



AGENDA

1. Call to Order – Flag Salute – Roll Call
2. Late Changes to Agenda
3. General Public Comment
4. Consent Agenda
 - a. Payment of Claims
 - b. Meeting Minutes
 - c. Agreement with Musco Lighting for Tennis Courts
 - d. Interlocal Agreement with City of Lynnwood for Sewer Overflow
5. Presentation on Legislative Update by Gordon Thomas Honeywell
6. Review and Public Hearing on Ordinance Adopting Forged Fiber 37 Franchise Agreement
7. City Manager’s Report
8. Council Liaison Reports
9. New Business
10. Adjournment

To listen to the meeting via telephone, call 1-253-215-8782. To watch the meeting online: 1) Go to <https://zoom.us/join>; 2) Enter meeting ID 810 1113 9518 and click “join.” No passcode needed.

To provide public comment or testimony remotely (via Zoom or telephone), please refer to the Public Comment and Public Hearing Testimony Protocol on the city website <https://www.cityofmlt.com/129/Agendas-and-Minutes>.

To submit written public comment or hearing testimony, mail to/drop off at City Hall (23204 58th Avenue W., Mountlake Terrace, WA 98043) or email remarks to Jennifer Joki, jjoki@mltwa.gov, no later than 4 p.m. on the public hearing date.

No person shall make personal attacks or threatening remarks while addressing the Council which disrupts,

disturbs, or otherwise impedes the orderly conduct of the meeting. All hate speech will be construed as threatening remarks.



STAFF REPORT

To: Mountlake Terrace City Council
From: Jeff Betz, Parks and Recreation Director
Meeting Date: April 2, 2026
Subject: Agreement with Musco Lighting for Tennis Courts

Required Reviews:

Jennifer Joki	Created/Initiated - 03/25/2026
Jeff Betz	Approved - 03/25/2026
Sirke Salminen	Approved - 03/27/2026
Hillary Evans	Approved - 03/27/2026
Jeff Niten	New -

Council Goal(s):

- Responsible Governance to Ensure Desired Level of Service
- Growing our Vibrant Community
- Environmental Sustainability and Resiliency

Legislative History:

May 18, 2020 Council reviewed and approved a resolution to apply for Youth Athletic Facilities grant funds for the tennis courts.

August 16, 2021 Council approved an agreement to receive the Youth Athletic Facilities grant funds for the tennis courts.

February 13, 2024, the City held a hybrid public meeting to share plans for upcoming improvements to Evergreen Playfield Complex including the tennis courts.

Project updates are also reviewed with RPAC at monthly meetings.

Subject Summary:

The outdoor tennis courts at Evergreen Playfield Complex are located along 224th Street Southwest, just east of Evergreen Playfield #3. There are four courts in total. Three courts share a space while the fourth single court sits on its own, a short distance away. The renovation plans include: lighting replacement, upgrades to fencing, repairs to the court surface, new nets, and exterior pathway enhancements. The single upper court will be converted and replaced with lines and nets for three pickleball courts. Currently, the city does not have any pickleball courts for its community members.

Staff are seeking City Council authorization for a contract to replace the lighting. Similar to the Evergreen Playfield #5 lighting project that was completed in 2024, this project at the tennis courts will replace old outdated light poles and fixtures with new poles and efficient LED Luminaires. Direct bury electrical wiring will be replaced with in-ground conduit, and a new control cabinet will be installed.

The city solicited a bid for electrical work via Sourcewell, a purchasing cooperative for local governments, of which the city is a member. A bid of \$276,569.35 (includes tax), was received from Musco Sports Lighting, LLC. Adding a construction contingency of 5% brings the total lighting project budget to \$290,400.

This project, along with many other projects completed at Evergreen Playfields, received financial support from our partners at the Washington State Recreation and Conservation Office. The total project budget is \$559,000, including \$350,000 from a Youth Athletic Facilities grant and the city's required match of \$209,000 from the Parks Capital Improvement Fund.

Financial/Budget Impacts:

Budget Amendment No.
 Required? _____

Budget and Sources:	\$559,000 Total Project Budget, including RCO Grant Reimbursements \$350,000 and Capital Improvement Program \$209,000
Expenditure:	\$290,400
New Appropriation Required + Sources:	N/A

Additional Financial Information:

The Musco contract amount is \$276,569.35 (including tax). An additional 5% contingency is requested, amounting to a total budget of \$290,400.00 to replace the lighting system at Evergreen Playfield Complex - Tennis Courts.

