

# **MEMORANDUM**

То:	Kurt Triplett, City Manager	
From:	Stephanie Croll, Senior Assistant City Attorney John Starbard, Deputy Director of Public Works Julie Underwood, Director of Public Works	
Date:	August 26, 2021	
Subject:	PETROLEUM FRANCHISE RENEWAL—OLYMPIC PIPE LINE—FIRST READING	

### **RECOMMENDATION:**

It is recommended that the City Council satisfy a statutory procedure to have a first reading of a proposed renewal of a franchise agreement with Olympic Pipe Line, which franchise renewal may be granted at a future City Council meeting. No action is requested at this time.

### **BACKGROUND DISCUSSION:**

This item is the first reading of a proposed renewal of an existing franchise agreement between the City and the Olympic Pipe Line Company ("Olympic"). In the municipal context, a franchise agreement specifies the terms under which a utility entity not operated by the local government may operate within that local government's rights-of-way. State law (<u>RCW 35A.47.040</u>) provides that a City Council may not act on an ordinance or resolution adopting a franchise agreement until at least five days have passed from the item's introduction. The introduction does not need to be held as a public hearing.

Olympic began in 1965. Presently, it operates a 400-mile interstate pipeline system that includes 12-inch, 14-inch, 16-inch, and 20-inch pipelines. The pipeline runs along a 299-mile corridor from Blaine, Washington to Portland, Oregon. The system transports gasoline, diesel, and jet fuel. The fuels are delivered to Seattle's Harbor Island; Seattle-Tacoma International Airport; Renton, Tacoma, and Vancouver, Washington; and Portland, Oregon.

For many years, the pipeline ran to the east of Kirkland but not within it. With the June 1, 2011 Juanita-Finn Hill-Kingsgate annexation, however, a segment of the pipeline now is in Kirkland running generally north/south near 136<sup>th</sup> Avenue NE. In this area, Olympic has two parallel lines—one 16-inch and one 20-inch—that are mostly in private easements. The lines cross City rights-of-way at four locations, so a franchise agreement is necessary (see map, Exhibit A to Attachment A).

The City's first franchise agreement with Olympic began on June 1, 2011, coincident with effective date of the aforementioned annexation. The term of that agreement was ten years and expired on June 1, 2021. Prior to the expiration date, consistent with requirements of the 2011 agreement, Olympic contacted the City to begin negotiations for a renewal of the agreement. Section 4.3 of the 2011 agreement provides that if the parties do not complete the

renegotiation process before the expiration date, the agreement continues on a year-to-year basis until a new agreement is established or the franchise terminated.

Shortly after the annexation, the City undertook a process with the Planning Commission, the Houghton Community Council, the Planning Department (now the Planning and Building Department), and the Fire and Building Department (now the Fire Department) to amend the *Kirkland Zoning Code* to increase public and property owner awareness, attempt to reduce risks, and amend land use requirements in response to the presence of the pipeline within the City limits (see <u>KMC 118.10</u>). Additionally, the pipeline is regulated by federal laws and the Washington State Utilities and Transportation Commission.

The proposed and recommended franchise agreement is provided (see Attachment A). Summaries of the provisions of the agreement are provided below.

- Section 1. The effective date would be June 1, 2021. Even though on one level the agreement has expired, the agreement provides for it to continue on a year-to-year basis until a new agreement is entered into. June 1 was selected for consistency with the 2011 agreement. The "Franchise Area" is the rights-of-way within Kirkland restricted to the geographical area depicted in Exhibit A to Attachment A, not the entire City.
- Section 2. Through the franchise, the City would grant a non-exclusive right to Olympic Pipe Line to operate its liquid petroleum delivery system business in a limited area of the City's rights-of-way.
- Section 3. The franchise does not authorize Olympic to install any new pipeline(s) or facilities without the City's written consent.
- Section 4. The term of the franchise is ten (10) years. Within a specified notice period, Olympic may request an additional ten (10) years, for a total of twenty (20) years. The City has the sole discretion whether to grant the additional ten years. Either party may express its intent to terminate the franchise. If the franchise expires before being renewed, it shall continue on a year-to-year basis until a new franchise is entered into.
- Section 5. The franchise shall not be conveyed to another party, in whole or in part, without the City Council providing consent through ordinance or resolution.
- Section 7. Olympic shall provide detailed plans, obtain a City permit, and—if requested by the City—furnish a bond prior to performing any construction or maintenance in the franchise area, except in the event of an emergency. In the event of an emergency, Olympic may take immediate action provided it notifies the City's Fire Department and its permitting authority. The City and Olympic will exercise best efforts to coordinate their respective construction work during the term of the franchise.
- Section 8. If Olympic chooses to abandon or cease using any of its facilities in the franchise area, it shall notify the City and will have up to 180 days to remove them at Olympic's sole expense. Alternatively, Olympic could ask the City for permission to abandon the facilities in place and secure them

in a manner appropriate to a former petroleum product pipeline. If facilities are removed, Olympic shall restore the area where the facilities had been to the City's reasonable satisfaction. If Olympic fails to remove or secure the facilities, the City can cause it to be done itself or seek a judicial order to have the work performed.

- Section 11. Olympic will maintain a publicly-available emergency response plan, meet periodically with the City about the plan if so requested in writing, and shall cooperate with the City in the event of a pipeline emergency. Olympic will have available "at all times," at the county level, sufficient emergency response equipment and materials to respond to a spill, leak, rupture, or other release at Olympic's sole expense, including remediation.
- Section 12. If a City public improvement requires a relocation of Olympic's facilities, then Olympic will make the changes or relocations at its sole expense. The City will endeavor to provide Olympic with 360 days written notice. Olympic has the right to suggest alternatives and provide relevant supporting data, but the City retains sole discretion. If those facilities need to be changed or relocated again within five (5) years, then the City bears the expense. While this does not apply to private development or third party projects, it does apply to third party projects that facilitate the construction of a project in the City's adopted CIP, TIP, or similar plan. Olympic will complete its work at least ten (10) days prior to the beginning of the public improvement project, or as agreed. The City agrees to assist with Olympic's application for federal, State, or local funds, if any, to accomplish Olympic's required relocation work.
- Section 16. Olympic shall maintain insurance for the duration of the franchise, naming the City and its officials, consultants, and volunteers as additional insureds, in the following limits: a) commercial general liability at \$100,000,000 per occurrence; b) automobile liability at \$1,000,000 per person and per accident; c) worker's compensation at \$2,000,000; and d) pollution legal liability not less than \$50,000,000 per occurrence.
- Section 17. Olympic shall pay the City an annual franchise fee of \$6,000, which shall escalate by three-percent annually for the term of the franchise.

