be related to the legal, technical and financial qualifications of the prospective controlling party or transferee. Additionally, such Person shall effect changes as promptly as practicable in the operation of the Cable System, if any changes are necessary to cure any violations or defaults presently in effect or ongoing.
- F. The City shall act by ordinance or resolution on the request within one hundred twenty (120) days of the request, provided it has received all information required by law, such as a completed FCC Form 394. Subject to the foregoing, if the City fails to render a final decision on the request within one hundred twenty (120) days, such request shall be deemed granted unless the requesting party and the City agree to an extension of time.
- G. Within sixty (60) days of closing of any Transfer of the Franchise or change of Control, if approved or deemed granted by the City, Grantee shall file with the City a copy of the deed(s), agreement(s), lease(s) or other written instrument(s) evidencing such Transfer of the Franchise or change of Control, certified and sworn to as correct by Grantee and the transferee or new controlling entity. In the case of a Transfer of the Franchise or change of Control, the transferee or the new controlling entity shall upon request by the City file its written acceptance agreeing to be bound by all of the provisions of this Franchise, subject to applicable law.
- H. Notwithstanding anything to the contrary in this Section 15, the prior approval of the City shall not be required for any sale, assignment or transfer of the Franchise or Cable System to an Affiliate; provided that the proposed assignee or transferee agrees in writing to comply with all of the provisions of the Franchise, subject to applicable law.
- I. Grantee may pledge the assets of the Cable System for the purpose of financing without the consent of the City; provided that such pledge of assets shall not impair or

mitigate Grantee's responsibilities and capabilities to meet all of its obligations under the provisions of this Franchise. In the event of a change in Control, the Grantee will continue to be bound by all provisions of the Franchise.

J. The consent or approval of the City to any Transfer of the Franchise or change in Control shall not constitute a waiver or release of any rights of the City.

SECTION 16: ADDITIONAL PROVISIONS

16.1. Cumulative Rights

Subject to applicable law, all rights and remedies given to the City by this Franchise shall be in addition to, and cumulative with, any and all other rights and remedies, existing or implied, now or hereafter available to the City.

16.2. Costs to be Borne by Grantee

Grantee shall reimburse the City for all costs of publication of this Franchise, and any notices prior to any public hearing regarding this Franchise, contemporaneous with its acceptance of this Franchise.

16.3. Severability

If any Section, provision, or clause of this Franchise is held by a court of competent jurisdiction to be invalid or unenforceable, or is preempted by federal or State laws or regulations, the remainder of this Franchise shall not be affected, except as is otherwise provided by this Franchise.

16.4. No Recourse Against the City

Grantee's recourse against the City or its officials, boards, commissions, agents or employees for any claim arising from any provision or requirement of this Franchise shall be limited to injunctive and declaratory relief, except where Grantee's claim arises from acts or omissions of the City acting in a proprietary capacity, but only to the extent such relief is not prohibited by federal law, which does not include granting, modifying, denying, terminating, or enforcing franchises.

16.5. Action by Agencies or Courts

Grantee shall promptly notify the City in the event that any agency of the State or federal governments or any court with competent jurisdiction requires Grantee to act inconsistently with any provisions of this Franchise.

16.6. Franchise Interpretation

- A. All captions, headings or titles in the paragraphs or sections of this Agreement are inserted for convenience of reference only and shall not constitute a part of this Agreement or act as a limitation of the scope of the particular paragraph or sections to which they apply.
- B. Interpretation or construction of this Agreement shall not be affected by any determination as to who is the drafter of this Agreement, this Agreement having been drafted by mutual agreement of the parties.

16.7. Choice of Law and Forum

- A. This Franchise and the rights of the parties hereunder shall be governed by the interpreted in accordance with the laws of the State of Washington and venue for any action hereunder shall be in of the county in King County, Washington.
- B. Subject to the limitations set forth in RCW 4.84.330, each party agrees to bear its own costs and attorneys' fees generated by any dispute arising out of this Franchise.

16.8. Force Majeure

- A. If Grantee is prevented or delayed in the performance of any of its obligations under this Franchise by reason of acts of god, floods, fire, hurricanes, tornadoes, earthquakes, or other unavoidable casualties, insurrection, war, riot, vandalism, strikes, or sabotage, to the extent such events prevent performance by Grantee and such event is beyond Grantee's control, Grantee shall have a reasonable time under the circumstances to perform such obligation under this Franchise, or to get a substitute for such obligation to the satisfaction of the City.
- B. If Grantee claims a force majeure event, Grantee shall give prompt written notice of the same to the City and shall set forth its plan of action to meet the obligations of this

Franchise once the force majeure event no longer prevents Grantee's performance.

16.9. Conflict of Interest Cancellation

The City may, in its sole discretion, by written notice to Grantee, immediately terminate this Franchise if it is found, after due notice and examination by the City, that there is a violation of the Ethics in Public Service Act, Chapter 42.52 RCW.

16.10. Integration & Binding Effect

A. This Franchise, together with any subsequent amendments or addendums, constitutes the entire agreement of the Parties and no other understandings, oral or otherwise, regarding this Franchise shall exist or bind any of the parties.

B. This Franchise shall be binding upon, and the benefits and obligations provided for herein shall inure to and bind, the Parties and their respective successors and assigns, provided that this Section shall not be deemed to permit any transfer or assignment otherwise prohibited by this Franchise.

C. This Franchise is for the exclusive benefit of the Parties and it does not create a contractual relationship with, or exist for the benefit of, any third party, including contractors, subcontractors, affiliates, subsidiaries, or sureties.

16.11. Time Limits Strictly Construed

Whenever this Franchise sets forth a time for any act to be performed by Grantee, such time shall be deemed to be of the essence, and any failure of Grantee to perform within the allotted time may be considered a breach of this Franchise.

16.12. Discriminatory Practices Prohibited

Throughout the term of this Franchise, Grantee shall fully comply with all equal employment and nondiscrimination provisions of applicable law.

16.13. No Joint Venture

Nothing herein shall be deemed to create a joint venture or principal-agent relationship between the Parties, and neither party is authorized to, nor shall either party act towards third Persons or the public in any manner which would indicate any such relationship with the other, nor is Grantee granted any express or implied right or authority to assume or create any obligation or responsibility on behalf, or in the name, of the City.

16.14. Waiver

The failure of the City at any time to require performance by Grantee of any provision hereof shall in no way affect the right of the City hereafter to enforce the same, nor shall the waiver by the City of any breach of any provision hereof be taken or held to be a waiver of any succeeding breach of such provision, or as a waiver of the provision itself or any other provision.

16.15. Notice

Unless otherwise agreed to by the parties, any notice provided for under this Franchise shall be sufficient if in writing and delivered personally to the following addressee or deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed as follows, or to such other address as the receiving party specifies in writing:

Grantee's address shall be:

Comcast Cable Communications Management, LLC
4020 Auburn Way N
Auburn, WA 98002
Attention: Franchise Director

With a copy to:

Comcast Cable Communications Management, LLC
15815 25th Ave W
Lynnwood, WA 98087
Attention: Franchising Department

City's address shall be:

City of Des Moines
City Clerks Office
21630 11th Ave. S., Suite A

Des Moines, WA 98198
Attention: City Clerk

EXHIBIT 1

STATEMENT OF ACCEPTANCE

_____, for itself, its successors and assigns, hereby accepts and agrees to be bound by all lawful terms, conditions, and provisions of the preceding Franchise attached hereto and incorporated herein by this reference.

[Grantee]

By: _____

Date: _____

Name: _____

Title: _____

State of _____)

) ss.

Count of _____)

On this ____ day of _____, 20____, before me the undersigned, a Notary Public in and for the State of _____, duly commissioned and sworn, _____ personally appeared and executed the foregoing instrument and acknowledged that said execution is performed freely and voluntarily for the uses and purposed described within the instrument, and on oath stated that he/she is authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the date hereinabove set forth.

Signature

Notary Public in and for the State of _____
Residing at _____

MY COMMISSION EXPIRES: _____

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15815 25th Ave W
Lynnwood, WA 98087

Mr. Michael Matthias
City Manager
City of Des Moines, WA

[UPDATE DATE]

The purpose of this letter agreement is to set forth several commitments between Comcast Cable Communications Management, LLC ("Comcast") and the City of Des Moines, Washington (the "City") that are in addition to the renewal franchise agreement to be adopted by ordinance (hereinafter, "the Franchise"). This item has been negotiated in good faith and agreed to as part of the informal franchise renewal process pursuant to 47 U.S.C. § 546(h), and specifically relate to the unique community needs that exist in the City.

Senior Activity Center Cable System Extension

Comcast has determined that the cost estimate (above and beyond Comcast's contribution) to the City for extending Comcast's cable system to the Senior Activity Center at 2045 S 216th St. is \$13,146.25. Upon final execution of the renewed Franchise, Comcast agrees to construct the cable system extension project through its standard construction practices. To execute this commitment, the City shall provide a written request to Comcast within the first 12 months of the Franchise effective date. If requested by the City, Comcast will accommodate the upfront contribution required by the City through a deduction of an agreeable quarterly franchise fee payment after the conclusion of the project. The final extension cost will be provided to the City by Comcast before the deduction payment is scheduled.

The terms and conditions of this letter agreement are binding upon the City and Comcast and their successors and assigns. It is understood that fulfillment of these obligations is also necessary and part of the consideration to secure the renewed Franchise.

Sincerely,

Comcast Cable Communications Management, LLC

By: _____

Its: _____

Date: _____

City of Des Moines, Washington

Acknowledged and agreed to this ____ day of _____, 20 ____.

By: _____

Its: _____

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AGENDA ITEM

SUBJECT: Consultant Contract Amendment #10–
Grant Fredricks

ATTACHMENTS:

1. Proposed Amendment/Addendum #10 to Professional Services Agreement with Grant Fredricks

AGENDA OF: October 8, 2020

DEPT. OF ORIGIN: Chief Operations Officer

DATE SUBMITTED: September 28, 2020

CLEARANCES:

☒ Community Development /s/ SC

☒ Public Works R. Bl. C.

CHIEF OPERATIONS OFFICER: Dip J. M.

☒ Legal /s/ TG

☒ Finance Colleen W.

☐ Courts N/A

☐ Police N/A

APPROVED BY CITY MANAGER
FOR SUBMITTAL: [Signature]

Purpose and Recommendation:

The purpose of this item is for the City Council to approve a contract amendment/addendum with Grant Fredricks for additional 2020 and 2021 consulting services related to the Sound Transit's (ST) Federal Way Link Extension (FWLE). Funds for the proposed amendment/addendum are available in the 2020 adopted budget and proposed 2021 budget by the \$3 million Task Order #3 of the Services Agreement between the City and Sound Transit for City FWLE project services through 2024. The following motion will appear on the Consent Calendar:

Suggested Motion:

Motion: "I move to approve Amendment/Addendum #10 to the Contract with Grant Fredricks, continuing professional consulting services through December 31, 2021, with an increase of \$15,000 for 2020 (bringing the total not-to-exceed amount for 2020 services to \$75,000.00) and up to \$60,000 in 2021 services, and authorize the City Manager to sign the contract amendment substantially in the form submitted."

Background:

Mr. Fredricks has been providing management consulting services under contract since January 2013 following his retirement from the City in November 2012. As a State Personnel System (PERS) 2 retiree, he may work up to 867 hours a year for employers covered by PERS such as the City. In 2013 he worked a total of 800 hours, 482 hours in 2014, 410 hours in 2015, 494 hours in 2016, 500 hours in 2017, 682 hours in 2018, 459 hours in 2019 and up to 500 2020 hours if this addendum is approved.

All of his 2020 time was spent on FWLE and will continue to be fully reimbursed by Sound Transit under the terms of Task Orders #3.

Discussion

Mr. Fredricks had been working in Des Moines four or five days a month until the City Hall COVID-19 closures and from his home office when it was not necessary to commute to City Hall. He occasionally participated in City Council and Council Committee meetings and currently represents the City with Sound Transit as a City project coordinator. He now works remotely from home.

In 2020, Mr. Fredricks has been working under an amended \$60,000 (400 hours) City Council-approved contract on FWLE planning, design review and permitting, managing agreements with Sound Transit, and working with Highline College on the College Way Connection Project in the College East Parking Lot. Mr. Fredricks' hourly rate was increased on July 1, 2018 and is proposed to remain unchanged through 2021.

The FWLE-related work in 2020 has been more complex and time consuming than anticipated when the 2020 contract was approved last summer. It has included reviewing detailed design builder plans and designs, completing Highline College's and Sound Transit's rights-of-way vacations and dedications; supporting City FWLE-designated task force staff through design and construction; and administering ST agreements.

Consultant Selection Process

Professions outside the fields described in RCW 39.80 may provide consulting services such as long-range planning and studies, project management, economic analyses, real estate negotiations, etc. These consulting services are provided through personal service agreements in accordance with RCW 39.29. For professional service contracts, like the one for Mr. Fredricks, the City can select or appoint based on the specific experience of the individual and the proposed work to be performed. There are no other specific selection requirements for professional service contracts.

Alternatives

Council may choose not to approve the 2020 contract amendment in which case Mr. Fredricks will continue to work until late fall when his contract authority is reached. Other staff would be required to back fill his assignments or new staff hired through the end of the year and in 2021.

Financial Impact

The 2020 budget has enough capacity to accommodate up to \$15,000 of additional 2020 spending because Sound Transit fully reimburses his time as provided for in Task Order #3. The adopted 2021 Budget will be developed to accommodate up to \$60,000 in services provided by this contract as proposed anticipating that these costs will be reimbursed by ST in accordance with Task Order #3 authorized by the City Council Services Agreement with ST.

Recommendation/Conclusion:

Staff recommends that Council approve the proposed contract Amentment/Addendum.

TENTH CONTRACT AMENDMENT/ADDENDUM
CONTRACT FOR SERVICES BETWEEN
THE CITY OF DES MOINES AND GRANT FREDRICKS

THIS AMENDMENT/ADDENDUM is entered into on this ____ of _____, 2020, pursuant to that certain Contract entered into on the 2nd day of January, 2014 and as amended on October 13, 2014, December 23, 2014, January 8, 2015, December 21, 2015, October 27, 2016, October 26, 2017, June 21, 2018, October 18, 2018 and August 21, 2019 between the **CITY OF DES MOINES, WASHINGTON** (hereinafter "City"), and **GRANT FREDRICKS** (hereinafter "VENDOR").

The parties herein agree that the Contract dated January 2, 2014, shall remain in full force and effect, except for the amendments/addendums set forth as follows:

I) **SECTION II** of Contract amended August 21, 2019 is hereby amended to read as follows:

II. **TIME OF COMPLETION.** Upon the effective date of this Amendment/Addendum, Vendor shall complete the work and provide all goods, materials, and services by December 31, 2021.

II) **SECTION III** of Contract amended August 21, 2019, is hereby amended to read as follows:

III. **COMPENSATION.** The City shall pay the Vendor an amount not to exceed \$75,000 for services performed in 2020, and \$60,000 for services performed in 2021 at a rate of \$150.00 per hour effective July 1, 2018, for the goods materials, and services contemplated in this Agreement. Vendor shall invoice the City not later than the 5th of the following month. The invoice will include an itemized work summary.

Except as modified hereby, all other terms and conditions of contract dated January 2, 2014, remain in full force and effect.

IN WITNESS WHEREOF the parties hereto have executed this Addendum as of the date first above written.