Community Notifications:

City Council Agenda
 If "Other," please specify:

Board/Commission Recommendation:

N/A

Staff Recommendation:

Staff recommends the City Council vote to authorize the City Manager to execute the Small Public Works Contract with Musco Sports Lighting, LLC, in a form reviewed and approved by legal council, in an amount not-to-exceed \$290,400. This can be accomplished by adding this item to the Consent Agenda on April 2, 2026.

Council Motion:

N/A

Attachments:

1. Musco Contract Presentation
2. Agreement with Musco Sports Lighting (Draft)



CITY OF
**MOUNTLAKE
TERRACE**



CITY OF
**MOUNTLAKE
TERRACE**

Review Agreement with Musco Lighting for Tennis Courts

City Council Work Session: March 26, 2026

Jeff Betz, Recreation and Parks Director

PURPOSE

- Review the Small Public Works Contract with Musco Sports Lighting for electrical work to be completed at the Evergreen Tennis Courts.



AGENDA

- Council Goals
- Legislative History
- Subject Summary
- Scope of Work
- Timeline
- Finance and Budget
- Staff Recommendation
- Questions

COUNCIL GOALS

- Growing a vibrant community
- Responsible governance to ensure desired level of service
- Environmental Sustainability and Resiliency.



LEGISLATIVE HISTORY

- May 18, 2020 Council reviewed and approved a resolution to apply for Youth Athletic Facilities grant funds for the tennis courts.
- August 16, 2021 Council approved an agreement to receive the Youth Athletic Facilities grant funds for the tennis courts.
- February 13, 2024, the City held a hybrid public meeting to share plans for upcoming improvements to Evergreen Playfield Complex including the tennis courts.
- Project updates are also reviewed with RPAC at monthly meetings.

SUBJECT SUMMARY

- Evergreen Playfield Complex
 - Multifacility site
 - Phased Improvements

Park Overview – Current Condition



- ① Restroom Building
- ② Maintenance Building
- ③ Upper Parking Lot (54 parking stalls)
- ④ Field #3
- ⑤ Upper Tennis Court (1 court)
- ⑥ Lower Tennis Courts (3 courts)
- ⑦ Lower Parking Lot (22 parking stalls)
- ⑧ Walkway from Field #3 to 224th St. SW



SCOPE OF WORK

Court Lighting - MUSCO

- Replace existing poles and fixtures
- New LED luminaires
- New conduit
- New control cabinet



SCOPE OF WORK

Other Outdoor Court Facility Improvements (FUTURE)

- Court repairs, resurfacing, lines, and nets
- Fence replacement
- Pathway improvements
- Parking adjustments (ADA lines)
- Convert single tennis court to 3 pickleball courts



TIMELINE

Court Lighting - Installation

Task	Milestone
Contract Execution	April 2026
Permits	May 2026
Construction/Installation (3-5 Weeks)	June – July 2026

FINANCIAL/BUDGET IMPACTS

- Revenue (\$559,000)
 - Youth Athletic Facilities (RCO)
\$350,000
 - Capital Improvements Program
\$209,000
- Expenditures (\$290,400)
 - MUSCO Lighting Contract
\$276,570
 - Construction Contingency (5%)
\$13,830



COMMUNITY NOTIFICATION

- Public Meeting
(February 2024)
 - Review project goals and design
 - Design input
 - Addition of pickleball