### **NEXT STEPS:**

The Council can take action on the proposed agreement not less than five days after the first reading. Staff anticipates returning at the September 21 Regular meeting to seek action on the agreement (14 days from first reading).

Attachment A: Proposed Ordinance to Grant Olympic Pipe Line a Non-exclusive Franchise Exhibit A to Attachment A: Map

### ORDINANCE O-4767

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KIRKLAND, WASHINGTON GRANTING OLYMPIC PIPE LINE COMPANY LLC, A DELAWARE LIMITED LIABILITY COMPANY, ITS SUCCESSORS AND ASSIGNS, A NONEXCLUSIVE FRANCHISE TO CONSTRUCT, OPERATE, MAINTAIN, REMOVE, REPLACE, AND REPAIR EXISTING PIPELINE FACILITIES, TOGETHER WITH EQUIPMENT AND APPURTENANCES THERETO, FOR THE TRANSPORTATION OF PETROLEUM PRODUCTS WITHIN AND THROUGH THE FRANCHISE AREA OF THE CITY OF KIRKLAND.

WHEREAS, Olympic Pipe Line Company (hereinafter "Company")
entered into a nonexclusive 10-year Franchise Agreement with the City
of Kirkland (hereinafter "City") effective June 1, 2011 via Ordinance O4298, to operate and maintain an existing petroleum pipeline through
certain public rights of way and property within the City;

WHEREAS, the Company has applied for a 10-year extension of this nonexclusive franchise;

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WHEREAS, the City Council finds that it is in the public interest
to renew its franchise with Olympic Pipe Line for another 10-year period
with an effective date of June 1, 2021; and

WHEREAS, RCW 35A.47.040 authorizes the City to grant
nonexclusive franchises for the use of City rights-of-way, streets, public
ways, or other ways.

18 NOW, THEREFORE, the City Council of the City of Kirkland do 19 ordain as follows:

21 <u>Section 1.</u> <u>Definitions.</u> For the purposes of this Franchise
 22 and all exhibits attached hereto, the following terms, phrases, words
 23 and their derivations shall have the meaning given herein.

When not inconsistent with the context, words used in the present tense include the future, words in the plural include the singular, and words in the singular include the plural. Words not defined shall be given their common and ordinary meaning.

1.1 <u>Construct or Construction</u> shall mean removing,
 replacing, and repairing existing pipeline(s) and/or Facilities and may
 include, but is not limited to, digging and/or excavating for the purposes
 of removing, replacing, and repairing existing pipeline(s) and/or
 Facilities.

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## 1.2 <u>Effective Date</u> shall mean June 1, 2021.

Environmental Laws shall include the Resource 37 1.3 Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; the 38 Comprehensive Environmental Response, Compensation, and Liability 39 40 Act, 42 U.S.C. § 9601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; the Federal Water Pollution Control Act, 41 33 U.S.C. § 1257 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; 42 43 the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. § 136 et seq.; the 44 45 Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; the Washington Hazardous Waste Management Act, Chapter 70.105 RCW; 46 and the Washington Model Toxics Control Act, Chapter 70.105D RCW 47 all as amended from time to time; and any other valid and applicable 48 federal, state, or local statute, code, or ordinance or valid and applicable 49 federal or state administrative rule, regulation, ordinance, order, decree, 50 or other valid and applicable governmental authority as now or at any 51 time hereafter in effect pertaining to the protection of human health or 52 53 the environment. 54

1.4 <u>Facilities</u> shall mean the Company's pipeline system,
lines, valves, mains, and appurtenances used to transport or distribute
the Company's Petroleum Product(s), existing as of the effective date of
this Franchise or as those components may be modified or improved
consistent with the terms of this Franchise.

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62 63 1.5 <u>Franchise</u> shall mean this Franchise and any amendments, exhibits, or appendices to this Franchise.

1.6 <u>Franchise Area</u> means the Right-of-Way within the
jurisdictional boundaries of the City restricted to the geographical area
depicted in Exhibit A to this Ordinance, including any areas annexed by
the City (but excluding properties upon which the Company holds a
private easement, license, or other property interest for its Facilities)
during the term of this Franchise, in which case the annexed area shall
become subject to the terms of this Franchise.

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Hazardous Substance means any hazardous, toxic, or 72 1.7 dangerous substance, material, waste, pollutant, or contaminant, 73 including all substances designated under the Resource Conservation 74 and Recovery Act, 42 U.S.C. § 6901 et seq.; the Comprehensive 75 Environmental Response, Compensation and Liability Act, 42 U.S.C. § 76 9601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 77 78 1801 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1257 79 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Toxic Substances 80 Control Act, 15 U.S.C. § 2601 et seq.; the Federal Insecticide, Fungicide, 81 Rodenticide Act, 7 U.S.C. § 136 et seq.; the Washington Hazardous

Waste management Act, Chapter 70.105 RCW; and the Washington 82 83 Model Toxics Control Act, Chapter 70.105D, RCW; all as amended from time to time; and any other federal, state, or local statute, code or 84 ordinance or lawful rule, regulation, order, decree, or other 85 governmental authority as now or at any time hereafter in effect. The 86 term shall specifically include Petroleum and Petroleum Products. The 87 term shall also be interpreted to include any substance which, after 88 89 release into the environment, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer, or genetic 90 91 abnormalities. 92 93 1.8 Improve or Improvements shall mean modifications to, but not a change in the nature of, the existing pipeline(s) or Facilities 94 as required and necessary for safe operation. 95 96 1.9 Maintenance or Maintain shall mean examining, testing, 97 98 inspecting, repairing, and replacing the existing pipeline and/or facilities 99 or any part thereof as required and necessary for safe operation. 100 Petroleum or Petroleum Products shall include, but is not 101 1.10 102 limited to, motor gasoline, diesel fuel, and aviation jet fuel, and shall exclude natural gas. 103 104 105 Pipeline Corridor shall mean the pipeline pathway 1.11 through the jurisdictional boundaries of the City in which the pipeline(s) 106 and or Facilities of the Company are located, including any Rights-of-107 Way, , Public Ways, Other Ways, and/or easement over and through 108 private property. 109 110 111 1.12 Public Wavs shall mean any highway, street, alley,

111 1.12 <u>Public Ways</u> shall mean any highway, street, alley,
 112 utility easement (unless their use is otherwise restricted for other users),
 113 or other public Rights-of-way for motor vehicle or other use under the
 114 jurisdiction and control of the City.

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1.13 <u>Operate or Operations</u> shall mean the use of the
Company's pipeline(s) and/or Facilities for the transportation,
distribution and handling of Petroleum or Petroleum Products within and
through the Franchise Area.