GRANT L. FREDRICKS: By: _____ <i>(signature)</i> Print Name: <u>Grant L. Fredricks</u> Vendor DATE: _____	CITY OF DES MOINES: By: _____ <i>(signature)</i> Print Name: <u>Michael Matthias</u> Its <u>City Manager</u> DATE: _____ Approved by the Des Moines City Council in an open public meeting on _____, 2020. Attest: _____ Approved as to form: _____ _____ City Clerk DATE: _____ _____ City Attorney DATE: _____
NOTICES TO BE SENT TO: Grant L. Fredricks: dba Fredricks Management Consulting 9020 Valley Green Dr SE Olympia, WA 98513 (360) 584-3164 (cell phone) granita.fredricks@gmail.com	NOTICES TO BE SENT TO: CITY OF DES MOINES: Daniel J. Brewer, PE Chief Operations Officer City of Des Moines 21630 11th Avenue S., Suite A Des Moines, WA 98198 206-870-6554 (telephone) 206-870-6540 (facsimile)

A G E N D A I T E M

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Street Sweeping Services Contract
Addendum #1 with McDonough and Sons Inc. for
Street Sweeping Services

FOR AGENDA OF: October 8, 2020

DEPT. OF ORIGIN: Public Works

DATE SUBMITTED: September 30, 2020

ATTACHMENTS:

1. Contract Amendment/Addendum #1 Form
2. Contract with McDonough and Sons
3. Notice of Extension

CLEARANCES:

- [] Community Development N/A
 [] Marina N/A
 [] Parks, Recreation & Senior Services N/A
 [X] Public Works R. Blum

CHIEF OPERATIONS OFFICER: Dip J. [Signature]

[X] Legal /s/ TG

[X] Finance Cathy [Signature]

[] Courts N/A

[] Police N/A

APPROVED BY CITY MANAGER
FOR SUBMITTAL: [Signature]

Purpose and Recommendation

The purpose of this agenda item is for City Council approval of the Street Sweeping Services Contract Addendum #1 with McDonough and Sons Inc. for a two year extension of Street Sweeping Services through the end of 2022. The following motion will appear on the consent calendar:

Suggested Motion

Motion: "I move to approve the Street Sweeping Services Contract Addendum #1 with McDonough and Sons Inc. for Street Sweeping Services for an additional two years in the not to exceed amount of \$111,562.56, and additionally authorize the City Manager to sign the Street Sweeping Services Contract Addendum #1 substantially in the form as submitted".

Background

On June 26, 2014, the City Council awarded the 2014 – 2018 Street Sweeping Services Contract to McDonough and Sons Inc. in the not to exceed amount of \$239,525.96 (for 53 months).

On September 17, 2018, the City extended the contract with McDonough and Sons Inc. for Street Sweeping Services as allowed by contract for two additional years at no additional bid pricing increase.

Discussion

Due to current COVID-19 conditions, and the current unstable economic environment; Staff decided to explore the option of another two year extension through the end of 2022 with the current sweeping vendor, provided the City and vendor could come to a mutually agreeable extension. The level of service the City has received over the past six years has been very good with minimal quality control issues and very few complaints from residents. In fact, the current vendor has provided the best level of service for the City and residents in the last dozen years or so. The current vendor was agreeable with the opportunity to continue providing sweeping services to the City. The current vendor is requesting a modest increase of \$2.00 per centerline mile of road swept. This will amount to an annual increase of \$3,287.04 over our current annual contract amount (\$52,494.24). For reference, even with this requested increase, the price of the runner-up vendor in 2014 was \$3.00 more per centerline mile. Given the past bid results and modest increase request, staff believes extending the contract is not only providing the optimum financial approach, but in the best interest of the City and citizens with regard to the positive level of service being experienced.

As a part of the City's National Pollution Discharge Elimination System (NPDES) permit, the City is required to routinely clean the conveyance system and adhere to best practices for keeping the storm system and catch basins clean. Regular street sweeping helps to mitigate the amount of debris entering the City's storm system. The Surface Water Enterprise fund is used to fund this service based on the need to keep the storm system clean and free of contaminants and debris.

Alternatives

- 1) The City could reduce or eliminate street sweeping services.
- 2) Staff could solicit bids for a new contract which could potentially increase the contract to an unknown amount going forward.

Financial Impact

The SWM Utility has sufficient funds budgeted for these sweeping services.

Recommendation

Staff recommends that Council approve the Street Sweeping Services Contract **Addendum #1** with McDonough and Sons Inc.



**CONTRACT AMENDMENT/ADDENDUM #1 FOR
STREET SWEEPING SERVICES
BETWEEN
THE CITY OF DES MOINES AND MCDONOUGH AND SONS INC.**

THIS AMENDMENT/ADDENDUM #1 is entered into on this _____ day of _____, 2020, pursuant to that certain Contract entered into on the 14th day of July, 2014, between the **CITY OF DES MOINES, WASHINGTON** (hereinafter "City"), and **MCDONOUGH AND SONS INC.**, (hereinafter "Vendor"),.

The parties herein agree that the Contract dated July 14, 2014, and subsequently extended 24 months as allowed by contract on September 17, 2018, shall remain in full force and effect, except for the amendments/addendums set forth as follows:

1) **SECTION II** of Contract dated July 14, 2014, is hereby amended to extend the Contract through December 31, 2022 as follows:

The Vendor shall complete the work described in Section I by December 31, 2022.

2) **SECTION III** of Contract dated July 14, 2014, is hereby amended to add the following:

The City shall pay the Vendor an amount not to exceed \$111,562.56 for the term January 1, 2021 – December 31, 2022 for the services described in this Contract. This amount adds an additional \$3,287.04 annually over the initial bid price (\$6,574.08 additional for the 24 months).

IN WITNESS WHEREOF the parties hereto have executed this Addendum as of the date first above written.



VENDOR: By: _____ (signature) Print Name: _____ Its _____ (Title) DATE: _____	CITY OF DES MOINES: By: _____ (signature) Print Name: _____ Michael Matthias Its _____ City Manager (Title) DATE: _____ Approved as to form: _____ City Attorney DATE: _____
NOTICES TO BE SENT TO: MCDONOUGH AND SONS INC.: Pam Meitmann McDonough and Sons Inc. 27218 SE Kent Kangley Rd. Ravensdale, WA 98051 (425) 432-1054 (telephone) pam@msisweep.com (e-mail)	NOTICES TO BE SENT TO: CITY OF DES MOINES: Scott J. Romano City of Des Moines 21650 11th Avenue S Des Moines, WA 98198 (206) 870-6539 (telephone) sromano@desmoineswa.gov (e-mail)

At the Direction of the Des Moines
City Council taken at an open public
Meeting on _____.



GOODS & SERVICES CONTRACT between the City of Des Moines and McDonough and Sons Inc.

THIS CONTRACT is made by and between the City of Des Moines, a Washington municipal corporation (hereinafter the "City"), and McDonough and Sons Inc. organized under the laws of the State of Washington, King County, located and doing business at 27218 SE Kent Kangley Rd., Ravensdale, WA. 98051, (425) 432-1054, Pam Meitmann (hereinafter the "Vendor").

CONTRACT

I DESCRIPTION OF WORK.

Vendor shall provide the following goods and materials and/or perform the following services for the City:

2014 – 2018 Street Sweeping Services" as described in Exhibit "A" and depicted in Exhibit "B" (both incorporated into, and attached). The duration of this contract shall be fifty-three (53) months, commencing on August 1, 2014 and ending on December 31, 2018.

Vendor acknowledges and understands that it is not the City's exclusive provider of these goods, materials, or services and that the City maintains its unqualified right to obtain these goods, materials, and services through other sources.

II. TIME OF COMPLETION. Upon the effective date of this Contract, Vendor shall commence work on August 1, 2014, and complete the work and provide all goods, materials, and services by December 31, 2018. This Contract shall include a satisfactory performance extension (at no additional bid pricing increase to the City) of twenty-four (24) months. The City will notify the Vendor in writing a minimum of thirty (30) days in advance of the contract termination date of the intent to extend the contract twenty-four (24) months based upon satisfactory performance.

III. COMPENSATION. The City shall pay the Vendor an amount not to exceed \$239,525.96, which includes all applicable Washington State Sales Tax, for the goods, materials, and services contemplated in this Contract. The City shall pay the Vendor the following amounts according to the following schedule:

The Vendor shall invoice the City monthly for the services rendered per Exhibit "A".

If the City objects to all or any portion of an invoice, it shall notify Vendor and reserves the option to only pay that portion of the invoice not in dispute. In that event, the parties will immediately make every effort to settle the disputed portion.

- A. Defective or Unauthorized Work. The City reserves its right to withhold payment from Vendor for any defective or unauthorized goods, materials or services. If Vendor is unable, for any reason, to complete any part of this Contract, the City may obtain the goods, materials or services from other sources, and Vendor shall be liable to the City for any additional costs incurred by the City. "Additional costs" shall mean all reasonable costs, including legal costs and attorney fees, incurred by the City beyond the maximum Contract price specified above. The City further reserves its right to deduct these additional costs incurred to complete this Contract with other sources, from any and all amounts due or to become due the Vendor.
- B. Final Payment: Waiver of Claims. VENDOR'S ACCEPTANCE OF FINAL PAYMENT SHALL CONSTITUTE A WAIVER OF CLAIMS, EXCEPT THOSE PREVIOUSLY AND PROPERLY MADE AND IDENTIFIED BY VENDOR AS UNSETTLED AT THE TIME REQUEST FOR FINAL PAYMENT IS MADE.

IV. PREVAILING WAGES. Vendor shall file a "Statement of Intent to Pay Prevailing Wages," with the State of Washington Department of Labor & Industries prior to commencing the Contract work and an Affidavit of prevailing wages paid after completion of the work. The Statement of Intent to Pay Prevailing Wages," shall include Vendor's registration certificate number and the prevailing rate of wage for each classification of workers entitled to prevailing wages under RCW 39.12.020, and the estimated number of workers in each classification. Vendor shall pay prevailing wages in effect on the date the bid is accepted or executed by Vendor, and comply with Chapter 39.12 of the Revised Code of Washington, as well as any other applicable prevailing wage rate provisions. The latest prevailing wage rate revision issued by the Department of Labor and Industries must be submitted to the City by Vendor. It shall be the responsibility of Vendor to require all subcontractors to comply with Chapter 39.12 RCW and this section of the Contract.

The State of Washington prevailing wage rates applicable for this goods and services project, which is located in King County, may be found at the following website address of the Department of Labor and Industries: <https://fortress.wa.gov/lni/wagelookup/prvWagelookup.aspx>. Based on the bid submittal deadline for this project, the applicable effective date for prevailing wages for this project is 04/16/2014. A copy of the applicable prevailing wage rates are also available at the office of

the Owner, located at 21650 11th Avenue South, Des Moines, WA, 98198.

V. INDEPENDENT CONTRACTOR. The parties intend that an Independent Contractor-Employer Relationship will be created by this Contract and that the Vendor has the ability to control and direct the performance and details of its work; however, the City shall have authority to ensure that the terms of the Contract are performed in the appropriate manner.

VI. TERMINATION. Either party may terminate this Contract, with or without cause, upon providing the other party thirty (30) days written notice at its address set forth on the signature block of this Contract.

VII. CHANGES. The City may issue a written amendment for any change in the goods, materials or services to be provided during the performance of this Contract. If the Vendor determines, for any reason, that an amendment is necessary, Vendor must submit a written amendment request to the person listed in the notice provision section of this Contract, section XVI(C), within fourteen (14) calendar days of the date Vendor knew or should have known of the facts and events giving rise to the requested change. If the City determines that the change increases or decreases the Vendor's costs or time for performance, the City will make an equitable adjustment. The City will attempt, in good faith, to reach agreement with the Vendor on all equitable adjustments. However, if the parties are unable to agree, the City will determine the equitable adjustment as it deems appropriate. The Vendor shall proceed with the amended work upon receiving either a written amendment from the City or an oral order from the City before actually receiving the written amendment. If the Vendor fails to require an amendment within the time allowed, the Vendor waives its right to make any claim or submit subsequent amendment requests for that portion of the contract work. If the Vendor disagrees with the equitable adjustment, the Vendor must complete the amended work; however, the Vendor may elect to protest the adjustment as provided in subsections A through E of Section VIII, Claims, below.

The Vendor accepts all requirements of an amendment by: (1) endorsing it, (2) writing a separate acceptance, or (3) not protesting in the way this section provides. An amendment that is accepted by Vendor as provided in this section shall constitute full payment and final settlement of all claims for contract time and for direct, indirect and consequential costs, including costs of delays related to any work, either covered or affected by the change.

VIII. CLAIMS. If the Vendor disagrees with anything required by an amendment, another written order, or an oral order from the City, including any direction, instruction, interpretation, or determination by the City, the Vendor may file a claim as provided in this section. The Vendor shall give written notice to the City of all claims within fourteen (14) calendar days of the occurrence of the events giving rise to the claims, or within fourteen (14) calendar days of the date the Vendor knew or should have known of the facts or events giving rise to the claim, whichever occurs first. Any claim for damages, additional payment for any reason, or extension of time, whether under this Contract or otherwise, shall be conclusively deemed to have been waived by the Vendor unless a timely written claim is made in strict accordance with the applicable provisions of this Contract.

At a minimum, a Vendor's written claim shall include the information set forth in

subsections A, items 1 through 5 below.

FAILURE TO PROVIDE A COMPLETE, WRITTEN NOTIFICATION OF CLAIM WITHIN THE TIME ALLOWED SHALL BE AN ABSOLUTE WAIVER OF ANY CLAIMS ARISING IN ANY WAY FROM THE FACTS OR EVENTS SURROUNDING THAT CLAIM OR CAUSED BY THAT DELAY.

A. Notice of Claim. Provide a signed written notice of claim that provides the following information:

1. The date of the Vendor's claim;
2. The nature and circumstances that caused the claim;
3. The provisions in this Contract that support the claim;
4. The estimated dollar cost, if any, of the claimed work and how that estimate was determined; and
5. An analysis of the progress schedule showing the schedule change or disruption if the Vendor is asserting a schedule change or disruption.

B. Records. The Vendor shall keep complete records of extra costs and time incurred as a result of the asserted events giving rise to the claim. The City shall have access to any of the Vendor's records needed for evaluating the protest.

The City will evaluate all claims, provided the procedures in this section are followed. If the City determines that a claim is valid, the City will adjust payment for work or time by an equitable adjustment. No adjustment will be made for an invalid protest.

C. Vendor's Duty to Complete Protested Work. In spite of any claim, the Vendor shall proceed promptly to provide the goods, materials and services required by the City under this Contract.

D. Failure to Protest Constitutes Waiver. By not protesting as this section provides, the Vendor also waives any additional entitlement and accepts from the City any written or oral order (including directions, instructions, interpretations, and determination).

E. Failure to Follow Procedures Constitutes Waiver. By failing to follow the procedures of this section, the Vendor completely waives any claims for protested work and accepts from the City any written or oral order (including directions, instructions, interpretations, and determination).

IX. LIMITATION OF ACTIONS. VENDOR MUST, IN ANY EVENT, FILE ANY LAWSUIT ARISING FROM OR CONNECTED WITH THIS CONTRACT WITHIN 120 CALENDAR DAYS FROM THE DATE THE CONTRACT WORK IS COMPLETE OR VENDOR'S ABILITY TO FILE THAT SUIT SHALL BE FOREVER BARRED. THIS SECTION FURTHER LIMITS ANY APPLICABLE STATUTORY LIMITATIONS PERIOD.