Evergreen Playfield Complex Phase 2
Public Meeting

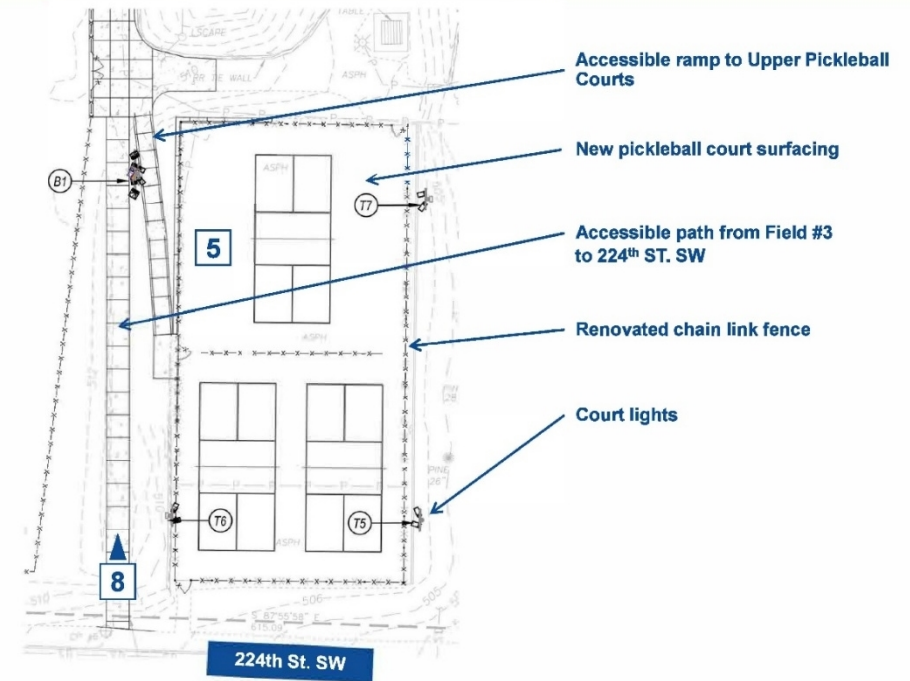


CITY OF MOUNTLAKE TERRACE RWD Landscape Architects February 13, 2024

BOARD/COMMISSION RECOMMENDATION

- RPAC Updates Monthly
 - Pickleball vs. Tennis

Phase 2 – 5 Upper Pickleball Court & 8 Accessible Path



STAFF RECOMMENDATION

Staff recommends the City Council vote to authorize the City Manager to execute the contract with Musco Sports Lighting, LLC, in a form reviewed and approved by legal council, in an amount not-to-exceed \$290,400.

This can be accomplished by adding this item to the Consent Agenda on April 2, 2026.

DISCUSSION & QUESTIONS

Thank you



SMALL PUBLIC WORKS CONTRACT

This Agreement (“Agreement”) is dated effective this ____ day of April, 2026. This Agreement is by and between the City of Mountlake Terrace, a Washington municipal corporation (“City”), and MUSCO Sports Lighting (“Contractor”), collectively known as the parties (“Parties”).

Project Name: Evergreen Playfields - Tennis Courts/Pickle Ball Courts Lighting

Commencing: _____

Terminating: December 31, 2026

Amount Not to Exceed: \$ 276,569.35 (includes WA State sales tax, if applicable)

RECITALS

WHEREAS, the City has determined the need to have certain services performed for its citizens but does not have the manpower or expertise to perform such services; and

WHEREAS, pursuant to the invitation of the City, extended through Sourcewell (Cooperative Purchasing Contract #041125-MSL), of which the City is a member, Contractor filed with the City a proposal containing an offer; and

WHEREAS, the City desires to have Contractor perform such services pursuant to certain terms and conditions;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the Parties agree to the following terms and conditions:

1. Scope of Work to be Accomplished. Contractor shall perform the services described in Exhibit A of this Agreement (“Work”). Contractor shall provide and bear the expense of all equipment, materials, work, and labor of any sort whatsoever that may be required for the transfer of materials and for constructing and completing the Work provided for in this Agreement, unless otherwise specified in the attached plans, specifications, or Scope of Work. Contractor shall perform all services diligently and completely and in accordance with professional standards of conduct and performance and shall comply with all federal, state, and local laws and regulations applicable to the performance of such services.

2. Contract Documents. This Agreement consists of the following documents, which are all incorporated by reference:

- a) This Agreement and all Exhibits attached thereto;
- b) The Request for Proposal, Invitation to Bid, or other City-issued request for project submittals;
- c) The submitted project quote, bid or proposal;
- d) Scope of Work;

- e) Maps and plans;
- f) Special provisions, if any; and
- g) All documents required under this Agreement, including but not limited to:
 - Documentation evidencing insurance
 - Copy of Contractor's state contractor license and UBI number
 - Copy of Contractor's business license
 - Employment Security Dept Number, if applicable
 - State Excise Tax Registration, if applicable
 - Industrial Insurance coverage, if applicable
 - Proof of required Prevailing Wage/Public Works Training (per RCW 39.04.350 effective 7/1/2019 or proof of exemption, if applicable)

The intent of these documents is to include all labor, materials, appliances and services of every kind necessary for the proper execution of the Work, and the terms and conditions of payment therefore. The documents are to be considered as one, and whatever is called for by any one of the documents shall be as binding as if called for by all.

3. Payment. The City shall pay Contractor for the Work rendered according to the following procedures and subject to the following requirements.

3.1 Contractor shall submit invoices for the Work performed to the City of Mountlake Terrace Finance Department. The City agrees to pay Contractor for the **actual** Work completed to the satisfaction of the City and in conformance with this Agreement. There is no guarantee that the full contract amount will be expended. The City shall pay Contractor for services satisfactorily rendered within ten days after City Council approval of each such payment.