121 1.14 <u>Other Ways</u> means the highways, streets, alleys, utility 122 easements or other Rights-of-Way within the City as encompassed by 123 RCW 47.24.020 and 47.52.090.

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125 1.15 <u>Rights-of-Way</u> means the surface and the space above 126 and below streets, roadways, highways, avenues, courts, lanes, alleys, 127 sidewalks, easements, Rights-of-Way and similar property, Public Ways 128 or Other Ways and areas located within the Franchise Area.

Section 2. Purpose. The City grants this nonexclusive 129 130 Franchise to Company to operate and maintain its existing Facilities as a liquid petroleum product delivery system for Company's business. This 131 Franchise is granted subject to the police powers, land use authority 132 and franchise authority of the City and is conditioned upon the terms 133 134 and conditions contained herein and Company's compliance with any applicable federal, state or local regulatory programs that currently exist 135 136 or may hereafter be enacted by any federal, state or local regulatory agencies with jurisdiction over the Company. The purpose of this 137 138 Franchise is to delineate the conditions relating to Company's use of the Franchise Area and to create a foundation for the parties to work 139 140 cooperatively in the public's best interests after this Ordinance becomes effective. By granting this Franchise, the City is not assuming any risks 141 or liabilities therefrom, which shall be solely and separately borne by 142 Company. 143

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Furthermore, this Franchise is granted upon the express 145 condition that it shall not in any manner prevent the City from granting 146 147 other or further franchises in, under, on, across, over, through, along or below any Rights-of-Ways, Public Ways, and Other Ways. This and 148 149 other franchises shall, in no way, prevent or prohibit the City from using any of its Rights-of-Ways, Public Ways, and Other Ways or affect its 150 jurisdiction over them or any part of them, and the City hereby retains 151 full power to make all changes, relocations, repairs, maintenance, 152 establishments, improvements, dedications or vacations of same as the 153 City may seem fit, including the dedication, establishment, maintenance 154 and improvement of all new Rights-of-Way, streets, avenues, 155 thoroughfares, and Public Ways, or Other Ways. 156

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### Section 3. Rights Conveyed.

Pursuant to the laws of the State of Washington 3.1 159 including, but not limited to, RCW 35A.47.040 and RCW 80.32.010, the 160 City hereby grants, under the terms and conditions contained herein, to 161 Company, a corporation organized and existing under and by virtue of 162 the laws of the State of Delaware, and which is authorized to transact 163 164 business within the State of Washington, and its successors and assigns (subject to and as provided for in Section 5), the right, privilege, 165 authority and Franchise to Construct, Operate, Maintain and Improve its 166 Facilities, together with all equipment and appurtenances as may be 167 necessary thereto, for the transportation and handling of any Petroleum 168 or Petroleum Products, within the existing Pipeline Corridor passing 169 through the Franchise Area, such lands being more particularly 170 171 described in Attachment 1 which is attached hereto and expressly incorporated herein by this reference. 172

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174 3.2 This Franchise is only intended to convey a limited right 175 and interest as to that Right-of-Way in which the City has an actual 176 interest. It is not a warranty of title or interest in the City's Right-of Way. None of the rights granted herein shall affect the City's jurisdiction overits property, streets, or Rights-of-Way.

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3.3 The limited rights and privileges granted under this
Franchise shall not convey any right to Company to install any new
pipeline(s) and/ or Facilities without the express written consent of the
City.

- 3.4 The Company acknowledges and warrants by acceptance 185 186 of the rights and privileges granted herein, that it has carefully read and fully comprehends the terms and conditions of this Franchise and is 187 188 willing to and does accept all reasonable risks of the meaning of the provisions, terms and conditions herein. The Company further 189 190 acknowledges and states that it has fully studied and considered the requirements and provisions of this Franchise, and believes that the 191 same are consistent with all local, state and federal laws and regulations 192 currently in effect, including the Federal Pipeline Safety Act (49 U.S.C. 193 60101 et seq.) and the Pipeline Safety Code of Federal Regulations (Title 194 49 CFR Part 186-199). If in the future the Company becomes aware 195 that a provision of this franchise may be unlawful or invalid, it will not 196 197 use such potential invalidity to unilaterally ignore or avoid such provision. Instead, the Company will promptly advise the City of the 198 199 potential invalidity or illegality, and the parties will meet within thirty (30) days and endeavor jointly to cure the invalidity or illegality. 200
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### Section 4. Term.

4.1 Each of the provisions of this Franchise shall become 203 effective upon Company's acceptance of the terms and conditions of this 204 Franchise and shall remain in effect for ten (10) years thereafter. At 205 any time not more than three (3) years nor less than one-hundred-206 eighty (180) days before the expiration of the Franchise term, the 207 Company may make a written request and the City may consider, at its 208 sole discretion, renewing this Franchise for an additional ten (10) year 209 renewal period unless either party expresses its intention in writing to 210 terminate this Franchise at the conclusion of the ten (10) year term. 211

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4.2 The effective date of this Franchise shall be June 1, 2021.

4.3 If the parties fail to formally renew or terminate the
Franchise prior to the expiration of its term or any extension thereof,
the Franchise shall be extended on a year-to-year basis (or such term
as the parties may mutually agree) until a renewed Franchise is
executed.

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### Section 5. Assignment and Transfer of Franchise.

5.1 This Franchise shall not be sold, assigned, transferred,
leased or disposed of, either in whole or in part, nor shall title thereto,
either legal or equitable, pass to or vest in any person or entity without

the prior written consent of the City' s Council, acting by ordinance or
resolution, which consent shall not be unreasonably withheld. Such
consent shall not be deemed to waive any rights of the City to
subsequently enforce non-compliance issues relating to this Franchise
that existed at or before the time of the City's consent.

5.2 If such consent is given by the City then the Company shall, within thirty (30) days, file with the City a written instrument evidencing such sale, assignment or transfer of ownership, whereby the assignee(s) or transferee(s) shall agree to accept and be bound by all of the provisions of this Franchise.

Compliance with Laws and Standards. 237 Section 6. Company shall, in carrying out any authorized activities under the 238 privileges granted herein, comply with all valid and applicable local, 239 state and federal laws, including, but not limited to, Title 49 Code of 240 Federal Regulations, Part 195 Transportation of Hazardous Liquids, 241 environmental laws, and any laws or regulations that may be 242 243 subsequently enacted by any governmental entity with jurisdiction over Company and/or the Facilities. 244

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### Section 7. Construction on or within Rights-of Way, Public Properties, Public Ways, and Other Ways.