X WARRANTY. This Contract is subject to all warranty provisions established under the Uniform Commercial Code, Title 62A, Revised Code of Washington. Vendor warrants goods are merchantable, are fit for the particular purpose for which they were obtained, and will

perform in accordance with their specifications and Vendor's representations to City. The Vendor shall correct all defects in workmanship and materials within one (1) year from the date of the City's acceptance of the Contract work. In the event any part of the goods are repaired, only original replacement parts shall be used—rebuilt or used parts will not be acceptable. When defects are corrected, the warranty for that portion of the work shall extend for one (1) year from the date such correction is completed and accepted by the City. The Vendor shall begin to correct any defects within seven (7) calendar days of its receipt of notice from the City of the defect. If the Vendor does not accomplish the corrections within a reasonable time as determined by the City, the City may complete the corrections and the Vendor shall pay all costs incurred by the City in order to accomplish the correction.

XI. DISCRIMINATION. In the hiring of employees for the performance of work under this Contract or any sub-contract, the Vendor, its sub-contractors, or any person acting on behalf of the Vendor or sub-contractor shall not, by reason of race, religion, color, sex, age, sexual orientation, national origin, or the presence of any sensory, mental, or physical disability, discriminate against any person who is qualified and available to perform the work to which the employment relates.

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

XIII. INSURANCE. The Vendor shall procure and maintain for the duration of the Contract, insurance against claims for injuries to persons or damage to property which may arise from or in connection with products and materials supplied to the City. Vendor shall obtain insurance of the type described below:

No Limitation. Vendor's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Vendor to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

A. Minimum Scope of Insurance

Vendor shall obtain insurance of the type described below:

Commercial General Liability insurance shall be written on Insurance Services Office (ISO) occurrence form CG 00 01 and shall cover products liability. The City shall be named as an insured under the Vendor's Commercial General Liability insurance policy using ISO Additional Insured-Vendors Endorsement CG 20 15 or a substitute endorsement providing equivalent coverage.

B. Minimum Amounts of Insurance

Vendor shall maintain the following insurance limits:

Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$1,000,000 general aggregate and a \$2,000,000 products liability aggregate limit.

C. Other Insurance Provisions. The Vendor's Commercial General Liability insurance policy or policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any Insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Vendor's insurance and shall not contribute with it.

D. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

E. Verification of Coverage

Vendor shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Vendor before goods, materials or supplies will be accepted by the City.

F. Notice of Cancellation. The Vendor shall provide the city with written notice of any policy cancellation, within two business days of their receipt of such notice.

G. Failure to Maintain Insurance. Failure on the part of the Vendor to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days notice to the Vendor to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Vendor from the City.

XIV. WORK PERFORMED AT VENDOR'S RISK. Vendor shall take all necessary precautions and shall be responsible for the safety of its employees, agents, and subcontractors in the performance of the contract work and shall utilize all protection necessary for that purpose. All work shall be done at Vendor's own risk, and Vendor shall be responsible for any loss of or damage to materials, tools, or other articles used or held for use in connection with the work.

XV. CITY'S RIGHT OF INSPECTION. Even though Consultant is an independent contractor with the authority to control and direct the performance and details of the work authorized under this Contract, the work must meet the approval of the City and shall be subject to the City's general right of inspection to secure satisfactory completion.

XVI. MISCELLANEOUS PROVISIONS.

A. Non-Waiver of Breach. The failure of the City to insist upon strict performance of any of the covenants and agreements contained in this Contract, or to exercise any option conferred by this Contract in one or more instances shall not be construed to be a waiver or relinquishment of those covenants, agreements or options, and the same shall be and remain in

full force and effect.

B. Resolution of Disputes and Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Washington, If the parties are unable to settle any dispute, difference or claim arising from the parties' performance of this Contract, then the following shall be the means for resolving the dispute:

1. Alternative Dispute Resolution. If a dispute arises from or relates to this Contract or the breach thereof and if the dispute cannot be resolved through direct discussions, the parties agree to endeavor first to settle the dispute in an amicable manner by mediation administered by a mediator under JAMS Alternative Dispute Resolution service rules or policies before resorting to arbitration. The mediator may be selected by agreement of the parties or through JAMS. Following mediation, or upon written Contract of the parties to waive mediation, any unresolved controversy or claim arising from or relating to this Contract or breach thereof shall be settled through arbitration which shall be conducted under JAMS rules or policies. The arbitrator may be selected by agreement of the parties or through JAMS. All fees and expenses for mediation or arbitration shall be borne by the parties equally. However, each party shall bear the expense of its own counsel, experts, witnesses, and preparation and presentation of evidence.
2. Applicable Law and Jurisdiction. This Contract shall be governed by the laws of the State of Washington. Although the agreed to and designated primary dispute resolution method as set forth above, in the event any claim, dispute or action arising from or relating to this Contract cannot be submitted to arbitration, then it shall be commenced exclusively in the King County Superior Court or the United States District Court, Western District of Washington as appropriate. In any claim or lawsuit for damages arising from the parties' performance of this Agreement, each party shall pay all its legal costs and attorney's fees incurred in defending or bringing such claim or lawsuit, in addition to any other recovery or award provided by law; provided, however, nothing in this paragraph shall be construed to limit the City's right to indemnification under Section XII of this Contract.

C. Written Notice. All communications regarding this Contract shall be sent to the parties at the addresses listed on the signature page of the Contract, unless notified to the contrary. Any written notice hereunder shall become effective three (3) business days after the date of mailing by registered or certified mail, and shall be deemed sufficiently given if sent to the addressee at the address stated in this Contract or such other address as may be hereafter specified in writing.

D. Assignment. Any assignment of this Contract by either party without the written consent of the non-assigning party shall be void. If the non-assigning party gives its consent to

any assignment, the terms of this Contract shall continue in full force and effect and no further assignment shall be made without additional written consent.

E. Modification. No waiver, alteration, or modification of any of the provisions of this Contract shall be binding unless in writing and signed by a duly authorized representative of the City and Vendor.

F. Entire Contract. The written provisions and terms of this Contract, together with any Exhibits attached hereto, shall supersede all prior verbal statements of any officer or other representative of the City, and such statements shall not be effective or be construed as entering into or forming a part of or altering in any manner this Contract. All of the above documents are hereby made a part of this Contract. However, should any language in any of the Exhibits to this Contract conflict with any language contained in this Contract, the terms of this Contract shall prevail.

G. Compliance with Laws. The Vendor agrees to comply with all federal, state, and municipal laws, rules, and regulations that are now effective or in the future become applicable to Vendor's business, equipment, and personnel engaged in operations covered by this Contract or accruing out of the performance of those operations.

H. Business License. Contractor shall comply with the provisions of Title 5 Chapter 5.04 of the Des Moines Municipal Code.

I. Counterparts. This Contract may be executed in any number of counterparts, each of which shall constitute an original, and all of which will together constitute this one Contract.

J. Records Retention and Audit. During the progress of the Work and for a period not less than three (3) years from the date of completion of the Work or for the retention period required by law, whichever is greater, records and accounts pertaining to the Work and accounting therefore are to be kept available by the Parties for inspection and audit by representatives of the Parties and copies of all records, accounts, documents, or other data pertaining to the Work shall be furnished upon request. Records and accounts shall be maintained in accordance with applicable state law and regulations.

IN WITNESS, the parties below execute this Contract, which shall become effective on the last date entered below.

VENDOR: By: <u>Pam Meitmann</u> (signature) Print Name: <u>Pam Meitmann</u> Its <u>General mgr</u> (Title) DATE: <u>7/8/14</u>	CITY OF DES MOINES: By: <u>Anthony A. Piasecki</u> (signature) Print Name: <u>Anthony A. Piasecki</u> Its <u>City Manager</u> (Title) DATE: <u>7/14/14</u> Approved as to form: <u>[Signature]</u> City Attorney DATE: <u>7/8/14</u>
NOTICES TO BE SENT TO: VENDOR: Pam Meitmann McDonough and Sons Inc. 27218 SE Kent Kangley Rd. Ravensdale, WA. 98051 (425) 432-1054 (telephone) (425) 432-3155 (facsimile)	NOTICES TO BE SENT TO: CITY OF DES MOINES: Scott J. Romano City of Des Moines 21650 11th Ave. S. Des Moines, WA. 98198 (206) 870-6539 (telephone) (206) 870-6596 (facsimile)

At the direction of the Des Moines
City Council taken at an open public
Meeting on JUNE 26, 2014.

EXHIBIT “A” – SCOPE AND SCHEDULE OF WORK

EXHIBIT "A" SCOPE AND SCHEDULE OF WORK

2014 – 2018 STREET SWEEPING SERVICES

1. TERM AND PAYMENT

- 1.1 **Term.** The contract for service shall be in effect for a term of fifty-three (53) months and shall commence on August 1, 2014, and shall end on December 31, 2018. The contract shall also include a satisfactory performance extension (at no additional bid pricing increase to the City) of twenty-four (24) months. The City will notify the Vendor in writing a minimum of thirty (30) days in advance of the contract termination date of the intent to extend the contract twenty-four (24) months based upon satisfactory performance.
- 1.2 **Payment.** Vendor shall be paid monthly (inclusive of all applicable sales tax) for complete sweeping of the streets listed within Exhibit "B" according to the schedule stated within the Exhibit and for any Extra or Emergency Callout Sweeping performed in compliance with all terms and conditions of this contract, for each month of services rendered.
- 1.3 **Payment for Change Orders consistent with Scope of Contract.** If the City executes change orders consistent with the scope of this contract increasing or decreasing the total linear curb footage beyond that originally set forth in this contract (whether it be public streets or approved private streets), the city shall pay Vendor for the additional footage at rates calculated as follows:
 - 1.3.1 Establish the street sweeping frequency schedule for the added or deleted street(s);
 - 1.3.2 Determine the total additional footage per sweeping schedule for the added street(s), or the total subtracted footage per sweeping schedule for the deleted street(s);
 - 1.3.3 Determine the Vendor's price per foot for each affected street schedule from the costs, linear curb footage, and schedules established in this contract;
 - 1.3.4 Multiply the total additional footage (or subtracted footage) per sweeping schedule by the contract price per foot for that schedule.
- 1.4 **Missed Streets.** In the event streets are missed during the sweeping cycle defined in this contract, the City may, at its sole option, elect to require the Vendor to sweep the missed streets at no extra charge to the City, OR may elect to reduce the payment owed to the Vendor. If the City elects to reduce the payment owed to the Vendor, the reduction shall be calculated as follows:
 - 1.4.1 Determine the Vendor's contract price per linear curb foot swept from the costs, linear curb footage, and schedules established in this contract;
 - 1.4.2 Multiply the contract price per linear curb foot swept by the total number of linear curb feet that the Vendor failed to sweep in a given month;
 - 1.4.3 Reduce the next monthly payment due to the Vendor by the total reduction calculated in 1.4(b).
- 1.5 **Invoice and Payment Schedule.** Invoices shall be submitted to the City by the second business day of each month. Payment for services rendered during each month will be

paid as soon as possible under the City's standard schedule for processing invoices. The estimated time for payment shall be thirty (30) calendar days from the date of proper receipt of Vendor's invoices. Invoices shall certify that all applicable zones were swept and shall include dates, operators, odometer readings, zones completed, and plotted GPS maps.

2. DEFINITIONS

- 2.1 **Alley.** The entire width between the boundary lines of right-of-way, publicly maintained.
- 2.2 **Auxiliary Lane.** The portion of the street adjoining the traveled way for parking, speed change, turning, storage for turning, weaving, truck climbing, or for other purposes supplementary to through traffic movement.
- 2.3 **City.** City of Des Moines, a Washington Municipal Corporation, whose mailing address is 21630 11th Avenue South, Des Moines, Washington, 98198.
- 2.4 **Curb.** A vertical or sloping member generally along and defining the edge of street, or median.
- 2.5 **Emergency Callout.** A condition of imminent work need as determined by the City of Des Moines including but not limited to wind or rain storms, vehicle accidents, discharge of materials from vehicles, earthquakes, or riots.
- 2.6 **Extra Sweeping.** Extra sweeping may include things like parade route cleaning, parking lot cleaning in preparation for City-sanctioned community events, and fun run or jogging route cleaning; or other situations as determined by the City.
- 2.7 **Intersection.** The area embraced within the prolongation or connection of the lateral curb lines, or if none, then the lateral boundary lines of two streets which join one another at, or approximately at, right angles, or the area within which vehicles traveling upon different streets joining at any other angle may come in conflict. The junction of an alley with a street shall also be known as an intersection.
- 2.8 **Street.** Referred to as in this contract shall be defined as the entire surface from curb to curb OR edge of pavement to edge of pavement including island, traffic curbs, intersection areas, auxiliary lanes, and those paved areas between curbs that exist where alleys intersect streets.
- 2.9 **Sweeping Material.** The material, debris, or waste that is swept from the street or traveled way.
- 2.10 **Vendor.** The individual, firm, joint venture, co-partnership or corporation, and its heirs, executors, administrators, successors, and assigns, or the lawful agent of any such individual, firm, partnership, covenantor or corporation, or its surety under the contract bonds, constituting one of the principles to the contract and undertaking to perform the work herein specified. Where any pronoun is used as referring to the word "Vendor", it shall mean the Vendor as defined above.
- 2.11 **Work.** Work shall mean the furnishing of all labor, materials, equipment, and other incidentals necessary or convenient to the successful completion of the service and carrying out of the duties and obligations imposed by the contract.