3.2 If Prevailing Wages are required, the invoice must bear the following signed statement:

I certify that wages paid under this contract are equal or greater than the applicable wage rates set forth in the Washington State Prevailing Wage rates for Public Works Contracts issued by the State of Washington Department of Labor & Industries.

3.3 Contractor shall complete and return the attached **Form W-9** (Request for Taxpayer Identification Number) prior to or along with the first invoice submittal. In order for Contractor to receive payment from the City, Contractor must have either a Tax Identification Number or a Social Security Number. The Internal Revenue Service Code requires a Form 1099 for payments to every person or organization other than a corporation for services performed in the course of trade or business. Further, the law requires the City to withhold 20% on reportable amounts paid to unincorporated persons who have not supplied the City with their correct Tax Identification Number or Social Security Number.

3.4 If during the course of this Agreement, the work rendered does not meet the requirements set forth in this Agreement, Contractor shall correct or modify the required

work to comply with the requirements of this Agreement. The City shall have the right to withhold payment for such work until it meets the requirements of this Agreement. No payments shall be made for any work performed by Contractor except for the work identified and set forth in this Agreement.

4. Warranties/Guaranty.

4.1 Contractor warrants that all Work conforms to the requirements of this Agreement and is free from any defect in equipment, material, design, or workmanship performed by Contractor or its subcontractors and suppliers. The warranty period shall be for the longer period of: one year from the date of the City's final acceptance of the entire Work or the duration of any special extended warranty offered by a Contractor or supplier.

4.2 With respect to all warranties, express or implied, for Work performed or materials furnished according to this Agreement, Contractor shall:

- a) Obtain all warranties that would be given in normal commercial practice from the supplier and/or manufacturer;
- b) Prior to final acceptance require all warranties be executed, in writing, for the benefit of the City;
- c) Enforce all warranties for the benefit of the City; and
- d) Be responsible to enforce any warranty of a subcontractor, manufacturer, or supplier, should they extend beyond the period specified in this Agreement.

4.3 If, within an applicable warranty period, any part of the Work is found not to conform to this Agreement, Contractor shall correct it promptly after receipt of written notice from the City to do so. In the event the City determines that Contractor corrective action is not satisfactory and/or timely performed, then the City has the right to either correct the problem itself or procure the necessary services, recommendations, or guidance from a third party. All damages incurred by the City and all costs for the City's remedy shall be reimbursed by Contractor.

4.4 The warranties provided in this section shall be in addition to any other rights or remedies provided elsewhere in this Agreement or by applicable law.

5. Change Orders. Changes to the Scope of Work to be performed, the amount of the total contract amount, or in the time for completion of the Work, shall be accomplished only by a written Change Order, signed by Contractor and the City, in advance of the proposed change. Once effective, Contractor shall proceed promptly with the Work as modified, unless otherwise provided in an executed amendment.

6. Insurance Indemnification/Hold Harmless. Contractor shall defend, indemnify, and hold the City, its officers, officials, employees, and volunteers harmless from claims, injuries, damages, losses, or suits including attorney fees, arising out of, in connection with, the performance of this Agreement, or incident to any negligent or intentional acts, errors or omissions, or conduct of Contractor (or its employees, agents, representatives, subcontractors/subconsultants) in

performance of this Agreement, whether such claims sound in contract, tort, or other legal theory, except for injuries and damages caused by the sole negligence of the City.

However, should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of Contractor and the City, its officers, officials, employees, or volunteers, Contractor's liability hereunder shall be only to the extent of Contractor's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes Contractor's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the Parties.

The provisions of this section shall survive the expiration or termination of this Agreement.

6.1 Insurance Term. Contractor shall procure and maintain insurance, as required in this Section, without interruption from commencement of Contractor's Work through the term of this Agreement and for thirty (30) days after the physical completion date, unless otherwise indicated herein.

6.2 No Limitation. Contractor's maintenance of insurance, its scope of coverage and limits as required herein shall not be construed to limit the liability of Contractor to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

6.3 Minimum Scope of Insurance. Contractor's required insurance shall be of the types and coverage as stated below:

- a) Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be at least as broad as Insurance Services Office (ISO) form CA 00 01.
 - i. Pollution Liability coverage at least as broad as that provided under ISO Pollution Liability-Broadened Coverage for Covered Autos Endorsement CA 99 48 shall be provided, and the Motor Carrier Act Endorsement (MCS 90) shall be attached.
- b) Commercial General Liability insurance shall be at least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, products-completed operations, stop gap liability, personal injury and advertising injury, and liability assumed under an insured contract. The Commercial General Liability insurance shall be endorsed to provide a per project general aggregate limit using ISO form CG 25 03 05 09 or an endorsement providing at least as broad coverage. There shall be no exclusion for liability arising from explosion, collapse or underground property damage. The City shall be named as an additional insured under Contractor's Commercial General Liability insurance policy with

respect to the work performed for the City using ISO Additional Insured endorsement CG 20 10 10 01 and Additional Insured-Completed Operations endorsement CG 20 37 10 01 or substitute endorsements providing at least as broad coverage.