2487.1This Section 7 shall apply to all Construction and/or249Maintenance done by Company in the Franchise Area.

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7.2 Except in the event of an emergency, Company shall first 251 obtain all required permits from the City to perform maintenance or 252 construction work on Company's Facilities within the Franchise Area. 253 The permit application shall contain detailed plans and specifications 254 showing the position, depth and location of all such Facilities in relation 255 to existing City Rights-of-Ways, Public Ways, and Other Ways, or other 256 City property, hereinafter collectively referred to as the "Plans." The 257 Plans shall specify the class and type of material and equipment to be 258 used, manner of excavation, construction, installation, backfill, erection 259 260 of temporary structures and facilities, erection of permanent structures and facilities, traffic control, traffic turnouts and road obstructions, and 261 all other necessary information. The Company shall file as-built plans 262 and, when available, maps in GIS format with the City showing the final 263 location of the facilities. Such work shall only commence upon the 264 issuance of required permits, and payment of the associated fees, which 265 permits shall not be unreasonably withheld or delayed after submission 266 267 of a complete application. Except in the event of an emergency, the Company shall provide the City with at least seventy two (72) hours 268 269 written notice prior to any construction or maintenance on the Company Facilities within the Franchise Area. 270

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7.3 In the event of an emergency requiring immediate action 272 273 by Company for the protection of the pipeline(s) or Facilities, the City's property or the property, life, health or safety of any individual, the 274 Company may take action immediately to correct the dangerous 275 condition without first obtaining any required permit so long as: (1) the 276 Company notifies the City Fire Department through the dispatch system 277 278 of the emergency; and (2) the Company informs the City permitting authority of the nature, location, and extent of the emergency, and the 279 work to be performed, prior to commencing the work if such notification 280 281 is practical, or where such prior notification is not practical, the Company shall notify the City permitting authority on the next business day; and 282 283 (3) such permit is obtained by the Company as soon as practicable following cessation of the emergency. 284

285 Before undertaking any of the work, installation, 286 7.4 improvements, construction, repair, relocation, or maintenance 287 authorized by this Franchise, as a condition precedent to the issuance 288 of any permits by the City, the Company shall, upon the request of the 289 City, furnish a bond executed by the Company and a corporate surety 290 authorized to operate a surety business in the State of Washington, in 291 292 such sum as may be set and approved by the City as sufficient to ensure performance of the Company's obligations under this Franchise. The 293 294 bond shall be conditioned so that the Company shall observe all the covenants, terms and conditions and shall faithfully perform all of the 295 296 obligations of this Franchise, and to repair or replace any defective work or materials discovered in the City's road, streets, or property 297

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7.5 All work done hereunder by Company or upon Company's 299 direction or on Company's behalf, including any work performed by 300 contractors or subcontractors, shall be undertaken and completed in a 301 workmanlike manner and in accordance with the descriptions, plans and 302 specifications provided to the City. The Company's activities (including 303 work done at the direction of the Company, or by its contractors or 304 subcontractors) shall be conducted in such a manner as to avoid 305 damage or interference with other utilities, drains or other structures, 306 307 and not unreasonably interfere with public travel, park uses or other municipal uses, and the free use of adjoining property and so as to 308 provide safety for persons and property. The Company's Construction 309 and/ or Maintenance shall be in compliance with all valid and applicable 310 laws and regulations and specifications of governmental agencies with 311 jurisdiction. 312

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7.6 In case of damage caused by the Company, its agents or
employees or by the Facilities of the Company to Rights-of-Way, Public
Ways, or Other Ways, the Company agrees to repair the damage at its
own cost and expense. The Company shall, upon discovery of any such
damage, immediately notify the City. The City will inspect the damage,
and set a time limit for completion of the repair. If the City discovers

damage caused by the Company to Rights-of-Way, Public Ways, or
Other Ways, the City shall give the Company notice of the damage and
set a time limit in which the Company must repair the damage. In the
event the Company does not make the repair as required in this section,
the City may repair the damage at the company's expense.

326 7.7 The Company shall place and maintain line markers 327 pursuant to federal regulations within and along the Pipeline Corridor. Additionally, Company agrees to continue its voluntary practice of 328 329 placing continuous markers underground, when and where appropriate, indicating the pipeline's location each time Company digs to the pipeline, 330 331 or such other 'industry best practices' as may from time to time be developed as a method of alerting excavators of the presence of the 332 333 pipeline.

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7.8 The Company shall continuously be a member of the
State of Washington one number locator service under (RCW 19.122),
or approved equivalent, and shall comply with all such applicable rules
and regulations

7.9 The Company's Facilities shall be located and maintained
within the Franchise Area so as not to interfere with the free passage of
pedestrian and/or vehicle traffic therein, or with the reasonable ingress
or egress to the properties abutting the Franchise Area as they exist at
the time of installation of the Facilities.

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7.10. The Company shall, after installation, construction, 346 relocation, maintenance, removal or repair of any of Company Facilities 347 with the Franchise Area, restore the surface of the Franchise Area and 348 any other City property within the Franchise Area which may be 349 disturbed or damaged by such work, to at least the same condition as 350 it was immediately prior to any such work. The City shall have final 351 approval of the condition of the Franchise Area after restoration 352 pursuant to the provisions of applicable City codes, ordinances, 353 regulations, standards and procedures, as now exist or as may be 354 355 hereafter amended or superseded, provided that such provisions are not in conflict or inconsistent with the express terms and conditions of this 356 Franchise. 357

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7.11. The City will require the Company to post an appropriate bond, as determined by the City, to ensure satisfactory restoration of the Franchise Area following the completion of the Company's work therein. In lieu of separate bonds for routine individual projects involving work in the Franchise Area, the Company may satisfy the City's bond requirement of this Section by posting an approved indemnity bond with the City pursuant to KMC 19.12.095. 7.12. All survey monuments which are disturbed or displaced
by the Company in its performance of any work under this Franchise
shall be referenced and restored by the Company, as per WAC 332-120,
as from time to time amended, and all pertinent federal, state and local
standards and specifications.

7.13 The Company and the City shall each exercise all best 371 reasonable efforts to coordinate any construction work that either may 372 undertake within the Franchise Areas so as to promote the orderly and 373 expeditious performance and completion of such work as a whole. Such 374 efforts shall include, at a minimum, reasonable and diligent efforts to 375 keep the other party and other utilities within the Franchise Areas 376 informed of its intent to undertake such construction work. 377 The 378 Company and the City shall further exercise best reasonable efforts to minimize any delay or hindrance to any construction work undertaken 379 by themselves or utilities with the Franchise Area. 380

Section 8. Abandonment or Removal of Facilities.