3. SCOPE OF SERVICES

- 3.1 **General Obligations.** The Vendor shall do all work and furnish all tools, materials, and equipment for street sweeping in accordance with and as described in this contract, including all attached exhibits and forms. The Vendor shall be responsible to obtain and pay for any permits or licenses required by the City or any other local, State, or Federal Government authority that are necessary to perform the contract.
- 3.2 **Schedule to be Submitted.** Within seven (7) days of the effective date of this contract, the Vendor shall submit for the City's approval, a monthly sweeping schedule together with a planned route outline on GPS maps furnished by the Vendor. Vendor shall designate which holidays it will observe and indicate all schedule modifications if the holiday falls on a regular sweeping day. Should the Vendor need to modify the schedule as submitted, the Vendor shall give not less than seven (7) calendar days written notice to the City of any changes.
- 3.3 **Independent Vendor.** Vendor is and shall be at all times acting as an independent Vendor and not as an employee of the City. The Vendor shall secure at its expense, and shall be responsible for all payments of income tax, social security, state disability insurance compensation, unemployment compensation, and all other payroll deductions for the Vendor, officers, agents, employees and subVendors. The Vendor shall also secure all applicable business licenses in connection with the contract services, including all required licenses for Vendor's officers, agents, employees, and subVendors.
- 3.4 **Vendor Employee Requirements.** Vendor shall comply with the following employee requirements:
- 3.4.1 All workers shall be **competent and skilled** in the performance of the work to which they may be assigned. Failure or delay in the performance of this contract due to the Vendor's inability to obtain workers of the number and skill required shall constitute a material breach of this contract. **Payment of Prevailing Wages is REQUIRED for this contract pursuant to RCW 39.04.010.**
- 3.4.2 Vendor shall require that all operators of its street sweeping equipment maintain current, valid appropriate Washington State Driver's Licenses and any other pertinent requirements thereof, including Washington State Commercial Driver's Licenses.
- 3.4.3 The Vendor shall require all employees to be courteous at all times, to abstain from the use of loud or profane language, and to perform their work as quietly as possible. All employees shall be neat in appearance. The City reserves its absolute right to determine whether Vendor is in compliance with this subsection.
- 3.5 **Sweeping Frequency Schedule.** The following street sweeping frequency schedule shall be adhered to for the duration of this contract:
- 3.5.1 **Public Streets (12 sweeps total per year)**
- 3.5.1.1 Peak → October through January → every 2 weeks → 8 sweeps
- 3.5.1.2 Off Peak → February through September → every other month → 4 sweeps
- 3.5.2 **High Priority Streets (16 sweeps total per year)**
- 3.5.2.1 Peak → October through January → every 2 weeks → 8 sweeps
- 3.5.2.2 Off Peak → February through September → every month → 8 sweeps
- 3.5.3 **High Debris Area (20 sweeps total per year)**

- 3.5.3.1 Peak → October through January → every week → 16 sweeps
- 3.5.3.2 Off Peak → February through September → every other month → 4 sweeps
- 3.5.4 Both High Priority and High Debris Area (24 sweeps total per year)
- 3.5.4.1 Peak → October through January → every week → 16 sweeps
- 3.5.4.2 Off Peak → February through September → every month → 8 sweeps
- 3.5.5 Approved Private Streets:
- 3.5.5.1 Zone 8 – Huntington Park (12 sweeps total per year)
- 3.5.5.2 Peak → October through January → every 2 weeks → 8 sweeps
- 3.5.5.3 Off Peak → February through September → every other month → 4 sweeps
- 3.6 **Emergency Callout Priority.** In any emergency, the City reserves the right to hire any street sweeping service provider to perform any amount of work for any length of time at such rates as the City determines to be in the City's best interests during the time of that emergency. However, the City will use its best efforts to utilize Vendor for these emergency services whenever practicable. When called out for this work, Vendor shall be onsite within two (2) hours of receipt of notification of need.
- 3.7 **Route Restrictions.**
- 3.7.1 **Coordination with Garbage Collection.** Sweeping operations shall be coordinated with the City's garbage collection provider, so that curb lines and pavement edges are not obstructed by garbage containers, recycling containers, and/or yard waste containers. Vendor shall coordinate its sweeping schedule based upon the City's Garbage Collection Provider pick-up schedule. Currently, Cleanscapes provides garbage services for the City. Cleanscapes can be reached via phone at (206) 793-7683.
- 3.7.2 **Protection of Traffic Counter Hoses.** The Vendor shall lift their sweeping brushes, etc. when traveling over traffic counter hoses, or reschedule the sweeping of those streets with traffic counter hoses installed on them. The City will provide a list of traffic counter hose locations to the Vendor one week prior to the traffic hoses being set. The City will reduce payment to the Vendor equal to the traffic counter hose and/or traffic counter damage for failure to take due care in these locations.
- 3.8 **Work Quality Standards.** The following work quality standards shall be in-place for the duration of this contract:
 - 3.8.1 Streets shall be swept clean and no piles of debris shall be left anywhere within any street or right-of-way.
 - 3.8.2 Intersections shall be swept clean and Vendor shall hand sweep areas skipped by the sweeping machines.
 - 3.8.3 Water shall be used as required by the City to control dust.
 - 3.8.4 The Vendor shall be responsible for the cleaning of all debris spilled or tracked on any street, alley, or public place by any of its equipment. If the Vendor fails to clean the same within twenty-four (24) hours of being given notice by the City Manager or his designee, the City Manager or his designee may cause such streets to be cleaned and

charge the costs to the Vendor. The City is authorized to deduct such cost from any payments due to the Vendor.

- 3.9 **Unforeseen Conditions.** The Vendor assumes the risk of all conditions foreseen and unforeseen and agrees to continue to perform the work described in this contract without additional compensation under its regular weekly schedule as provided to the City. Specifically, additional debris on streets caused by excessive rainfall or caused by street sanding operations during or after snowfall shall not give rise to claim for additional compensation or allow substantial variance on the weekly schedule.
- 3.10 **Emergency Callout.** When called out for this work, Vendor shall be onsite within two (2) hours of receipt of notification of need. Vendor shall be paid a minimum of two (2) hours per each notification of the need for *Emergency Callout* work. Payment for said work shall be in accordance with the Bid Proposal. This work will be paid as *Emergency Callout*. **NOTE: This is only an estimated annual amount that may or may not be fulfilled, and NOT a guarantee of services.**
- 3.11 **Extra Sweeping.** Vendor shall commence sweeping of said streets within seven (7) days of receiving notice from the City; City will provide a minimum of seven (7) days advance notice of this need. Payment for said work shall be in accordance with the Bid Proposal. This work will be paid as *Extra Sweeping*. **NOTE: This is only an estimated annual amount that may or may not be fulfilled, and NOT a guarantee of services.**

4 SPECIAL PROVISIONS

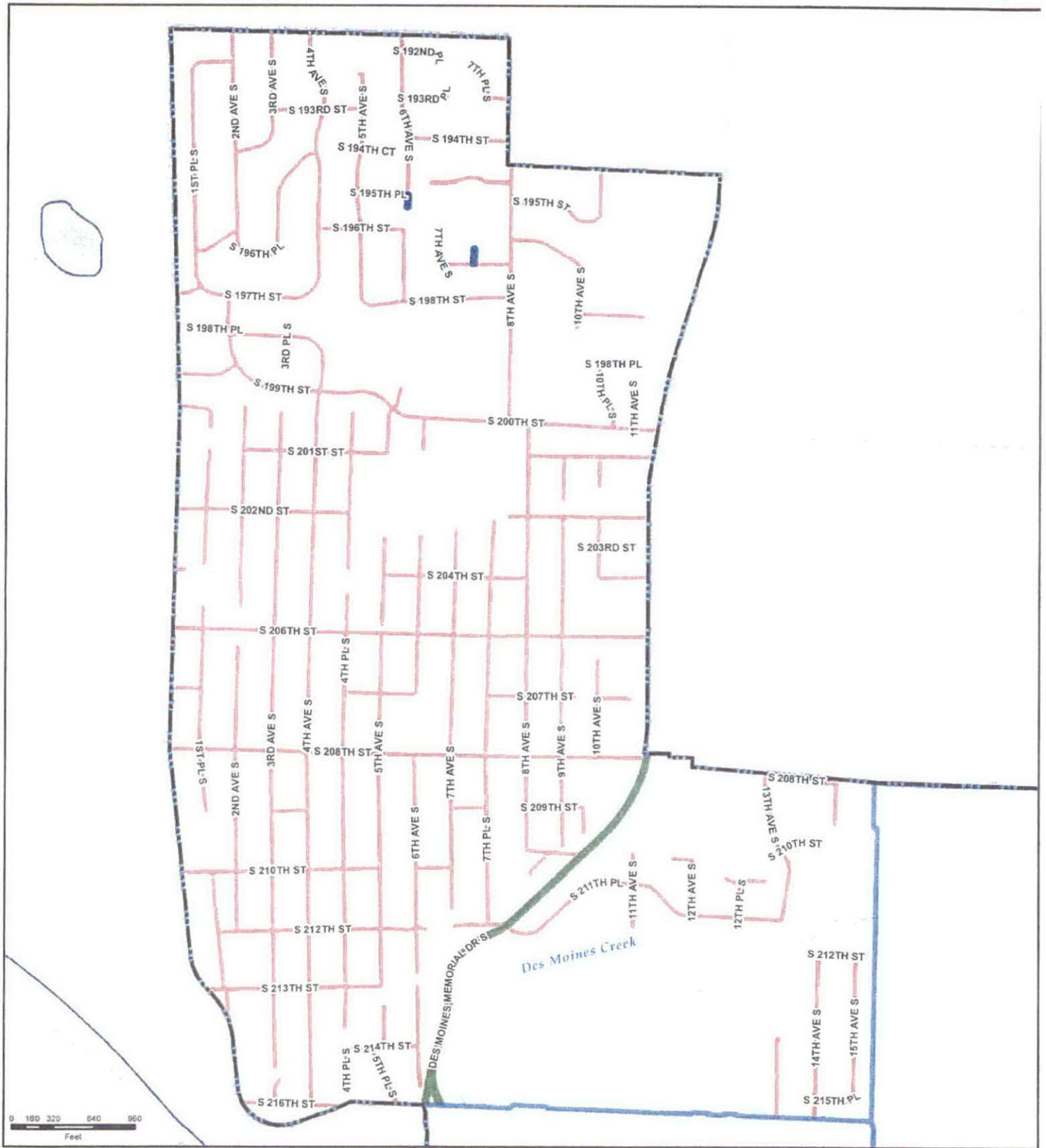
- 4.1 **Equipment Requirements.** The Vendor shall comply with the following equipment requirements:
- 4.1.1 A minimum of two (2) full size sweepers shall be dedicated to the performance of the contract work in the City, and these two sweepers shall be not more than ten (10) years old at any time during the life of this contract. The sweepers shall be equipped with regenerative air/broom assist, and shall have a minimum six (6) yard holding capacity. However, vacuum sweepers may be used for leaf and small debris pickup as needed.
- 4.1.2 Vendor shall submit a list of sweeping equipment that he/she currently owns. The Vendor also must illustrate the equipment listed primarily for the purpose of performing this contract.
- 4.1.3 Should Vendor intend to add, acquire, purchase, lease, or replace any equipment in order to qualify for consideration, Vendor shall state so and show proof of such commitment and timing of the availability of equipment, which must be in Vendor's exclusive control no later than July 18, 2014. Additionally, during the course of the contract, the Vendor shall notify the City of its intention to replace any of the equipment listed and obtain the City's approval prior to any replacement.
- 4.1.4 The acceptability of Vendor's street sweepers for the City's needs under this contract shall be subject to the approval or disapproval of the City's Planning, Building and Public Works Director or his designee; however, such approval shall not be unreasonably withheld.

- 4.1.5 Street sweepers required for performance shall be maintained in good working condition, equipped with proper warning lights, and operated and equipped in accordance with Chapter 46.37 RCW as it applies to slow moving and/or maintenance vehicles.
- 4.1.6 At any time street sweepers are found to be in need of repair (or found to be creating excessive dust clouds) as observed by the City, Vendor shall make said repair within 24 hours of notification by the City. In the event additional time is required to repair street sweeper, the Vendor shall notify the City of the anticipated repair duration. During the term of this contract, extended repair durations shall not cause a decline in the service standards.
- 4.1.7 Each of Vendor's sweepers, dedicated to the performance of this contract work stated herein, shall be equipped with a functioning Global Positioning System (GPS) mobile unit. The GPS mobile unit shall be capable of tracking the sweepers' position, direction, speed and time when operating within the City limits in any weather. Vendor shall maintain daily electronic files of the said GPS tracking information. Further, the Vendor shall use the GPS electronic files to produce a plotted map (or maps), on a monthly basis, reflecting the Vendor's sweeping activities of the previous month. Said map(s) shall be produced in an electronic format. Hand drawn maps will not be accepted. The plotted map(s) shall be submitted each month with the Vendor's monthly sweeping invoice. Invoices submitted without the required map(s) will not be processed for payment until such time that the required map(s) have been received. Each map shall include a title and/or legend that describes the work shown on the map. The Vendor shall retain, for the duration of this contract, copies of all electronic data stated herein. The Vendor shall, upon request, provide the City with any electronic files or maps requested. The Vendor shall notify the City immediately via e-mail or facsimile if a GPS unit is not operating. Vendor shall identify equipment number and anticipated length of time the GPS unit will be inoperable.
- 4.1.8 Sweeping vehicles shall be numbered and shall have the Vendor's name and vehicle number painted in letters and numbers of contrasting color at least four (4) inches high on each side and on the rear of each vehicle. No advertising shall be permitted other than the name of the Vendor. All vehicles shall be kept in a clean and sanitary condition, and all sweeping vehicles shall be cleaned at least once a week. Repainting of all vehicles shall be done as needed to maintain an acceptable appearance, or within thirty (30) days after the written notification by the Planning, Building and Public Works Director or his designee.
- 4.2 **Work Familiarity.** The Vendor acknowledges that it has made its own examination, investigation, and research regarding the proper method of doing the work, all conditions affecting the work to be done, the labor, equipment and materials needed and the quantity of the work to be performed. The Vendor is satisfied with its own investigation and research regarding all of these conditions and the Vendor's decision to enter into the contract is based upon such investigation and research. The Vendor further assumes full responsibility for any estimates, statements, or interpretations made by any officer or agent of the City whether or not all or part of any of those estimates, statements, or interpretations may prove to be in any respect erroneous.
- 4.3 **Use of City Name or Logo.** The Vendor shall not use a firm name containing the words "City", "Des Moines", or any words implying Municipal ownership. The Vendor shall not place the City logo upon its equipment.