- c) Contractors Pollution Liability insurance covering losses caused by pollution conditions that arise from the operations of Contractor. Contractors Pollution Liability insurance shall be written in an amount of at least \$2,000,000 per loss, with an annual aggregate of at least \$2,000,000. Contractors Pollution Liability shall cover bodily injury, property damage, cleanup costs and defense, including costs and expenses incurred in the investigation, defense, or settlement of claims.
 - i. If Contractors Pollution Liability insurance is written on a claims-made basis, Contractor warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this Agreement; and that continuous coverage will be maintained or an extended discovery period will be exercised for a period of three (3) years beginning from the time that work under this Agreement is completed.
 - ii. The City shall be named by endorsement as an additional insured on Contractors Pollution Liability insurance policy.
 - iii. If the Scope of Services as defined in this Agreement includes the disposal of any hazardous materials from the job site, Contractor must furnish to the City evidence of Pollution Liability insurance maintained by the disposal site operator for losses arising from the insured facility accepting waste under this Agreement. Coverage certified to the City under this Section must be maintained in minimum amounts of \$2,000,000 per loss, with an annual aggregate of at least \$2,000,000.
- d) Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

6.4 Minimum Amounts of Insurance. Contractor shall maintain the following insurance limits:

- a) Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
- b) Commercial General Liability insurance shall be written with limits no less than \$2,000,000 each occurrence, \$2,000,000 general aggregate and \$2,000,000 products-completed operations aggregate limit.

6.5 City Full Availability of Contractor Limits. If Contractor maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available

limits of Commercial General and Excess or Umbrella liability maintained by Contractor, irrespective of whether such limits maintained by Contractor are greater than those required by this Agreement or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by Contractor.

6.6 Other Insurance Provision. Contractor's Automobile Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of Contractor's insurance and shall not contribute with it.

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

6.8 Verification of Coverage. Contractor shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsements, evidencing the insurance requirements of Contractor before commencement of the work. Upon request by the City, Contractor shall furnish certified copies of all required insurance policies, including endorsements, required in this Agreement and evidence of all subcontractors' coverage.

6.9 Subcontractors' Insurance. Contractor shall cause each and every Subcontractor to provide insurance coverage that complies with all applicable requirements of Contractor-provided insurance as set forth herein, except Contractor shall have sole responsibility for determining the limits of coverage required to be obtained by Subcontractors. Contractor shall ensure that the City is an additional insured on each and every Subcontractor's Commercial General liability insurance policy using an endorsement as least as broad as ISO CG 20 10 10 01 for ongoing operations and CG 20 37 10 01 for completed operations.

6.10 Notice of Cancellation. Contractor shall provide the City and all Additional Insureds for this work with written notice of any policy cancellation within two business days of their receipt of such notice.

6.11 Failure to Maintain Insurance. Failure on the part of Contractor to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five (5) business days' notice to Contractor to correct the breach, immediately terminate this Agreement 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 Contractor from the City.

7. Prevailing Wage. This Agreement is subject to the requirement of Chapter 39.12 RCW and no worker, laborer, or mechanic employed in the performance of any part of this Agreement shall be paid less than the prevailing rate of wage as determined by the Industrial Statistician of the Department of Labor and Industries for the State of Washington. Contractor shall assure that it and any subcontractors fully comply with the requirements of Chapter 39.12 RCW, Chapter 49.28

RCW, and any further laws or regulations applicable because of federal funding, including the Davis–Bacon Act (40 U.S.C. 3141–3144, and 3146–3148) as supplemented by Department of Labor regulations (29 CFR Part 5) and the Copeland “Anti–Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3) and ensure that any subcontractors also comply with these requirements.

The State of Washington prevailing wage rates for Snohomish County apply to work performed under this Agreement. The applicable prevailing wage rates may be found at the following website address of the Department of Labor and Industries:

<https://fortress.wa.gov/lni/wagelookup/prvWagelookup.aspx>

Contractor shall file an [Intent to Pay Prevailing Wage form](#). Contractor shall submit the Intent forms, approved by L&I to the City with payment request. No payment will be issued to Contractor until the City receives approved forms. If any work is subcontracted on this project, an approved Intent form must be submitted for each sub-contractor.