8.1 The Company shall notify the City of any abandoned
Facilities or cessation of use of any of its Facilities within sixty (60) days
after such abandonment or cessation of use.

- In the event of abandonment or Company's permanent 8.2 387 cessation of use of its Facilities, or any portion thereof within the 388 Franchised Area, the Company shall, within one hundred and eighty 389 days (180) after the abandonment or permanent cessation of use, 390 remove the Facilities at the Company's sole cost and expense. However, 391 with the express written consent of the City, which shall not be 392 unreasonably withheld, the Company may, at Company's sole cost and 393 394 expense, secure the Facilities in such a manner as to cause it to be as safe as is reasonably possible, by removing all Petroleum Products, 395 purging vapors, displacing the contents of the line with an appropriate 396 397 inert material and sealing the pipe ends with a suitable end closure, all in compliance with valid and applicable regulations, and abandon them 398 in place provided that portions of the Facilities which are above ground 399 shall be removed at Company's sole cost and expense. 400
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402 8.3 In the event of the removal of all or a portion of the Facilities, Company shall restore the Franchise Area as nearly as possible 403 to a condition that existed prior to installation of Company's Facilities. 404 Such property restoration work shall be done at Company's sole cost 405 and expense and to the City's reasonable satisfaction. If Company fails 406 407 to remove or secure the Facilities and fails to restore the premises or take such other mutually agreed upon action, the City may, after 408 reasonable notice to Company, remove the Facilities, restore the 409 premises or take such other action as is reasonably necessary at 410 Company's expense and the City shall not be liable therefor. This 411 remedy shall not be deemed to be exclusive and shall not prevent the 412

413 City from seeking a judicial order directing that the Facilities be 414 removed.

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The City shall not charge the Company franchise fees for 416 8.4 pipelines or pipeline segments abandoned or removed in compliance 417 with this Section. However, the City's consent to the abandonment of 418 419 Facilities in place shall not relieve the Company of the obligation and/or 420 costs to remove, alter or re-secure such Facilities in the future in the event it is reasonably determined, as adjudged in the sole discretion of 421 422 the City, that removal, alteration or re-securing the facilities is necessary or advisable for the health, safety, necessity and/or convenience of the 423 424 public, in which case the Company shall perform such work at no cost to the City. 425

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427 8.5 The parties expressly agree that the provisions of this
428 Section 8 shall survive the expiration, revocation or termination of this
429 Franchise.
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# 431 Section 9. Operations and Maintenance - Inspection 432 and Testing.

9.1 The Company shall Operate and Maintain its Facilities in
full compliance with the applicable provisions of Title 49, Code of Federal
Regulations, Part 195, and WAC 480-75-420, as now enacted or
hereafter amended, all environmental laws, and any other current or
future laws or regulations that are applicable to Company's Facilities,
enacted by any governmental entity with jurisdiction over Company or
Company's Facilities.

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9.2 The City shall use reasonable efforts to inform all 441 excavators subject to a City grading and/or right-of-way permit working 442 within 100 feet of the Company's Facilities of their responsibility to notify 443 the Company at least 48 hours prior to the start of any work and to 444 ensure compliance with the requirements of the State of Washington 445 one number locator service law (RCW 19.122). If the Company becomes 446 aware that a third party conducts any excavation or other significant 447 448 work that may affect the Facilities, the Company shall conduct such inspections and/or testing as is necessary to determine that no direct or 449 indirect damage was done to the Facilities and that the work did not 450 abnormally load the Company's Facilities or impair the effectiveness of 451 the Company's cathodic protection system. Upon written request, the 452 453 Company shall report to the City its inspection and findings in person. 454

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9.3 At City's request, the Company shall provide, at its sole
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456 cost and expense, a briefing by qualified testing experts to explain the
457 inspection results and Franchisee's proposed corrective action(s) in
458 reference to 9.2. Said qualified testing expert may be an employee or
459 representative of the Company.

## Section 10. Encroachment Management.

10.1 The Company shall maintain a written program to 461 prevent damage to its Facilities from excavation activities, as required 462 by applicable state and federal guidelines. 463

The Company and the City shall comply with applicable 465 10.2 and valid federal, state and local requirements regarding encroachment 466 467 management, including RCW 19.122 (one-call system).

468 469 10.3 The Company shall regularly inspect the surface conditions on or adjacent to the Pipeline Corridor, as required by 470 471 applicable state and federal regulations.

## Section 11. Leaks, Spills and Emergency Response.

11.1 The Company warrants that it will maintain an 474 Emergency Response Plan that is in compliance with the applicable 475 requirements of local, state and federal agencies with jurisdiction. 476 (Emergency Response Plan available on Information Sharing Website). 477 Upon written request by either party, the parties agree to meet 478 periodically to review the Emergency Response Plan and procedure. 479 480

The Company's emergency plans and procedures shall designate the 481 482 Company's responsible local emergency officials and a direct 24 hour emergency contact number for control center operator. The Company 483 shall, after being notified of an emergency, cooperate with the City and 484 make every effort to respond as soon as possible to protect the public's 485 health, safety and welfare. 486

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The Company shall cooperate with the City and respond 488 11.2 to protect public health and safety in the event of a pipeline emergency. 489 The Company warrants that it will at all times have available, on the 490 county level, sufficient emergency response equipment and materials to 491 immediately and fully respond to any spill, leak, rupture or other release 492 of Petroleum Products or Hazardous Substances from Company's 493 pipeline(s) and/or Facilities and that Company shall be solely responsible 494 495 for all reasonably necessary costs incurred by any agency in responding appropriately to any spill, leak, rupture or other release of Petroleum 496 Products or Hazardous Substances from Company's pipeline(s) and/or 497 Facilities, including, but not limited to, detection and removal of any 498 contaminants from, earth or water, all remediation costs, equipment 499 replacement, and staffing costs, except for any spill, leak, or other 500 release that results from the sole negligence or willful misconduct of the 501 502 city or its contractors. Any such costs shall be considered extraordinary costs that shall not be borne by the City and shall not be considered 503 504 administrative expenses of the City. Nothing in this Section shall be construed as limiting the Company's right to seek recovery from third 505 506 parties.

11.3 Leaks, spills, ruptures and other emergencies shall be
investigated and reported as required by applicable state and local
regulations and the City shall be notified according to Section 7.3 of this
franchise.

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### Section 12. Required Relocation of Facilities

12.1 In the event that the City undertakes or approves the construction of, or changes to the grade or location of, any water, sewer or storm drainage line, street, sidewalk, or any other Improvement Project and the City determines that the Improvement Project reasonably requires changes to or the relocation of Company's Facilities, then Company shall make such changes or relocations as required herein at Company's sole cost, expense and risk.