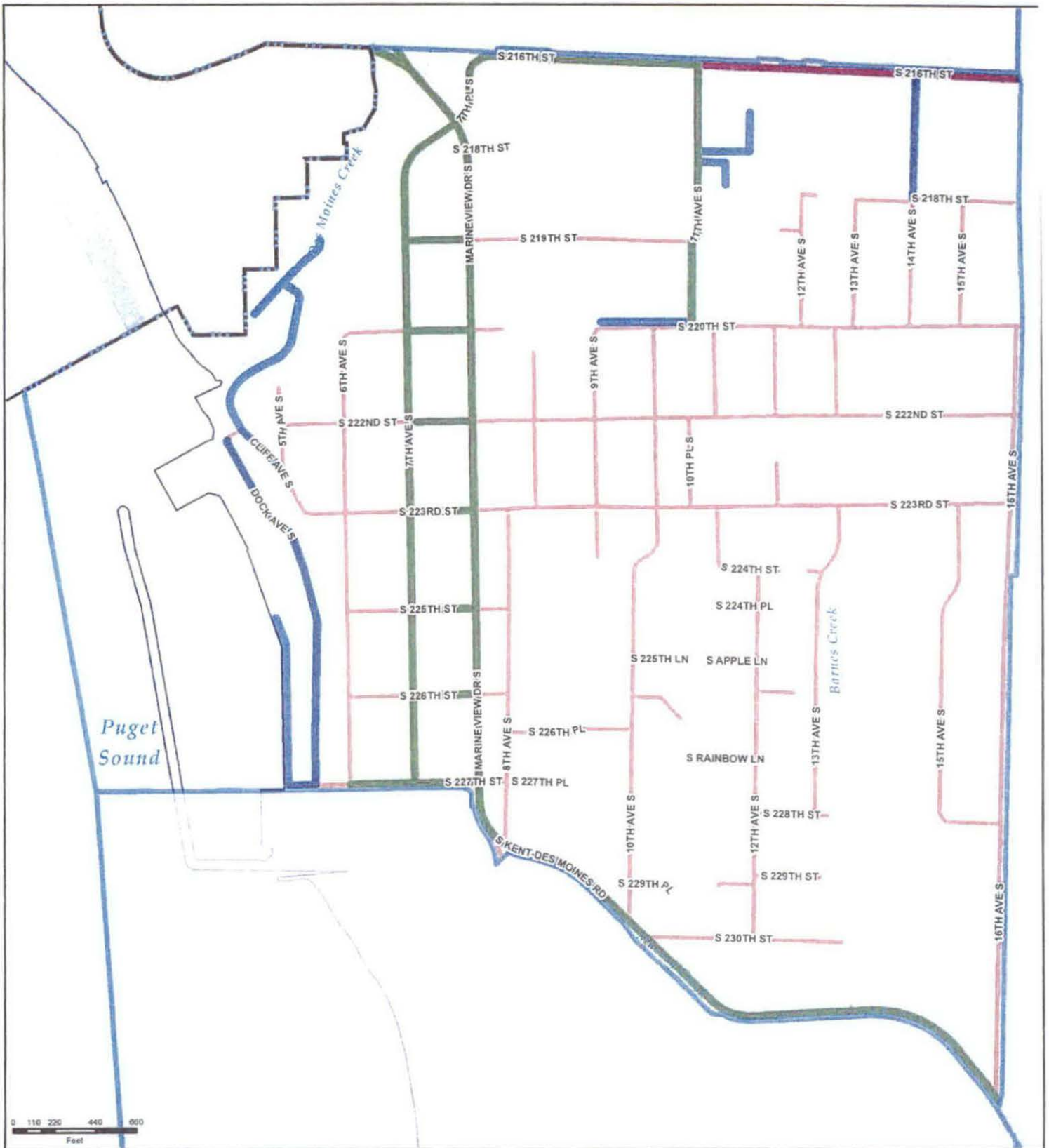
- 4.4 **Water Acquisition.** It will be the Vendor's sole responsibility to obtain and pay for any water used in the sweeping operation. Vendor shall obtain an up-to-date hydrant permit from Water District #54 (206) 878-7210, and a copy of this permit shall be carried on sweepers at all times while working within the city limits of Des Moines. Care must be taken in order to protect the water system from damage or contamination. Water District #54 will need to inspect and approve ALL sweepers that will obtain water from them, to ensure their water system is duly protected.
- 4.5 **Protection of Utilities.** The Vendor shall protect all public and private utilities from damages by its operation. If these utilities are damaged by reason of the Vendor's operations, Vendor shall, at its own expense, promptly repair or replace same to the original and/or better conditions. In the event Vendor fails to promptly make the repairs, the City shall make the repair or replacement, and the cost of doing so shall be billed to Vendor, or alternately, the City may deduct that cost from any payments due the Vendor. The Vendor shall be responsible for all consequences and hold the City harmless caused by the damage or interruption of such Utilities services.
- 4.6 **Handling of Sweeping Material.** The Vendor agrees to the following process for handling the material generated from the sweeping operation:
- 4.6.1 Vendor recognizes that the debris or material collected by its street sweepers could contain dangerous or potentially hazardous wastes. Vendor agrees to collect, handle, and transport the debris or material specifically in accordance with all standards, rules and regulations now in effect or hereafter amended or enacted by the Washington State Department of Ecology and the United States Environmental Protection Agency to the City Public Works Service Center properly designated "Sweepings" storage bunker at 2255 South 223rd Street. Vendor further assumes full responsibility and holds the City harmless for complete compliance with all other applicable local, State, or Federal laws, rules or regulations that apply to the services provided in this contract as they affect the collection, handling, transportation, or disposal of hazardous wastes collected by its street sweepers.
- 4.6.2 Extra care shall be taken in the loading and transportation of street sweeping spoils and other waste so that none of the material to be collected is left either on private property or on the streets or alleys. All wastes shall be taken to the City Public Works Service Center at 2255 South 223rd Street and delivered into the properly designated "Sweepings" storage bunker. The City will properly dispose of the wastes from the Service Center facility. Any waste left on private property or on streets or alleys by the Vendor shall immediately be removed upon notice from the City.
- 4.7 **Progress Monitoring.** Responsible management or supervisory personnel shall be accessible at or through the office during regular business hours to assure the required contractual performance. Vendor shall maintain a telephone message system to receive messages when the office is closed. Vendor shall further provide the City a valid 24/7 Emergency Callout telephone number.
- 4.8 **Contact Person.** The parties agree that they will establish acceptable procedures for communication of necessary information. Each party agrees to designate a key

employee who will be the responsible contact person for that party with respect to implementation of the contract and communication of information necessary for the performance of the contract. Each party agrees to follow the procedures established between the parties for regular, effective communication of information between the parties.

EXHIBIT “B” – STREET SWEEPING ROUTE MAPS



Peak (October through January) - Street swept every 2 weeks
Off Peak (February through September) - Street swept every other month, except High Priority Streets, which are swept once per month
High Debris Areas - Swept every week during peak period



Peak (October through January) - Street swept every 2 weeks
Off Peak (February through September) - Street swept every other month,
 except High Priority Streets, which are swept once per month
High Debris Areas - Swept every week during peak period

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- Public Street To Be Swept
- High Priority Street
- High Debris Area
- Both High Priority and High Debris Area

- Des Moines City Limits
- Maintenance Zone Boundary



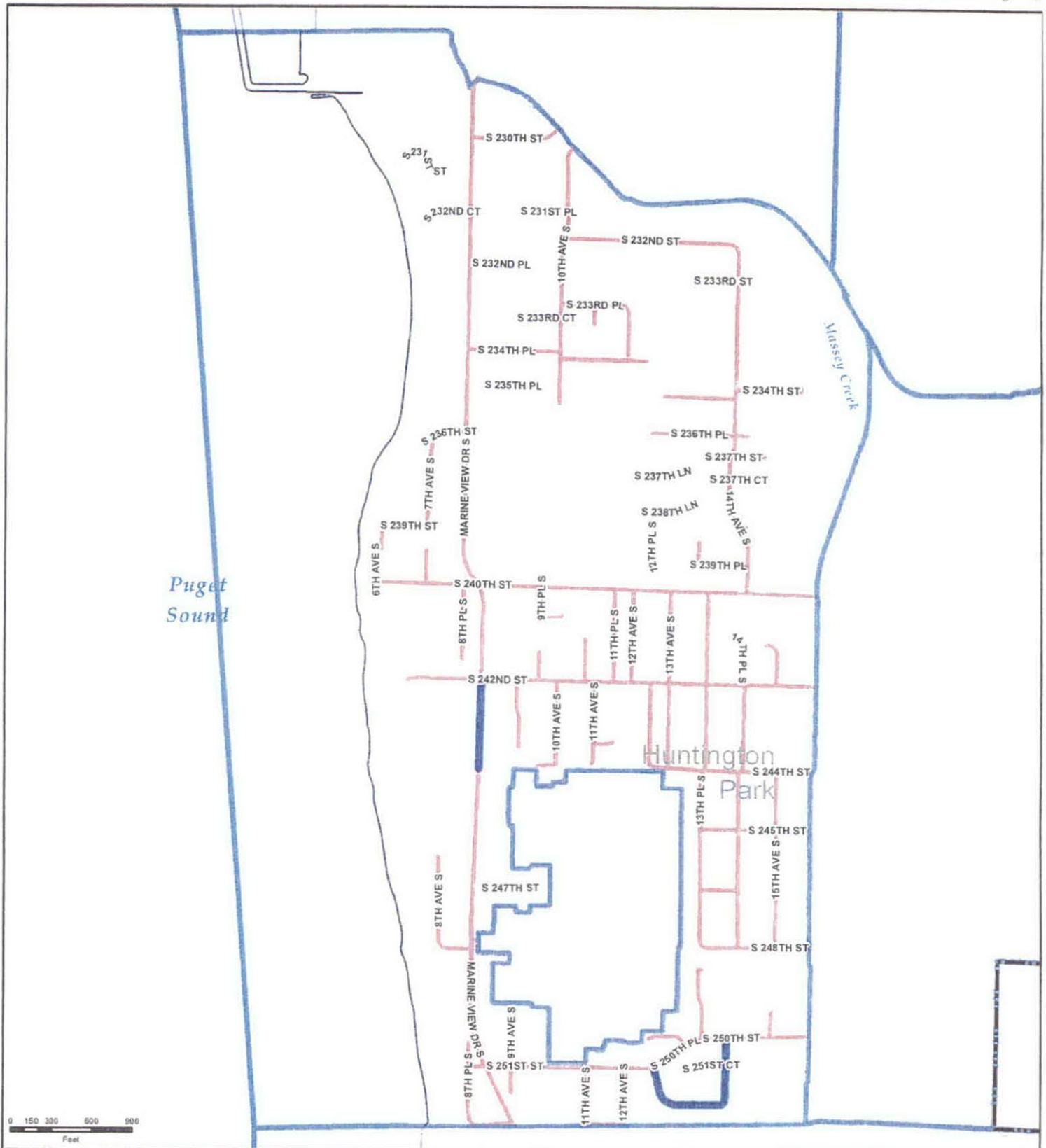


 Des Moines City Limits
 Maintenance Zone Boundary



Street Sweeping Routes

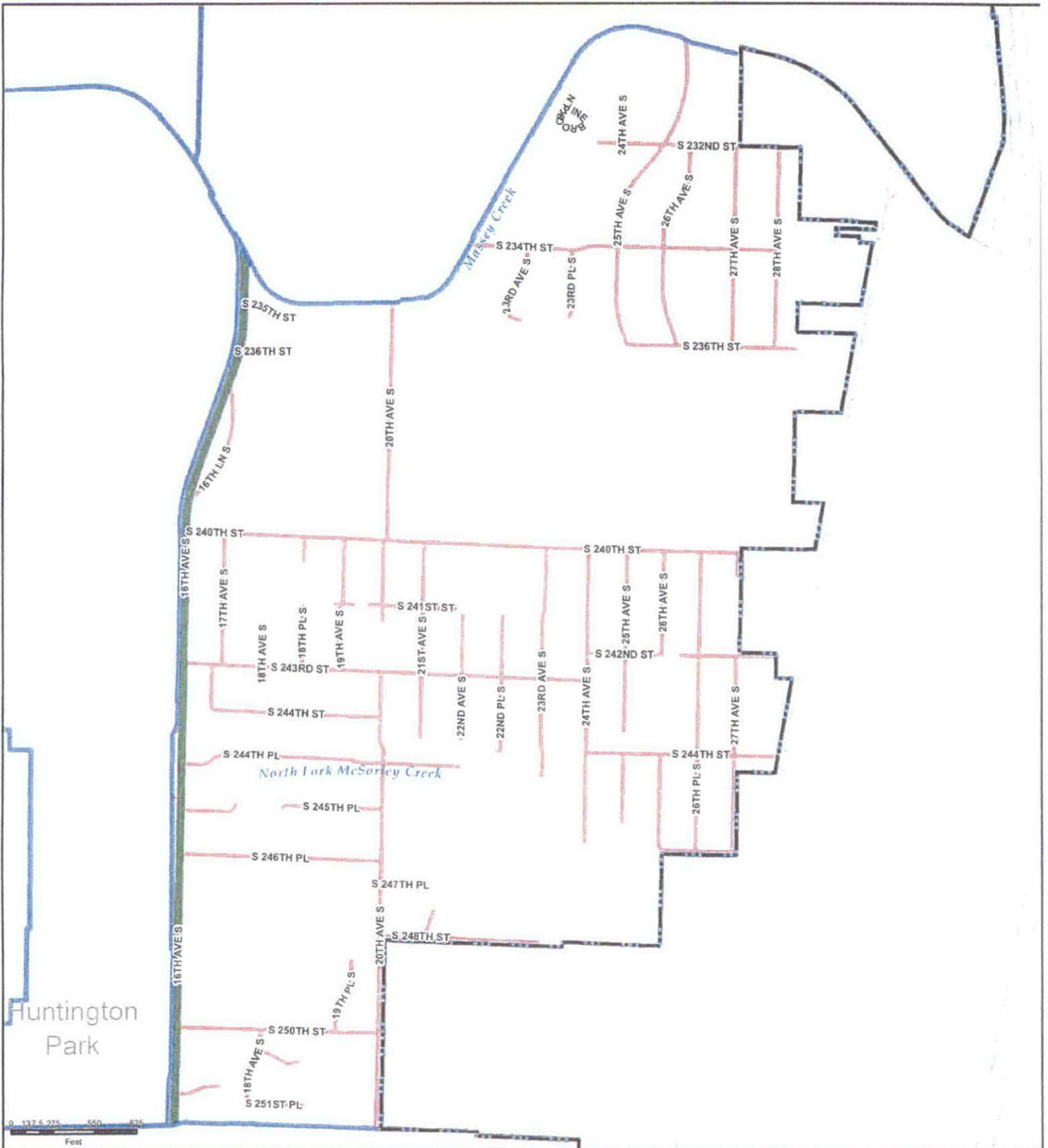
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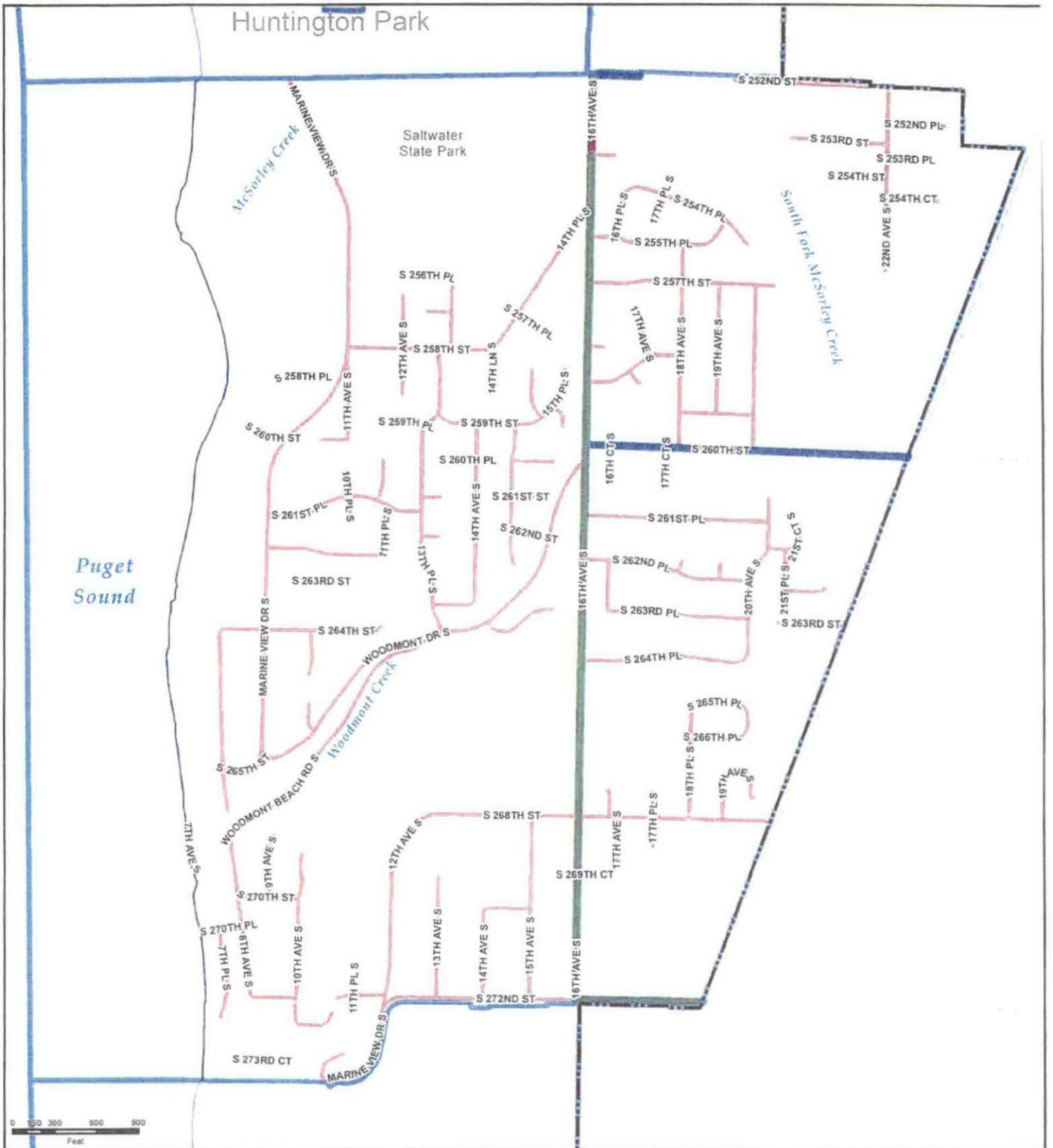
Peak (October through January) - Street swept every 2 weeks
Off Peak (February through September) - Street swept every other month,
 except High Priority Streets, which are swept once per month
High Debris Areas - Swept every week during peak period