8. Assignment/Delegation. Contractor shall not assign this Agreement nor delegate any duties hereunder without prior written consent of the City, which consent may be withheld by the City in its sole subjective discretion for any cause whatsoever.

9. Applicable Law; Venue. This Agreement shall be subject to, and Contractor shall at all times comply with, all applicable federal, state, and local laws, regulations, and rules, including the City of Mountlake Terrace Municipal Code, and regulations and ordinances of the City. This Agreement shall be deemed to have been executed and delivered within the State of Washington and the rights and obligations of the Parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of Washington without regard to the principles of conflict of laws. Any action or suit brought in connection with this Agreement shall be brought in the Superior Court of Snohomish County, Washington.

10. Business License. Contractor is required to obtain a City of Mountlake Terrace business license prior to performing any services and maintain the business license in good standing throughout the term of this Agreement.

11. Termination.

11.1 The City reserves the right to terminate or suspend this Agreement at any time, with or without cause, upon seven (7) days’ prior written notice. In the event of termination or suspension, all finished or unfinished documents, data, studies, worksheets, models, reports or other materials prepared by Contractor pursuant to this Agreement shall be submitted to the City within 10 days of termination or suspension.

11.2 In the event this Agreement is terminated or suspended, Contractor shall be entitled to payment for all services satisfactorily performed prior to the date of termination and reimbursable expenses incurred to the date of termination.

11.3 This Agreement may be terminated immediately if Contractor's insurance coverage is canceled for any reason, or if Contractor fails to timely perform the services or defaults on any other material obligations under this Agreement.

11.4 Any termination of this Agreement shall not prevent the City from seeking any legal or equitable remedies it may otherwise have against Contractor for the violation or nonperformance of any provisions of this Agreement.

12. Duration. The term of this Agreement shall commence upon the effective date of this Agreement and shall expire on December 31, 2026.

13. Bonding and Retainage.

13.1 Payment and Performance Bond. Pursuant to Chapter 39.08 RCW, Contractor shall provide the City a payment and performance bond for the total contract sum to be in effect until the later of: sixty (60) days after the date of Final Acceptance, receipt of all necessary releases from applicable state agencies, or until settlement of any liens filed under Chapter 60.28 RCW.

13.2 Retainage. The City shall withhold retainage in the amount of five percent (5%) of any and all payments made to Contractor until the later of: sixty (60) days after the date of Final Acceptance, receipt of all necessary releases from applicable state agencies, or until settlement of any liens filed under Chapter 60.28 RCW. The amount retained shall be placed in a fund by the City pursuant to RCW 60.28.011(4)(a), unless otherwise instructed by Contractor within fourteen (14) calendar days of Contractor's execution of this Agreement.

14. Independent Contractor. For all purposes, Contractor shall be deemed an independent contractor and shall not be deemed an employee or agent of the City for any purpose.

15. Title VI Compliance.
(Appendix A – Title VI Assurances)

During the performance of this Agreement, Contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

15.1 Compliance with Regulations. Contractor (hereinafter includes consultants) will comply with the Acts and the Regulations relative to Non-discrimination in Federally-assisted programs of the U.S. Department of Transportation, Washington State Department of Transportation, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.

15.2 Non-discrimination. Contractor, with regard to the work performed by it during this Agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Contractor will not participate directly or indirectly in the

discrimination prohibited by the Acts and the Regulations, including employment practices when this Agreement covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

15.3 Solicitations for Subcontracts, Including Procurements of Materials and Equipment. In all solicitations, either by competitive bidding, or negotiation made by Contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by Contractor of Contractor's obligations under this Agreement and the Acts and the Regulations relative to Non-discrimination on the grounds of race, color, or national origin.

15.4 Information and Reports. Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Recipient or the Washington State Department of Transportation to be pertinent to ascertain compliance with such Acts, Regulations, and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, Contractor will so certify to the Recipient or the Washington State Department of Transportation, as appropriate, and will set forth what efforts it has made to obtain the information.

15.5 Sanctions for Noncompliance. In the event of a contractor's noncompliance with the Non-discrimination provisions of this Agreement, the Recipient will impose such contract sanctions as it or the Washington State Department of Transportation may determine to be appropriate, including, but not limited to:

- a) Withholding payments to Contractor under this Agreement until Contractor complies; and/or
- b) Cancelling, terminating, or suspending a contract, in whole or in part.