520 The City shall provide the Company reasonable written 521 12.2 notice of any Improvement Project in the interest of public health, 522 safety, welfare, necessity and/or convenience that requires changes to 523 or the relocation of Company's Facilities. The City will endeavor, where 524 practical, to provide the Company at least 360 days prior written notice, 525 or such additional time as may reasonably be required, of such 526 527 Improvement Project. However, nothing in this Section shall be construed as to relieve Company of its duty and obligation to relocate 528 529 its Facilities to accommodate any Improvement Project undertaken by 530 the City after written notice of any Improvement Project.

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12.3 The City shall further provide the Company with copies
of pertinent portions of the final plans and specifications for such
Improvement Project so that the Company may make the required
changes to or relocate its facilities to accommodate such Improvement
Project.

The Company may, after receipt of written notice 538 12.4 requiring changes to or relocation of its Facilities under Section 12.2, 539 submit to the City, within ninety 90 days, written alternatives to such 540 relocation. The City shall evaluate such alternatives and advise the 541 542 Company in writing if one or more of the alternatives are suitable to accommodate the Improvement Project that would otherwise 543 necessitate changes to or relocation of the Facilities. If so requested by 544 the City, the Company shall submit additional information to assist the 545 City in making such evaluation including actual field verification of the 546 location(s) of the Company's underground Facilities within the 547 Improvement Project area by excavating (e.g., pot holing), at no 548 549 expense to the City. The City shall give each alternative proposed by the Company full and fair consideration but retains sole discretion to 550 551 decide whether to utilize its original plan or an alternative proposed by the Company. 552

12.5 If any portion of the Company's Facilities that has been required by the City to be relocated under the provisions of this section is subsequently required to be relocated again within five (5) years of the original relocation, the City will bear the entire cost of the subsequent relocation.

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The Company shall not be required to relocate its 559 12.6 Facilities at its expense for the benefit of private developers or third 560 party projects. However in the event the City reasonably determines 561 562 and notifies the Company that the primary purpose for requiring such changes to or relocation of the Company's facilities by a third party is to 563 cause or facilitate the construction of an Improvement Project 564 consistent with the City Capital Investment Plan; Transportation 565 Improvement Program; or the Transportation Facilities Program, or 566 other similar plan, then the Company shall change or otherwise relocate 567 its Facilities in accordance with Section 12.1 at Company's sole cost, 568 expense and risk. 569

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571 12.7 The City shall work cooperatively with the Company in determining a viable and practical route within which the Company may 572 573 relocate its facilities under Section 12.1, in order to minimize costs while meeting the City's project timelines and objectives. 574 The City's 575 requirements with regard to the required changes or relocation (i.e. depth of cover, distance from other utilities, etc.) must not be 576 577 unreasonable and must be consistent with applicable federal and state requirements however, nothing in this section shall be construed as to 578 limit the City's police power, land use authority, franchise authority or 579 the City's authority to regulate the time, place and manner of Company's 580 use of the Public Rights-of-Way, Public Ways and Other Ways. 581

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12.8 Upon receipt of the City's reasonable notice, plans and
specifications per Section 12.1, the Company shall take all necessary
and prudent measures to complete relocation of such facilities so as to
accommodate the Improvement Project at least ten (10) calendar days
prior to commencement of the Improvement Project or such other time
as the parties may agree in writing.

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The City shall take reasonable steps to cooperate with 590 12.9 the Company on any effort by the Company to apply for and obtain any 591 local, state or federal funds that may be available for the relocation of 592 the Company's Facilities provided however that the Company's 593 application for any such funds shall not delay the City Improvement 594 595 Project. To the extent such funds are made available, the Company may apply funds towards the costs incurred to relocate the Company's 596 597 Facilities.

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## Section 13. Violations, Remedies and Termination.

13.1 The Company shall be in compliance with the terms of
this Franchise at all times. The City reserves the right to apply any of
the following remedies, alone or in combination, in the event Company
violates any material provision of this Franchise. The remedies provided
for in this Franchise are cumulative and not exclusive; the exercise of
one remedy shall not prevent the exercise of another, or any rights of
the City at law or equity.

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13.2 The City may terminate this Franchise if the Company
materially breaches or otherwise fails to perform, comply with or
otherwise observe any of the terms of this Franchise, and fails to cure
or make reasonable effort to cure such breach within thirty (30) calendar
days of receipt of written notice thereof, or, if not reasonably curable
within thirty (30) calendar days, within such other reasonable period of
time as the parties may agree upon.

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13.3 Either party may invoke the Dispute Resolution clause
617 contained in Section 14 of this Franchise as it deems necessary with
618 regard to termination.

13.4 If the Company's right to operate its Facilities within the
Franchise Area is ultimately terminated, the Company shall comply with
the terms of this Franchise, regarding removal and/or abandonment and
restoration of the Facilities and with all directives of applicable federal
and state agencies with jurisdiction.

## Section 14. Dispute Resolution

In the event of a dispute between the City and the 14.1 627 Company arising by reason of this Franchise, or any obligation 628 hereunder, the dispute shall first be referred to the representatives 629 designated by the City and the Company to have oversight over the 630 administration of this Franchise. Said officers or representatives shall 631 meet within thirty (30) calendar days of either party's request for said 632 meeting, and the parties shall make a good faith effort to attempt to 633 achieve a resolution of the dispute. 634

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In the event that the parties are unable to resolve the 636 14.2 dispute under the procedure set forth in Section 14.1, then the parties 637 hereby agree that the matter shall be referred to mediation. The parties 638 shall endeavor to select a mediator acceptable to both sides. If the 639 parties cannot reach agreement, then each party shall secure the 640 services of a mediator, who will in turn work together to mutually agree 641 upon a third mediator to assist the parties in resolving their differences. 642 Any expenses incidental to mediation shall be borne equally by the 643 644 parties.

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14.3 If either party is dissatisfied with the outcome of themediation, that party may then pursue any available judicial remedies,

provided, that if the party seeking judicial redress does not substantially
prevail in the judicial action, it shall pay the other party's reasonable
legal fees and costs incurred in the judicial action.

14.4 Subject to state and federal regulation, the Company
shall be permitted to continuously operate its Facilities during dispute
resolution.