Public Street To Be Swept
 High Debris Area

Des Moines City Limits
 Maintenance Zone Boundary



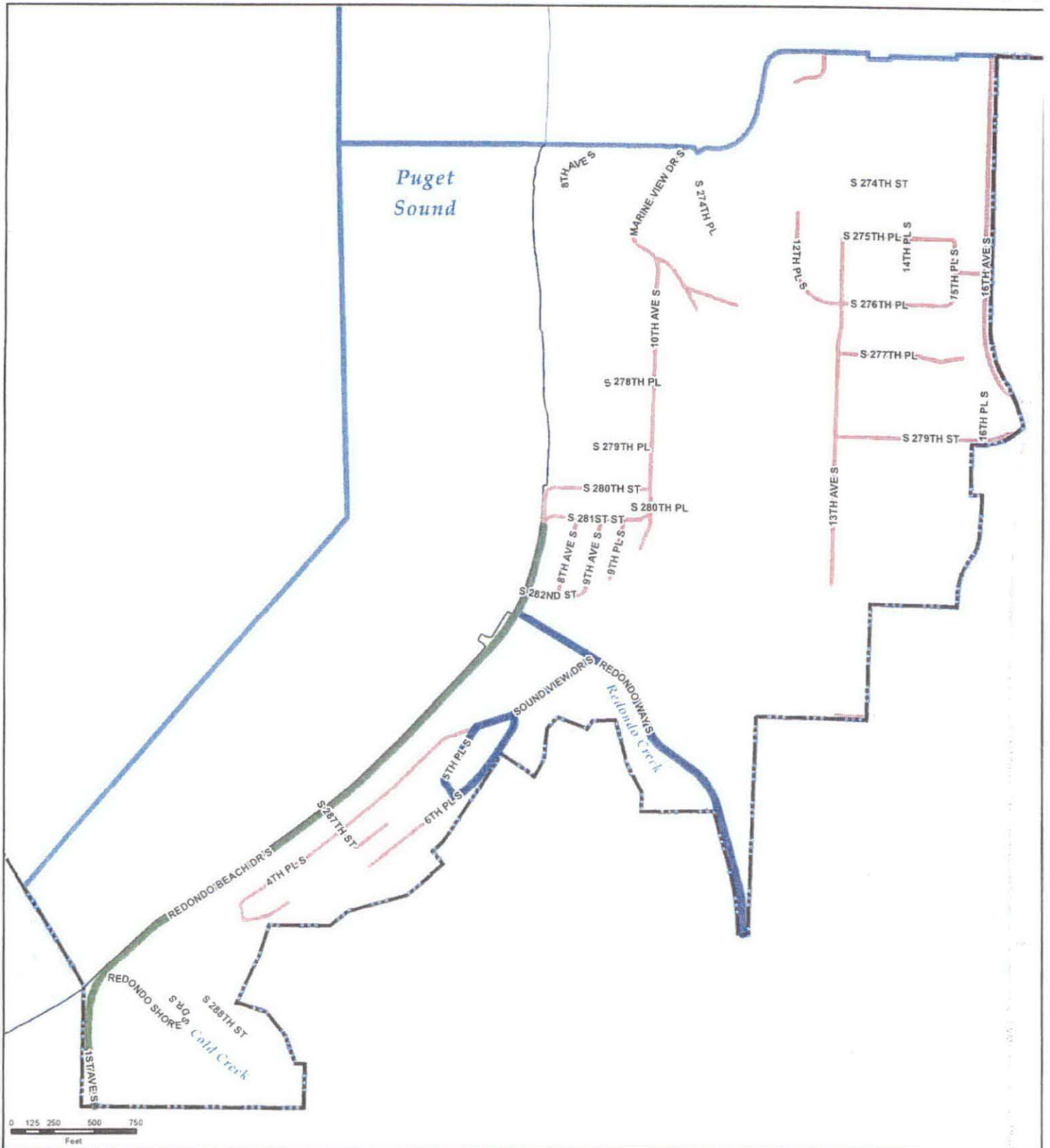
Peak (October through January) - Street swept every 2 weeks
Off Peak (February through September) - Street swept every other month, except High Priority Streets, which are swept once per month
High Debris Areas - Swept every week during peak period



Peak (October through January) - Street swept every 2 weeks
Off Peak (February through September) - Street swept every other month,
except High Priority Streets, which are swept once per month
High Debris Areas - Swept every week during peak period

- Public Street To Be Swept
- High Priority Street
- High Debris Area
- Both High Priority and High Debris Area

- Des Moines City Limits
- Maintenance Zone Boundary

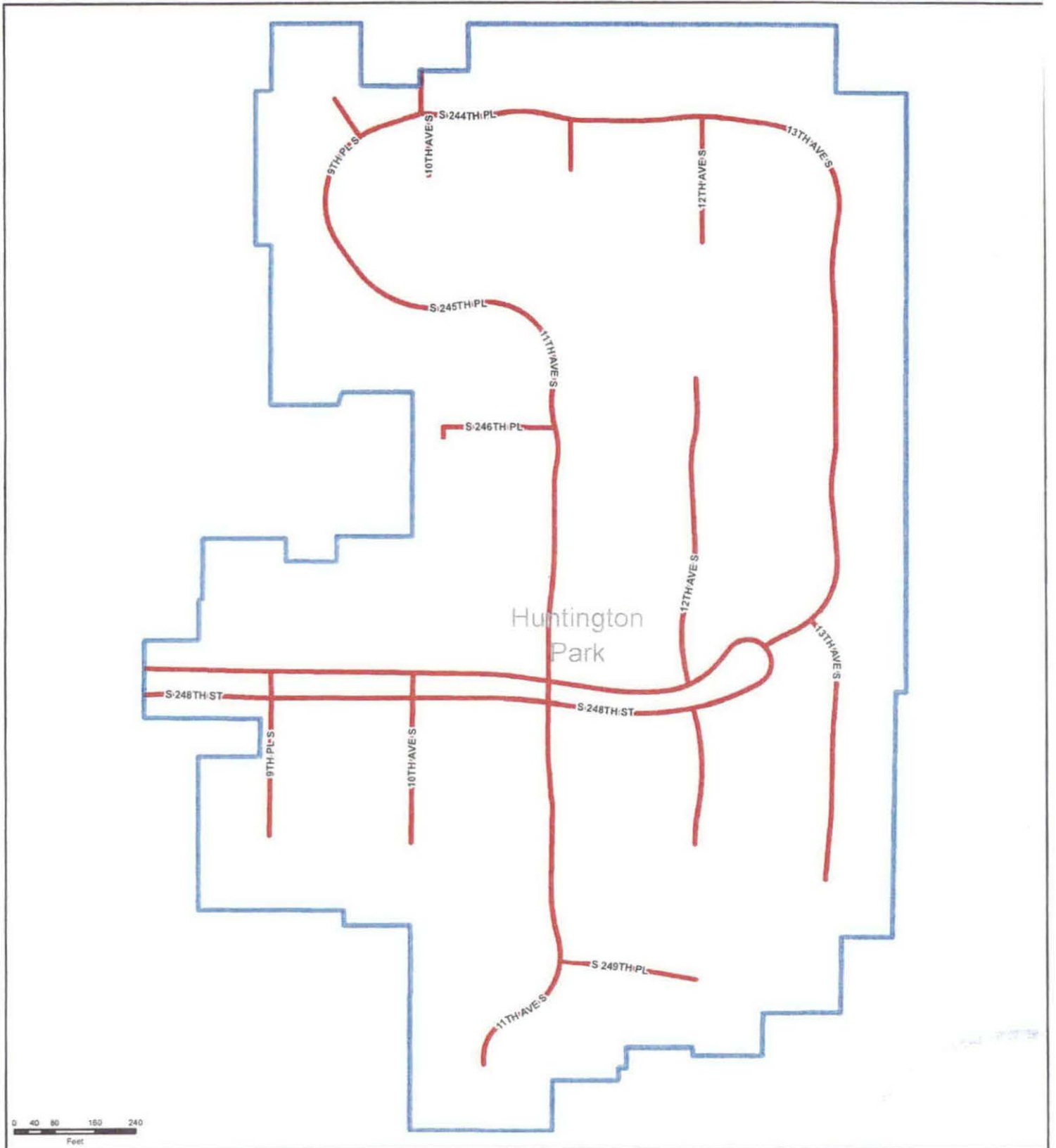


Peak (October through January) - Street swept every 2 weeks
Off Peak (February through September) - Street swept every other month, except High Priority Streets, which are swept once per month
High Debris Areas - Swept every week during peak period

- Public Street To Be Swept
- High Priority Street
- High Debris Area

- Des Moines City Limits
- Maintenance Zone Boundary





Peak (October through January) - Street swept every 2 weeks
 Off Peak (February through September) - Street swept every other month.

 Approved Private Street To Be Swept

 Des Moines City Limits
 Maintenance Zone Boundary

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NO WORK PERFORMED

I hereby certify that no employees worked on the
Overlake Village South Detention Vault

During the period of

5/11/2014 thru 5/17/2014

5/18/2014 thru 5/24/2014

5/25/2014 thru 5/31/2014

6/01/2014 thru 6/07/2014

6/08/2014 thru 6/14/2014

6/15/2014 thru 6/21/2014

6/22/2014 thru 6/28/2014

6/29/2014 thru 7/05/2014

7/06/2014 thru 7/12/2014

By:

Christina Huwe
Bookkeeper
McDonough & Sons Inc.

Date: 7/08/2014

**CERTIFICATE OF LIABILITY INSURANCE**DATE (MM/DD/YYYY)
5/20/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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

PRODUCER Bell Anderson Agency, Inc. 600 S.W. 39th St, Suite 200 Renton WA 98057		CONTACT NAME: Linda Minami, CPCU, CRIS PHONE (A/C, No, Ext): (425) 291-5200 FAX (A/C, No): (425) 291-5100 E-MAIL ADDRESS: lindam@bell-anderson.com															
INSURED McDonough & Sons, Inc. 27218 SE Kent-Kangley Rd. Ravensdale WA 98051		<table border="1"> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A: Ohio Security Insurance Company</td> <td></td> </tr> <tr> <td>INSURER B: American Fire & Casualty</td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Ohio Security Insurance Company		INSURER B: American Fire & Casualty		INSURER C:		INSURER D:		INSURER E:		INSURER F:	
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INSURER C:																	
INSURER D:																	
INSURER E:																	
INSURER F:																	

COVERAGES **CERTIFICATE NUMBER:** CL1432700508 **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY						EACH OCCURRENCE \$ 1,000,000
	☒ COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000
	☐ CLAIMS-MADE ☒ OCCUR	X		BKS55667123	9/27/2013	9/27/2014	MED EXP (Any one person) \$ 15,000
							PERSONAL & ADV INJURY \$ 1,000,000
							GENERAL AGGREGATE \$ 2,000,000
	GENL AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG \$ 2,000,000
	☐ POLICY ☒ PRO-JECT ☐ LOC						\$
B	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	☒ ANY AUTO						BODILY INJURY (Per person) \$
	☐ ALL OWNED AUTOS			BAA55667123	9/27/2013	9/27/2014	BODILY INJURY (Per accident) \$
	☒ HIRED AUTOS						PROPERTY DAMAGE (Per accident) \$
	☐ SCHEDULED AUTOS NON-OWNED AUTOS						Medical payments \$
A	☒ UMBRELLA LIAB						EACH OCCURRENCE \$ 4,000,000
	☐ EXCESS LIAB						AGGREGATE \$ 4,000,000
	☐ DED ☒ RETENTIONS 10,000			USO55667123	9/27/2013	9/27/2014	\$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						WC STATUTORY LIMITS ☐ OTH-ER ☐
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)						E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	BKS55667123 (WA Stop Gap)	9/27/2013	9/27/2014	E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
							E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
The certificate holder is additional insured for general liability, but only if required by written contract or written agreement per the attached endorsement #CG88101009.

CERTIFICATE HOLDER**CANCELLATION**

City of Des Moines 21650 11th Avenue S Des Moines, WA 98198	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE James Hunt/PLJ

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY EXTENSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

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With respect to coverage afforded by this endorsement, the provisions of the policy apply unless modified by the endorsement.

A. NON-OWNED AIRCRAFT

Under Paragraph 2. Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability, exclusion g. Aircraft, Auto Or Watercraft does not apply to an aircraft provided:

1. It is not owned by any insured;
2. It is hired, chartered or loaned with a trained paid crew;
3. The pilot in command holds a currently effective certificate, issued by the duly constituted authority of the United States of America or Canada, designating her or him a commercial or airline pilot; and
4. It is not being used to carry persons or property for a charge.

However, the insurance afforded by this provision does not apply if there is available to the insured other valid and collectible insurance, whether primary, excess (other than insurance written to apply specifically in excess of this policy), contingent or on any other basis, that would also apply to the loss covered under this provision.

B. NON-OWNED WATERCRAFT

Under Paragraph 2. Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability, Subparagraph (2) of exclusion g. Aircraft, Auto Or Watercraft is replaced by the following:

This exclusion does not apply to:

- (2) A watercraft you do not own that is:
 - (a) Less than 52 feet long; and
 - (b) Not being used to carry persons or property for a charge.

C. PROPERTY DAMAGE LIABILITY - ELEVATORS

1. Under Paragraph 2. Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability, Subparagraphs (3), (4) and (6) of exclusion j. Damage To Property do not apply if such "property damage" results from the use of elevators. For the purpose of this provision, elevators do not include vehicle lifts. Vehicle lifts are lifts or hoists used in automobile service or repair operations.
2. The following is added to Section IV - Commercial General Liability Conditions, Condition 4. Other Insurance, Paragraph b. Excess Insurance:

The insurance afforded by this provision of this endorsement is excess over any property insurance, whether primary, excess, contingent or on any other basis.

D. EXTENDED DAMAGE TO PROPERTY RENTED TO YOU (Tenant's Property Damage)

If Damage To Premises Rented To You is not otherwise excluded from this Coverage Part:

1. Under Paragraph 2. Exclusions of Section I - Coverage A - Bodily Injury and Property Damage Liability:
 - a. The fourth from the last paragraph of exclusion j. Damage To Property is replaced by the following:

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire, lightning, explosion, smoke, or leakage from an automatic fire protection system) to:

 - (i) Premises rented to you for a period of 7 or fewer consecutive days; or
 - (ii) Contents that you rent or lease as part of a premises rental or lease agreement for a period of more than 7 days.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" to contents of premises rented to you for a period of 7 or fewer consecutive days.

A separate limit of insurance applies to this coverage as described in Section III - Limits of Insurance.

- b. The last paragraph of subsection **2. Exclusions** is replaced by the following:

Exclusions c. through n. do not apply to damage by fire, lightning, explosion, smoke or leakage from automatic fire protection systems to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to Damage To Premises Rented To You as described in **Section III - Limits Of Insurance**.