15.6 Incorporation of Provisions. Contractor will include the provisions of this Section in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. Contractor will take action with respect to any subcontract or procurement as the Recipient or the Washington State Department of Transportation may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, Contractor may request the Recipient to enter into any litigation to protect the interests of the Recipient. In addition, Contractor may request the United States to enter into the litigation to protect the interests of the United States.

(Appendix E – Title VI Assurances)

During the performance of this Agreement, Contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the “contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

Pertinent Non-Discrimination Authorities:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin); and 49 CFR Part 21;
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Federal-Aid Highway Act of 1973 (23 U.S.C. § 324 et seq.) (prohibits discrimination on the basis of sex);
- Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 et seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27;
- The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 et seq.) (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982 (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987 (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189) as implemented by Department of Transportation regulations at 49 C.F.R. parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures Non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of Limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

16. Non-Endorsement. As a result of the selection of Contractor to supply services to the City, Contractor agrees to make no reference to the City in any literature, promotional material, brochures, sales presentation or the like without the prior express written consent of the City.

17. Records Request. When the City provides Contractor with notice of a Public Records Request, Contractor agrees to save, hold harmless, indemnify and defend the City, its officers, agents, employees and elected officials from and against claims, lawsuits, fees, penalties and costs resulting from Contractor's violation of the Public Records Act RCW 42.56, or Contractor's failure to produce public records as required under the Public Records Act. Records shall be retained until all litigation, claims or audit findings have been resolved even though such litigation, claim or audit continues past any formal retention period imposed by Washington State Archives, grant or other applicable law or regulation.

18. Non-Collusion. By signature below, Contractor acknowledges that the person, firm, association, co-partnership or corporation herein named, has not either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in the preparation and submission of a proposal to the City for consideration in the award of a contract on the specifications contained in this Agreement.

19. Waiver. Waiver by the City of any breach of any term or condition of this Agreement shall not be construed as a waiver of any other breach.

20. Attorney's Fees. In the event any action is brought by either party to enforce the terms of this Agreement or for breach of this Agreement by the other party, the Parties agree that the non-prevailing party shall pay to the prevailing party reasonable attorney fees and expert witness fees, costs and disbursements incurred by such party.

21. Entire Contract/Binding Effect. This Agreement constitutes the entire agreement between the Parties hereto.

22. Modification. No amendment or modification of this Agreement shall be of any force or effect unless it is in writing and signed by the Parties.

23. Severability. If any provision of this Agreement is held invalid, the remainder shall not be affected thereby if such remainder would then continue to conform to the terms and requirements of applicable law, and shall continue in force and effect.

24. Records Keeping & Reporting.

24.1 Contractor at such times and in such forms as the City may require, shall furnish to the City such statements, records, reports, data, and information as the City may request pertaining to matters covered by this Agreement. All of the reports, information, data, and other related materials, prepared or assembled by Contractor under this Agreement and any information relating to personal, medical and financial data will be treated as confidential only as allowed by Washington State laws regarding disclosure of public information, [Chapter 42.56, RCW](#).

24.2 Contractor shall at any time during normal business hours and as often as the City may deem necessary, make available for examination all of its records and data with respect to all matters covered, directly or indirectly, by this Agreement and shall permit the City or its designated authorized representative to audit and inspect other data relating to all matters covered by this Agreement. The City shall receive a copy of all audit reports made by the agency or firm as to Contractor's activities. The City may, at its discretion, conduct an audit, at its expense, using its own or outside auditors, of Contractor's activities which relate, directly or indirectly, to the Agreement.

24.3 On payment to Contractor by the City of all compensation due under this Agreement, all finished or unfinished documents and material prepared by Contractor with funds paid by the City under this Agreement shall become the property of the City and shall be forwarded to the City. Any records, reports, information, data or other documents or materials given to or prepared or assembled by Contractor under this Agreement shall not be made available to any individual or organization by Contractor without prior written approval of the City or by court order.

24.4 Contractor will provide all original operation and maintenance manuals, along with all warranties, from the manufacturer for any equipment or items installed or supplied to the City as part of this contracted project.

24.5 Contractor shall maintain accounts and records, including personnel, property, financial and programmatic records, which sufficiently and properly reflect all direct and indirect costs of any nature expended and services performed pursuant to this Agreement. Contractor shall also maintain such other records as may be deemed necessary by the City to ensure proper accounting of all funds contributed by the City to the performance of this agreement.

24.6 The foregoing records shall be maintained for a period of seven years after termination of this Agreement unless permission to destroy them is granted by the Office of the Archivist in accordance with RCW Chapter 40.14 and by the City.