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## Section 15. Indemnification

General Indemnification. Except for environmental 657 15.1 matters, which are covered by a separate indemnification in Section 658 659 15.2 below, the Company shall indemnify, defend and hold harmless the City, it agents, officers or employees, from any and all liability, loss, 660 damage, cost, expense, and any claim whatsoever, including reasonable 661 attorneys' and experts' fees incurred by the City in defense thereof, 662 whether at law or in equity, arising out of or related to, directly or 663 indirectly, the construction, operation, use, location, testing, repair, 664 maintenance, removal, abandonment or damage to the Company's 665 666 Facilities, or from the existence of the Company's pipeline and other appurtenant facilities, and of the products contained in, transferred 667 668 through, released or escaped from said pipeline and appurtenant facilities, from any and all causes whatsoever, except the City's sole 669 670 negligence and except for a violation by the City of its obligations, if any, under RCW 19.122 (One-Call regulations). If any action or 671 proceeding is brought against the City by reason of the pipeline or its 672 appurtenant facilities, the Company shall defend the City at the 673 Company's complete expense, provided that, for uninsured actions or 674 proceedings, defense attorneys shall be approved by the City, which 675 approval shall not be unreasonably withheld. 676

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Environmental Indemnification. The Company shall 678 15.2 indemnify, defend and hold harmless the City, it agents, officers or 679 employees, from and against any and all liability, loss, damage, 680 expense, actions and claims (except to the extent such liability, loss, 681 damage, expense, actions and claims result from the City's 682 683 noncompliance with RCW 19.122) either at law or in equity, including, but not limited to, costs and reasonable attorneys' and experts' fees 684 incurred by the City in defense thereof, arising from (a) Company's 685 violation of any environmental laws applicable to the Facilities or (b) 686 from any release of a hazardous substance on or from the Facilities. This 687 indemnity includes but is not limited to (a) liability for a governmental 688 agency's costs of removal or remedial action for hazardous substances; 689 690 (b) damages to natural resources caused by hazardous substances, including the reasonable costs of assessing such damages; (c) liability 691 692 for any other person's costs of responding to hazardous substances; (d) liability for any costs of investigation, abatement, correction, 693 694 cleanup, fines, penalties, or other damages arising under any 695 environmental laws; and (e) liability for personal injury, property

damage, or economic loss arising under any statutory or common-lawtheory.

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15.3 The Company agrees that its obligations under this
Section 15 extend to any claim, demand, and/or cause of action brought
by, or on behalf of, any of its employees or agents. For this purpose,
the Company, by mutual negotiation, hereby waives, as respects the
City only, any immunity that would otherwise be available against such
claims under the Industrial Insurance provisions of RCW Title 51.

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## Section 16. Insurance.

707 16.1 The Franchisee shall procure and maintain for the duration of the Franchise, insurance, or provide self-insurance, against 708 all claims for injuries to persons or damages to property which may arise 709 from or in connection with the exercise of the rights, privileges and 710 authority granted hereunder to the Franchisee, its agents, 711 The Franchisee shall provide an representatives or employees. 712 insurance certificate, together with an endorsement naming the City, its 713 714 officers, elected officials, agents, employees, representatives, consultants and volunteers as additional insured, to the City upon the 715 716 Franchisee's acceptance of this Franchise, and such insurance certificate shall evidence the following minimum coverages: 717

> A. Commercial general liability insurance including coverage for premises - operations, explosions and collapse hazard, underground hazard and products completed hazard, with limits not less than:

> > \$100,000,000 per occurrence and in the aggregate for bodily injury or death to each person; and in the aggregate for property damage resulting from any one accident; and in the aggregate for general liabilit**y**;

B. Automobile liability for owned, non-owned and hired vehicles with a limit of \$1,000,000 for each person and \$1,000,000 for each accident;

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

D. Pollution Legal Liability, to be in effect throughout the ten (10) year term of this Franchise, with a limit not less than \$50,000,000 per occurrence and in the aggregate to the extent such coverage is reasonably available in the marketplace.

16.2 If coverage is purchased on a "claims made"
basis, then the Company warrants continuation of coverage,
either through policy renewals or the purchase of an extended

discovery period, if such extended coverage is available, for not
less than three (3) years from the date of termination of this
Franchise and/or conversion from a "claims made" form to an
"occurrence" coverage form.

16.3 Any deductibles shall be the sole responsibility of the
Company. The insurance certificate required by this Section shall
contain a clause stating that coverage shall apply separately to each
insured against whom claim is made or suit is brought, except with
respect to the aggregate limits of the insurer's liability.

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

16.5 In addition to the coverage requirements set forth
 in this Section, the certificate of insurance shall provide that:

"The above described policies will not be canceled before the expiration date thereof, without the issuing company giving thirty (30) days written notice to the certificate holder."

In the event of cancellation or a decision not to renew, the
 Company shall obtain and furnish to the City evidence of self insurance or replacement insurance policies meeting the
 requirements of this Section before the cancellation date.

77516.6 The Company shall furnish the City with776certificates of insurance evidencing the coverage required by777this Section upon acceptance of this Franchise. The certificates778and endorsements shall be signed by a person authorized by779the insurer to bind coverage on its behalf and must be received780and approved by the City prior to the commencement of any781work.

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78316.7 The indemnity and insurance provisions herein784under Sections 15 and 16 shall survive the termination of this785Franchise and shall continue for as long as the Company's786Facilities shall remain in or on the Franchise Area or until the787parties execute a new Franchise agreement that modifies or788terminates these indemnity or insurance provisions.

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Section 17. Annual Franchise Fee.

17.1 In consideration for granting this Franchise and for the
use of the Franchise Area, there is hereby established an annual fee of
Six Thousand Dollars (\$6,000).

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17.2 The annual fee shall increase each year throughout the term of this Franchise and any renewal terms by three percent (3%).

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17.3 Each annual payment shall cover the next twelve (12) month period and shall be paid not later than the anniversary date of the Effective Date of this Franchise. Interest shall accrue on any late payment at the rate of twelve percent (12%) per annum. Such interest shall be in addition to any applicable penalties for late payment. Any partial payment shall first be applied to any penalties, then interest, then to principal.

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The Franchise fee set forth in Section 17.1 does not 17.4 806 include, and the Company agrees that it is responsible for, payments 807 associated with the City's administrative expenses including but not 808 809 limited to the City's expenses incurred in reviewing, inspecting, licensing, permitting or granting any other approvals necessary for the 810 811 Company to operate and maintain its Facilities or for any inspection or enforcement costs thereunder (i.e., customary permitting fees). 812 Additionally, the foregoing annual fee does not include any generally 813 applicable taxes that the City may legally levy. The Company shall bear 814 815 the cost of publication of this Ordinance.