2. Paragraph 6. under **Section III - Limits Of Insurance** is replaced by the following:

6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to:

- a. Any one premise:

(1) While rented to you; or

(2) While rented to you or temporarily occupied by you with permission of the owner for damage by fire, lightning, explosion, smoke or leakage from automatic protection systems; or

- b. Contents that you rent or lease as part of a premises rental or lease agreement.

3. As regards coverage provided by this provision **D. EXTENDED DAMAGE TO PROPERTY RENTED TO YOU (Tenant's Property Damage)** - Paragraph 9.a. of **Definitions** is replaced with the following:

9.a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning, explosion, smoke, or leakage from automatic fire protection systems to premises while rented to you or temporarily occupied by you with the permission of the owner, or for damage to contents of such premises that are included in your premises rental or lease agreement, is not an "insured contract".

E. MEDICAL PAYMENTS EXTENSION

If **Coverage C Medical Payments** is not otherwise excluded, the Medical Payments provided by this policy are amended as follows:

Under Paragraph 1. **Insuring Agreement** of **Section I - Coverage C - Medical Payments**, Subparagraph (b) of Paragraph a. is replaced by the following:

- (b) The expenses are incurred and reported within three years of the date of the accident; and

F. EXTENSION OF SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

1. Under **Supplementary Payments - Coverages A and B**, Paragraph 1.b. is replaced by the following:

- b. Up to \$3,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

2. Paragraph 1.d. is replaced by the following:

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.

G. ADDITIONAL INSURED - BY CONTRACT, AGREEMENT OR PERMIT

1. Paragraph 2. under **Section II - Who Is An Insured** is amended to include as an insured any person or organization whom you have agreed to add as an additional insured in a written contract, written agreement or permit. Such person or organization is an additional insured but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused in whole or in part by:

- a. Your acts or omissions, or the acts or omissions of those acting on your behalf, in the performance of your on going operations for the additional insured that are the subject of the written contract or written agreement provided that the "bodily injury" or "property damage" occurs, or the "personal and advertising injury" is committed, subsequent to the signing of such written contract or written agreement; or

- b. Premises or facilities rented by you or used by you; or
- c. The maintenance, operation or use by you of equipment rented or leased to you by such person or organization; or
- d. Operations performed by you or on your behalf for which the state or political subdivision has issued a permit subject to the following additional provisions:
 - (1) This insurance does not apply to "bodily injury", "property damage", or "personal and advertising injury" arising out of the operations performed for the state or political subdivision;
 - (2) This insurance does not apply to "bodily injury" or "property damage" included within the "completed operations hazard".
 - (3) Insurance applies to premises you own, rent, or control but only with respect to the following hazards:
 - (a) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoist away openings, sidewalk vaults, street banners, or decorations and similar exposures; or
 - (b) The construction, erection, or removal of elevators; or
 - (c) The ownership, maintenance, or use of any elevators covered by this insurance.

With respect to Paragraph 1.a. above, a person's or organization's status as an additional insured under this endorsement ends when:

- (1) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
- (2) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

With respect to Paragraph 1.b. above, a person's or organization's status as an additional insured under this endorsement ends when their written contract or written agreement with you for such premises or facilities ends.

With respects to Paragraph 1.c. above, this insurance does not apply to any "occurrence" which takes place after the equipment rental or lease agreement has expired or you have returned such equipment to the lessor.

The insurance provided by this endorsement applies only if the written contract or written agreement is signed prior to the "bodily injury" or "property damage".

We have no duty to defend an additional insured under this endorsement until we receive written notice of a "suit" by the additional insured as required in Paragraph b. of Condition 2. **Duties In the Event Of Occurrence, Offense, Claim Or Suit under Section IV - Commercial General Liability Conditions.**

- 2. With respect to the insurance provided by this endorsement, the following are added to Paragraph 2. **Exclusions under Section I - Coverage A - Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

- a. "Bodily injury" or "property damage" arising from the sole negligence of the additional insured.
- b. "Bodily injury" or "property damage" that occurs prior to you commencing operations at the location where such "bodily injury" or "property damage" occurs.
- c. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

(1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

(2) Supervisory, inspection, architectural or engineering activities.

d. "Bodily injury" or "property damage" occurring after:

(1) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

(2) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

e. Any person or organization specifically designated as an additional insured for ongoing operations by a separate **ADDITIONAL INSURED -OWNERS, LESSEES OR CONTRACTORS** endorsement issued by us and made a part of this policy.

H. PRIMARY AND NON-CONTRIBUTORY ADDITIONAL INSURED EXTENSION

This provision applies to any person or organization who qualifies as an additional insured under any form or endorsement under this policy.

Condition 4. Other Insurance of SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS is amended as follows:

a. The following is added to Paragraph a. Primary Insurance:

If an additional insured's policy has an Other Insurance provision making its policy excess, and you have agreed in a written contract or written agreement to provide the additional insured coverage on a primary and noncontributory basis, this policy shall be primary and we will not seek contribution from the additional insured's policy for damages we cover.

b. The following is added to Paragraph b. Excess Insurance:

When a written contract or written agreement, other than a premises lease, facilities rental contract or agreement, an equipment rental or lease contract or agreement, or permit issued by a state or political subdivision between you and an additional insured does not require this insurance to be primary or primary and non-contributory, this insurance is excess over any other insurance for which the additional insured is designated as a Named Insured.

Regardless of the written agreement between you and an additional insured, this insurance is excess over any other insurance whether primary, excess, contingent or on any other basis for which the additional insured has been added as an additional insured on other policies.

I. ADDITIONAL INSURED- EXTENDED PROTECTION OF YOUR "LIMITS OF INSURANCE"

This provision applies to any person or organization who qualifies as an additional insured under any form or endorsement under this policy.

1. The following is added to Condition 2. Duties In The Event Of Occurrence, Offense, Claim or Suit:

An additional insured under this endorsement will as soon as practicable:

a. Give written notice of an "occurrence" or an offense that may result in a claim or "suit" under this insurance to us;

b. Tender the defense and indemnity of any claim or "suit" to all insurers whom also have insurance available to the additional insured; and

c. Agree to make available any other insurance which the additional insured has for a loss we cover under this Coverage Part.

d. We have no duty to defend or indemnify an additional insured under this endorsement until we receive written notice of a "suit" by the additional insured.

2. The limits of insurance applicable to the additional insured are those specified in a written contract or written agreement or the limits of insurance as stated in the Declarations of this policy and defined in **Section III - Limits of Insurance** of this policy, whichever are less. These limits are inclusive of and not in addition to the limits of insurance available under this policy.

**J. WHO IS AN INSURED- INCIDENTAL MEDICAL ERRORS / MALPRACTICE
WHO IS AN INSURED - FELLOW EMPLOYEE EXTENSION- MANAGEMENT EMPLOYEES**

Paragraph 2.a.(1) of **Section II - Who Is An Insured** is replaced with the following:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1) (a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1) (a) or (b) above; or
- (d) Arising out of his or her providing or failing to provide professional health care services. However, if you are not in the business of providing professional health care services or providing professional health care personnel to others, or if coverage for providing professional health care services is not otherwise excluded by separate endorsement, this provision (Paragraph (d)) does not apply.

Paragraphs (a) and (b) above do not apply to "bodily injury" or "personal and advertising injury" caused by an "employee" who is acting in a supervisory capacity for you. Supervisory capacity as used herein means the "employee's" job responsibilities assigned by you, includes the direct supervision of other "employees" of yours. However, none of these "employees" are insureds for "bodily injury" or "personal and advertising injury" arising out of their willful conduct, which is defined as the purposeful or willful intent to cause "bodily injury" or "personal and advertising injury", or caused in whole or in part by their intoxication by liquor or controlled substances.

The coverage provided by provision J. is excess over any other valid and collectable insurance available to your "employee".

K. NEWLY FORMED OR ADDITIONALLY ACQUIRED ENTITIES

Paragraph 3. of **Section II - Who Is An Insured** is replaced by the following:

3. Any organization you newly acquire or form and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the expiration of the policy period in which the entity was acquired or formed by you;
 - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
 - d. Records and descriptions of operations must be maintained by the first Named Insured.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations or qualifies as an insured under this provision.

L. FAILURE TO DISCLOSE HAZARDS AND PRIOR OCCURRENCES

Under **Section IV - Commercial General Liability Conditions**, the following is added to Condition 6. **Representations**:

Your failure to disclose all hazards or prior "occurrences" existing as of the inception date of the policy shall not prejudice the coverage afforded by this policy provided such failure to disclose all hazards or prior "occurrences" is not intentional.

M. KNOWLEDGE OF OCCURRENCE, OFFENSE, CLAIM OR SUIT

Under **Section IV - Commercial General Liability Conditions**, the following is added to Condition 2. **Duties In The Event of Occurrence, Offense, Claim Or Suit**:

Knowledge of an "occurrence", offense, claim or "suit" by an agent, servant or "employee" of any insured shall not in itself constitute knowledge of the insured unless an insured listed under Paragraph 1. of **Section II - Who Is An Insured** or a person who has been designated by them to receive reports of "occurrences", offenses, claims or "suits" shall have received such notice from the agent, servant or "employee".

N. LIBERALIZATION CLAUSE

If we revise this Commercial General Liability Extension Endorsement to provide more coverage without additional premium charge, your policy will automatically provide the coverage as of the day the revision is effective in your state.

O. BODILY INJURY REDEFINED

Under **Section V - Definitions**, Definition 3. is replaced by the following:

3. "Bodily Injury" means physical injury, sickness or disease sustained by a person. This includes mental anguish, mental injury, shock, fright or death that results from such physical injury, sickness or disease.

P. EXTENDED PROPERTY DAMAGE

Exclusion a. of **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** is replaced by the following:

- a. **Expected Or Intended Injury**

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

Q. WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US - WHEN REQUIRED IN A CONTRACT OR AGREEMENT WITH YOU

Under **Section IV - Commercial General Liability Conditions**, the following is added to Condition 8. **Transfer Of Rights Of Recovery Against Others To Us**:

We waive any right of recovery we may have against a person or organization because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard" provided:

1. You and that person or organization have agreed in writing in a contract or agreement that you waive such rights against that person or organization; and
2. The injury or damage occurs subsequent to the execution of the written contract or written agreement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY EXTENSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

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With respect to coverage afforded by this endorsement, the provisions of the policy apply unless modified by the endorsement.

A. NON-OWNED AIRCRAFT

Under Paragraph 2. Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability, exclusion g. Aircraft, Auto Or Watercraft does not apply to an aircraft provided:

1. It is not owned by any insured;
2. It is hired, chartered or loaned with a trained paid crew;
3. The pilot in command holds a currently effective certificate, issued by the duly constituted authority of the United States of America or Canada, designating her or him a commercial or airline pilot; and
4. It is not being used to carry persons or property for a charge.

However, the insurance afforded by this provision does not apply if there is available to the insured other valid and collectible insurance, whether primary, excess (other than insurance written to apply specifically in excess of this policy), contingent or on any other basis, that would also apply to the loss covered under this provision.

B. NON-OWNED WATERCRAFT

Under Paragraph 2. Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability, Subparagraph (2) of exclusion g. Aircraft, Auto Or Watercraft is replaced by the following:

This exclusion does not apply to:

- (2) A watercraft you do not own that is:
 - (a) Less than 52 feet long; and
 - (b) Not being used to carry persons or property for a charge.

C. PROPERTY DAMAGE LIABILITY - ELEVATORS

1. Under Paragraph 2. Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability, Subparagraphs (3), (4) and (6) of exclusion j. Damage To Property do not apply if such "property damage" results from the use of elevators. For the purpose of this provision, elevators do not include vehicle lifts. Vehicle lifts are lifts or hoists used in automobile service or repair operations.
2. The following is added to Section IV - Commercial General Liability Conditions, Condition 4. Other Insurance, Paragraph b. Excess Insurance:

The insurance afforded by this provision of this endorsement is excess over any property insurance, whether primary, excess, contingent or on any other basis.

D. EXTENDED DAMAGE TO PROPERTY RENTED TO YOU (Tenant's Property Damage)

If Damage To Premises Rented To You is not otherwise excluded from this Coverage Part:

1. Under Paragraph 2. Exclusions of Section I - Coverage A - Bodily Injury and Property Damage Liability:
 - a. The fourth from the last paragraph of exclusion j. Damage To Property is replaced by the following:

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire, lightning, explosion, smoke, or leakage from an automatic fire protection system) to:

 - (i) Premises rented to you for a period of 7 or fewer consecutive days; or
 - (ii) Contents that you rent or lease as part of a premises rental or lease agreement for a period of more than 7 days.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" to contents of premises rented to you for a period of 7 or fewer consecutive days.

A separate limit of insurance applies to this coverage as described in Section III - Limits of Insurance.

- b. The last paragraph of subsection **2. Exclusions** is replaced by the following:

Exclusions c. through n. do not apply to damage by fire, lightning, explosion, smoke or leakage from automatic fire protection systems to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to Damage To Premises Rented To You as described in **Section III - Limits Of Insurance**.

2. Paragraph 6. under **Section III - Limits Of Insurance** is replaced by the following:

6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to:

- a. Any one premise:

(1) While rented to you; or

(2) While rented to you or temporarily occupied by you with permission of the owner for damage by fire, lightning, explosion, smoke or leakage from automatic protection systems; or

- b. Contents that you rent or lease as part of a premises rental or lease agreement.

3. As regards coverage provided by this provision **D. EXTENDED DAMAGE TO PROPERTY RENTED TO YOU (Tenant's Property Damage)** - Paragraph 9.a. of **Definitions** is replaced with the following:

9.a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning, explosion, smoke, or leakage from automatic fire protection systems to premises while rented to you or temporarily occupied by you with the permission of the owner, or for damage to contents of such premises that are included in your premises rental or lease agreement, is not an "insured contract".

E. MEDICAL PAYMENTS EXTENSION

If **Coverage C Medical Payments** is not otherwise excluded, the Medical Payments provided by this policy are amended as follows:

Under Paragraph 1. **Insuring Agreement** of **Section I - Coverage C - Medical Payments**, Subparagraph (b) of Paragraph a. is replaced by the following:

- (b) The expenses are incurred and reported within three years of the date of the accident; and

F. EXTENSION OF SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

1. Under **Supplementary Payments - Coverages A and B**, Paragraph 1.b. is replaced by the following:

- b. Up to **\$3,000** for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

2. Paragraph 1.d. is replaced by the following:

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to **\$500** a day because of time off from work.

G. ADDITIONAL INSURED - BY CONTRACT, AGREEMENT OR PERMIT

1. Paragraph 2. under **Section II - Who Is An Insured** is amended to include as an insured any person or organization whom you have agreed to add as an additional insured in a written contract, written agreement or permit. Such person or organization is an additional insured but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused in whole or in part by:

- a. Your acts or omissions, or the acts or omissions of those acting on your behalf, in the performance of your on going operations for the additional insured that are the subject of the written contract or written agreement provided that the "bodily injury" or "property damage" occurs, or the "personal and advertising injury" is committed, subsequent to the signing of such written contract or written agreement; or

- b. Premises or facilities rented by you or used by you; or
- c. The maintenance, operation or use by you of equipment rented or leased to you by such person or organization; or
- d. Operations performed by you or on your behalf for which the state or political subdivision has issued a permit subject to the following additional provisions:
 - (1) This insurance does not apply to "bodily injury", "property damage", or "personal and advertising injury" arising out of the operations performed for the state or political subdivision;
 - (2) This insurance does not apply to "bodily injury" or "property damage" included within the "completed operations hazard".
 - (3) Insurance applies to premises you own, rent, or control but only with respect to the following hazards:
 - (a) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoist away openings, sidewalk vaults, street banners, or decorations and similar exposures; or
 - (b) The construction, erection, or removal of elevators; or
 - (c) The ownership, maintenance, or use of any elevators covered by this insurance.