## Section 18. Legal Relations.

The Company accepts any privileges granted hereunder 18.1 818 by the City to the Franchise Area in an "as is" condition. The Company 819 agrees that the City has never made any representations, implied or 820 express warranties or guarantees as to the suitability, security or safety 821 of the location of the Company's Facilities or the Facilities themselves or 822 possible hazards or dangers arising from other uses or users of the 823 Rights-of Way, Public Ways and Other Ways including by the City, the 824 general public or other utilities. As between the City and the Company, 825 826 the Company shall remain solely and separately liable for the function, testing, maintenance, replacement and/or repair of the Facilities or 827 other activities permitted hereunder. 828

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18.2 The Company hereby waives its Workers Compensation
immunity under Title 51 RCW in any cases involving the City and affirms
that the City and the Company have specifically negotiated this
provision, to the extent it may apply.

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18.3 This Franchise Ordinance shall not create any duty of the
City or any of its officials, employees or agents and no liability shall arise
from any action or failure to act by the City or any of its officials,
employees or agents in the exercise of powers reserved herein. Further,

this Ordinance is not intended to acknowledge, create, imply or expand 839 840 any duty or liability of the City with respect to any function in the exercise of its police power or for any other purpose. Any duty that may 841 be deemed to be created in the City hereunder shall be deemed a duty 842 to the general public and not to any specific party, group or entity. 843

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This Franchise shall be governed by, and construed in 18.4 846 accordance with, the laws of the State of Washington.

847 848 Section 19. Company's Acceptance. The City may void this Franchise Ordinance if the Company fails to file its unconditional 849 850 acceptance of this Franchise within thirty (30) calendar days from the final passage of same by the City Council. The Company shall file its 851 unconditional written acceptance with the City Clerk of the City of 852 Kirkland. 853

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## Section 20. Notice.

All notices, demands, requests, consents and approvals 856 20.1 857 which may, or are required to be given by any party to any other party hereunder, shall be in writing and shall be deemed to have been duly 858 859 given if delivered personally, sent by facsimile, sent by a nationally recognized overnight delivery service, or if mailed or deposited in the 860 United States mail and sent by registered or certified mail, return receipt 861 requested, postage prepaid to: 862

- 863
- 864 City:
- City of Kirkland 865
- 123 Fifth Avenue 866
- Kirkland, WA 98033 867
- Attn: Franchise Manager 868
- 869 870
- With a copy to: 871
- City of Kirkland 872
- 123 Fifth Avenue 873
- 874 Kirkland, WA 98033
- Attn: Public Works Director; and 875
- 876 City Attorney
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- 878
- 879 Company:
- Olympic Pipe Line Company LLC 880
- Attn: President & Right of Way Dept. 881
- 2319 Lind Avenue S.W. 882
- 883 Renton, Washington 98057

for

with copy to: 884 885 Doug Berry Miller Nash Graham & Dunn LLP 886 Pier 70, 2801 Alaskan Way, Suite 300 887 888 Seattle, WA 98121 889 890 891 or to such other address as the foregoing parties hereto may from timeto-time designate in writing and deliver in a like manner. All notices shall 892 893 be deemed complete upon actual receipt or refusal to accept delivery. Facsimile transmission of any signed original document and 894 895 retransmission of any signed facsimile transmission shall be the same as delivery of an original document. 896 897 To ensure effective cooperation, the Company and the 898 20.2 Citv shall each designate a representative responsible 899 communications between the Parties. 900 901 902 903 904 Section 21. Miscellaneous. 21.1 In the event that a court or agency of competent 905 906 jurisdiction declares a material provision of this Franchise to be invalid, illegal or unenforceable, the parties shall negotiate in good faith and 907 agree, to the maximum extent practicable in light of such determination, 908 to such amendments or modifications as are appropriate actions so as 909 to give effect to the intentions of the parties as reflected herein. If 910 severance from this Franchise of the particular provision(s) determined 911 to be invalid, illegal or unenforceable will fundamentally impair the value 912 of this Franchise, either party may apply to a court of competent 913 jurisdiction to reform or reconstitute the Franchise so as to recapture 914 the original intent of said particular provision(s). All other provisions of 915 the Franchise shall remain in effect at all times during which 916 917 negotiations or a judicial action remains pending. 918 919 21.2 Whenever this Franchise sets forth a time for any act to be performed, such time shall be deemed to be of the essence, and any 920 failure to perform within the allotted time may be considered a material 921 violation of this Franchise. 922 923 924 21.3 In the event that the Company is prevented or delayed in the performance of any of its obligations under this Franchise by 925 reason(s) beyond the reasonable control of the Company, then the 926 Company's performance shall be excused during the Force Majeure 927 928 occurrence. Upon removal or termination of the Force Majeure occurrence the Company shall promptly perform the affected obligations 929

- 930 in an orderly and expedited manner under this Franchise or procure a 931 substitute for such obligation or performance that is satisfactory to the
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Gity. The Company shall not be excused by mere economic hardship
nor by misfeasance or malfeasance of its directors, officers or
employees.

21.4 The Section headings in this Franchise are for
convenience only, and do not purport to and shall not be deemed to
define, limit, or extend the scope or intent of the Section to which they
pertain.

21.5 By entering into this Franchise, the parties expressly do
not intend to create any obligation or liability, or promise any
performance to, any third party, nor have the parties created for any
third party any right to enforce this Franchise.

21.6 This Franchise and all of the terms and provisions shall
be binding upon and inure to the benefit of the respective successors
and assignees of the
parties.

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21.7 The parties each represent and warrant that they have full authority to enter into and to perform this Franchise, that they are not in default or violation of any permit, license, or similar requirement necessary to carry out the terms hereof, and that no further approval, permit, license, certification, or action by a governmental authority is required to execute and perform this Franchise, except such as may be routinely required and obtained in the ordinary course of business.

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964 965 966 967 968	meeting this day of, 2021.

Penny Sweet, Mayor

Attest:

Kathi Anderson, City Clerk

Approved as to Form:

Kevin Raymond, City Attorney

UNCONDITIONAL ACCEPTANCE BY OLYMPIC PIPE LINE COMPANY LLC: I, the undersigned official of Olympic Pipe Line Company LLC, am authorized to bind Olympic Pipe Line Company LLC and to unconditionally accept the terms and conditions of the foregoing Franchise (Ordinance No), which are hereby accepted by Olympic Pipe Line Company LLC this day of2021.			
	OLYMPIC PIPE LINE COMPANY LLC		
	By:		
	Name:		
	Title:		
Subscribed and sworn , 202	to before me this day of 1.		
	Print Name: Notary Public in and for the State of Washington, residing at My commission expires		
Received on behalf of the 2021.	City this day of,		
	Name:		
	Title:		