With respect to Paragraph 1.a. above, a person's or organization's status as an additional insured under this endorsement ends when:

- (1) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
- (2) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

With respect to Paragraph 1.b. above, a person's or organization's status as an additional insured under this endorsement ends when their written contract or written agreement with you for such premises or facilities ends.

With respects to Paragraph 1.c. above, this insurance does not apply to any "occurrence" which takes place after the equipment rental or lease agreement has expired or you have returned such equipment to the lessor.

The insurance provided by this endorsement applies only if the written contract or written agreement is signed prior to the "bodily injury" or "property damage".

We have no duty to defend an additional insured under this endorsement until we receive written notice of a "suit" by the additional insured as required in Paragraph b. of Condition 2. **Duties In the Event Of Occurrence, Offense, Claim Or Suit under Section IV - Commercial General Liability Conditions.**

- 2. With respect to the insurance provided by this endorsement, the following are added to Paragraph 2. **Exclusions under Section I - Coverage A - Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

- a. "Bodily injury" or "property damage" arising from the sole negligence of the additional insured.
- b. "Bodily injury" or "property damage" that occurs prior to you commencing operations at the location where such "bodily injury" or "property damage" occurs.
- c. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

d. We have no duty to defend or indemnify an additional insured under this endorsement until we receive written notice of a "suit" by the additional insured.

2. The limits of insurance applicable to the additional insured are those specified in a written contract or written agreement or the limits of insurance as stated in the Declarations of this policy and defined in **Section III - Limits of Insurance** of this policy, whichever are less. These limits are inclusive of and not in addition to the limits of insurance available under this policy.

**J. WHO IS AN INSURED- INCIDENTAL MEDICAL ERRORS / MALPRACTICE
WHO IS AN INSURED - FELLOW EMPLOYEE EXTENSION- MANAGEMENT EMPLOYEES**

Paragraph 2.a.(1) of **Section II - Who Is An Insured** is replaced with the following:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1) (a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1) (a) or (b) above; or
- (d) Arising out of his or her providing or failing to provide professional health care services. However, if you are not in the business of providing professional health care services or providing professional health care personnel to others, or if coverage for providing professional health care services is not otherwise excluded by separate endorsement, this provision (Paragraph (d)) does not apply.

Paragraphs (a) and (b) above do not apply to "bodily injury" or "personal and advertising injury" caused by an "employee" who is acting in a supervisory capacity for you. Supervisory capacity as used herein means the "employee's" job responsibilities assigned by you, includes the direct supervision of other "employees" of yours. However, none of these "employees" are insureds for "bodily injury" or "personal and advertising injury" arising out of their willful conduct, which is defined as the purposeful or willful intent to cause "bodily injury" or "personal and advertising injury", or caused in whole or in part by their intoxication by liquor or controlled substances.

The coverage provided by provision J. is excess over any other valid and collectable insurance available to your "employee".

K. NEWLY FORMED OR ADDITIONALLY ACQUIRED ENTITIES

Paragraph 3. of **Section II - Who Is An Insured** is replaced by the following:

3. Any organization you newly acquire or form and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the expiration of the policy period in which the entity was acquired or formed by you;
 - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
 - d. Records and descriptions of operations must be maintained by the first Named Insured.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations or qualifies as an insured under this provision.

L. FAILURE TO DISCLOSE HAZARDS AND PRIOR OCCURRENCES

Under **Section IV - Commercial General Liability Conditions**, the following is added to Condition 6. **Representations**:

Your failure to disclose all hazards or prior "occurrences" existing as of the inception date of the policy shall not prejudice the coverage afforded by this policy provided such failure to disclose all hazards or prior "occurrences" is not intentional.

M. KNOWLEDGE OF OCCURRENCE, OFFENSE, CLAIM OR SUIT

Under **Section IV - Commercial General Liability Conditions**, the following is added to Condition 2. **Duties In The Event of Occurrence, Offense, Claim Or Suit**:

Knowledge of an "occurrence", offense, claim or "suit" by an agent, servant or "employee" of any insured shall not in itself constitute knowledge of the insured unless an insured listed under Paragraph 1. of **Section II - Who Is An Insured** or a person who has been designated by them to receive reports of "occurrences", offenses, claims or "suits" shall have received such notice from the agent, servant or "employee".

N. LIBERALIZATION CLAUSE

If we revise this Commercial General Liability Extension Endorsement to provide more coverage without additional premium charge, your policy will automatically provide the coverage as of the day the revision is effective in your state.

O. BODILY INJURY REDEFINED

Under **Section V - Definitions**, Definition 3. is replaced by the following:

3. "Bodily Injury" means physical injury, sickness or disease sustained by a person. This includes mental anguish, mental injury, shock, fright or death that results from such physical injury, sickness or disease.

P. EXTENDED PROPERTY DAMAGE

Exclusion a. of **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** is replaced by the following:

- a. **Expected Or Intended Injury**

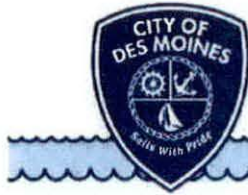
"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

Q. WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US - WHEN REQUIRED IN A CONTRACT OR AGREEMENT WITH YOU

Under **Section IV - Commercial General Liability Conditions**, the following is added to Condition 8. **Transfer Of Rights Of Recovery Against Others To Us**:

We waive any right of recovery we may have against a person or organization because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard" provided:

1. You and that person or organization have agreed in writing in a contract or agreement that you waive such rights against that person or organization; and
2. The injury or damage occurs subsequent to the execution of the written contract or written agreement.



City of Des Moines

PLANNING, BUILDING AND PUBLIC WORKS
www.desmoineswa.gov
21650 11TH AVENUE SOUTH
DES MOINES, WASHINGTON 98198-6317
(206) 870-6522 FAX (206) 870-6596



September 17, 2018

McDonough and Sons Inc.
ATTN: PAM MEITMANN
27218 SE Kent Kangley Rd.
Ravensdale, WA. 98051

RE: NOTICE OF CONTRACT EXTENSION

Dear Ms. Meitmann:

The purpose of this letter is to inform you that the City wishes to implement the satisfactory performance extension (at no additional bid pricing increase to the City) of twenty-four (24) months as it relates to the 2014 – 2018 Street Sweeping Services contract that was fully signed as of July 14, 2014. The new contract expiration date is December 31, 2020. I will be your contact on behalf of the City, and will be the project manager. I can be reached at (206) 870-6539 should you have any questions. I look forward to working with you on this project.

Respectfully,

Scott J. Romano
CIP Project Manager

Cc: Brandon Carver, Public Works Director
John Blackburn, Public Works Superintendent
Loren Reinhold, SWM and Utilities Engineer

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A G E N D A I T E M

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Memorandum of Understanding
between the City of Des Moines and Des Moines
Police Guild (Guild)

ATTACHMENTS:

1. Memorandum of Understanding

FOR AGENDA OF: October 8, 2020

DEPT. OF ORIGIN: Administration

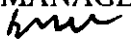
DATE SUBMITTED: October 1, 2020

CLEARANCES:

- ☐ Community Development _____
- ☐ Marina _____
- ☐ Parks, Recreation & Senior Services _____
- ☐ Public Works _____

CHIEF OPERATIONS OFFICER: _____

- ☒ Legal /s/ TG
- ☒ Finance /s/ SH
- ☒ Human Resources /s/AJ
- ☐ Police _____

APPROVED BY CITY MANAGER
FOR SUBMITTAL: 

Purpose and Recommendation

The purpose of this agenda item is for City Council to consider a Memorandum of Understanding (MOU) between the City of Des Moines and Des Moines Police Guild (Guild) to update the collective bargaining agreement January 1, 2019 through December 31, 2021 clarifying Article 11. Holidays, Holiday Shift Coverage. Clarification of this language will support pay equity amongst all staff called into work in an overtime capacity on specific holidays. The MOU broadens the language so that employees are compensated at the same premium rate when performing the same or similar job duties on the identified holidays. The following motion will appear on the consent calendar:

Suggested Motion

Motion 1: "I move to approve the attached Memorandum of Understanding between the City of Des Moines and Des Moines Police Guild regarding Overtime Holiday Premium Time to ensure the pay practice is equitable amongst employees covered under the provision."

Background

The Des Moines Police Guild January 1, 2019 to December 31, 2021 collective bargaining agreement, includes new language, “*Holiday Shift Coverage*” that provides an additional premium for staff, who are called into work on a holiday, to cover a shift. Staff will receive an additional (.50x) of their regular rate hourly rate for all overtime hours worked when filling a shift or providing extra coverage. The intent of this language is to assist management with covering shifts or scheduling for extra coverage on a holiday. This premium acts as an incentive for an officer, who is on their scheduled day off, to cover a shift on a holiday such as Thanksgiving or Christmas Day where ensuring shift coverage may be problematic.

Article 8. Hours of Work and Overtime, J. Overtime states that, “*overtime (1.5x rate) is paid for any time worked in excess of the employees scheduled workweek.*” An officer who reports to work on their day off will receive an overtime premium regardless if the day is holiday. The Holiday Shift Coverage language provides an additional (.50x) on top of the overtime premium the officer would already be entitled to receive. The Holiday Shift Coverage premium is designed to motivate an employee to come to work on their scheduled day off to ensure coverage for the City on holidays that tend to be busy for law enforcement. Overtime at the police department is typically offered on a voluntary basis.

Discussion

The negotiated MOU broadens the language of “*Holiday Shift Coverage*” to “*Overtime- Holiday premium.*” The proposed language would allow any employee that is called into work on their scheduled day off on a specific holiday (i.e. New Year’s Day, Independence Day, Thanksgiving Day or Christmas Day) to receive an additional (.50x) premium regardless if it was due to shift coverage or reporting to work for a homicide investigation. The current contract language is too restrictive. For example, if an officer is called into work in an overtime capacity on a holiday to provide shift coverage, they would be eligible for a (.50x) premium. However, a detective called into work on their scheduled day off on the same holiday, would not be paid the additional (.50x) premium because they were not “covering” or filling a shift. The proposed language ensures pay equity for any staff who are reporting to work on a scheduled day off at the City’s request on specific holidays regardless if it is for shift coverage or to investigate a crime.

Alternatives

None provided.

Financial Impact

The financial impact of this agreement will be minimal for the City. The current language and the additional (.50x) premium was already accounted for in the 2020 overtime budget for the police department. The proposed language now restricts the premium to certain holidays and is only applied if either staff coverage is needed or if staff are required to report to work. This proposed language will likely either generate a small savings to the City or potentially cost the same as the current language. Additionally, the proposed language ensures pay equity amongst staff for work of equal value.

Recommendation

Administration, Finance Human Resources and Legal recommend approval of the MOU.

**Memorandum of Understanding
Between
The City of Des Moines and the Des Moines Police Guild
Regarding
Overtime Holiday Premium Time**

THIS MEMORANDUM OF UNDERSTANDING is supplemental to the AGREEMENT by and between the CITY OF DES MOINES, WASHINGTON, and the DES MOINES POLICE GUILD.

WHEREAS, the Des Moines Police Guild January 1, 2019 – December 31, 2021 collective bargaining agreement included new language regarding an additional holiday premium for shift coverage; and

WHEREAS, the Guild has requested, to clarify this language to support pay equity amongst staff called-in to work on specific holidays; and;

WHEREAS, the City is agreeable to the Guild's requests; now therefore,

IN RESOLUTION OF THIS SITUATION, THE CITY OF DES MOINES AND THE DES MOINES POLICE GUILD AGREE AS FOLLOWS:

1. The City and the Guild agree to remove the following language from Article 11. Holidays, Holiday Shift Coverage: *An employee, who works in an overtime capacity to provide shift coverage on any observed Holiday, as set forth in Article 11, shall be paid an additional .50 times their regular hourly rate for all overtime hours worked.*
2. The City and the Guild agree to add the following language to Article 11. Holidays: Overtime -Holiday Premium: *An employee, who works in an overtime capacity on New Year's Day, Independence Day, Thanksgiving Day or Christmas Day shall be paid an additional .50 times the agreed upon hourly rate for that holiday, for all hours worked. For purposes of this provision, the holiday begins at 0000 hours on the night of the holiday and concludes twenty-four (24) hours later at 0000 hours.*
3. This Memorandum will remain in effect until December 31, 2021, unless otherwise agreed to in writing by all parties

City of Des Moines

Des Moines Police Guild

Michael Matthias
City Manager

Date

Justin Cripe
President

Date

Approved as to Form:

City Attorney

Date

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A G E N D A I T E M

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: 2020-2021 Police Vehicle Purchase

FOR AGENDA OF: October 8, 2020

ATTACHMENTS:

DEPT. OF ORIGIN: Public Works / Police

DATE SUBMITTED: September 30, 2020

CLEARANCES:

- ☐ Community Development N/A
- ☐ Marina N/A
- ☐ Parks, Recreation & Senior Services N/A
- ☒ Public Works R. H. C.

CHIEF OPERATIONS OFFICER: 

☒ Legal /s/ TG

☒ Finance 

☐ Courts N/A

☐ Police /s/ KT

APPROVED BY CITY MANAGER
FOR SUBMITTAL: 

Purpose and Recommendation

The purpose of this Agenda Item is to seek City Council authorization to proceed with the purchase of five Police vehicles as follows: One would be purchased as part of the 2020 budget, the remaining four would be purchased as part of the 2021 budget.

Suggested Motion

Motion 1: "I move to approve the purchase of an additional police vehicle in the amount of \$70,000 as part of the 2020 budget, and direct administration to include this purchase as part of the 2020 budget amendments."

Motion 2: "I move to authorize administration to move forward with the order and purchase of four police vehicles that are included in the 2021 budget, totaling \$280,000."

Background and Discussion

There is an emergent need to purchase a new police vehicle in 2020 to accommodate a new officer. Staff has the ability to purchase an existing police vehicle off of state contract from the Washington State Patrol. With Council authorization, that vehicle could be in service within the next 4-6 weeks, after set up is complete. This vehicle would be purchased and paid for in 2020, and would need to be included as part of the upcoming 2020 budget amendments.

The proposed 2021 budget includes the purchase of four (4) new Police Department fleet vehicles. The total price for the patrol vehicles including tax, equipment and set up fees will be approximately \$70,000.00 per vehicle. There is a significant lag time in the delivery of these fleet vehicles, especially when all other Cities are submitting their fleet orders, typically in December and early January. The goal here is to get in front of the line on our 2021 police fleet purchases, in order to get these vehicles into service sooner. While these vehicles would be ordered in October 2020, we would not receive or pay for the vehicles until 2021.

Alternatives

Council could choose to wait until the 2021 budget is passed to authorize the order and purchase of these vehicles. This will add several months to the delivery of these new fleet purchases.

Financial Impact

The projected 2020 budget, and the proposed 2021 budget include funds for these police vehicle purchases.

Recommendation

Staff recommends adoption of the proposed motions.

Concurrence:

The Finance, Legal, Police and Public Works Departments concur.