25. Dispute Resolution. All disputes or claims arising under this Agreement ("Disputes") shall be resolved as set forth in this Section.

25.1 Informal Resolution. In the event of a Dispute, a party shall notify the other party of the Dispute with as much detail as possible. The City and Contractor shall use good faith efforts to resolve the Dispute within ten (10) business days after receipt of a Dispute notice. If the Parties' business representatives are unable to resolve the Dispute, then either party may initiate mediation as a condition precedent to Formal Resolution. Pending resolution of the Dispute, both Parties will continue without delay to carry out all their respective responsibilities under this Agreement.

If such matter relates to or is the subject of a lien arising out of Contractor's services, Contractor may proceed in accordance with applicable law to comply with the lien notice

or filing deadlines prior to resolution of the matter by mediation or by Formal Resolution.

If the Parties are unable to resolve the dispute through initial informal resolution above, the City and Contractor may endeavor to resolve claims, disputes and other matters in question between them by mediation which, unless the Parties mutually agree otherwise, shall be administered by the American Arbitration Association in effect on the date of the Agreement. A request for mediation shall be made in writing, delivered to the other party to the Agreement, and filed with the person or entity administering the mediation. Mediation shall proceed in advance of Formal Resolution.

The Parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in the place where the mediator is located, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

25.2 Formal Resolution. If the Parties hereto are unable to resolve a dispute pursuant to the procedure set forth above, the method of dispute resolution shall be litigation in a court of competent jurisdiction. Venue for any action under this Agreement shall be Snohomish County, Washington.

25.3 Injunctive Relief. Nothing contained in this Section shall limit or delay the right of either party to seek injunctive relief from a court of competent jurisdiction, whether or not such party has pursued informal resolution in accordance with this Section.

26. Notices. Any notice required by this Agreement may be delivered personally or mailed, certified with return receipt requested. If mailed, notice shall be deemed given three (3) days after the date of the postmark. Notices shall be delivered or mailed to the following:

To the City: Donnelle Dayao
City of Mountlake Terrace
23204 58th Avenue W.
Mountlake Terrace, WA 98043

To Contractor: Tim Butz
Musco Sports Lighting, LLC
PO Box 808
Oskaloosa, IA 82877

Executed on the dates written below.

CONTRACTOR
Musco Sports Lighting, LLC

CITY OF MOUNTLAKE TERRACE

By:

By:

Name, Title

Jeff Niten, City Manager

Address:
PO Box 808
Oskaloosa, IA 52577

23204 58th Avenue W.
Mountlake Terrace, WA 98043

Date: _____

Date: _____

Approved as to form:

Hillary J. Evans, City Attorney

Quote

Date: February 2nd, 2026
Expiration date: 08/27/2026
To: Donnelle Dayao – City of Mountlake Terrace

Project: Evergreen Playfields 3
Mountlake Terrace, WA
Musco Project Number: 233029

Sourcewell

Master Project: 199030, Contract Number: 041123-MSL, Expiration: 08/27/2026
Category: Sports lighting with related supplies and services

All purchase orders should note the following:
Sourcewell purchase – contract number: 041125-MSL

Tennis/Pickleball Courts

Quotation Price – Materials Delivered to Job Site and Installation

3 Tennis Courts	\$81,885.00
1/2 Tennis Court	\$71,704.00
Deduct TLC – LED 550 (2@ \$3500.00)	(\$7,000.00)
Installation	\$103,700.00
Total	\$250,289.00

Sales tax is not included.

Quote is confidential. Pricing and lead times are effective for 180 days only

SportsCluster® System with Total Light Control – TLC for LED™ technology

Guaranteed Light Performance

- Guaranteed light levels of 30fc and uniformity of 2.5/1
- BallTracker® technology – targeted light, optimizing visibility of the ball in play with no glare in the players typical line-of-sight

System Description

- 7 – Precast concrete foundations
- 7 – Galvanized steel poles
- 7 – Pole top assemblies
- 18 - Factory aimed and assembled luminaries
- All mounting hardware and custom mounts
- Pole length wiring harnesses
- Factory wired and tested remote electrical component enclosures
- UL listed assemblies

Control Systems and Services

- Lighting contactor cabinet to provide onsite on/off control
- Player-activated pushbutton control system with strobe to provide timed on/off control (Tennis Courts)
- Control-Link® control and monitoring system to provide remote on/off and dimming (high/medium/low) control and performance monitoring with 24/7 customer support

Operation and Warranty Services

- Product assurance and warranty program that covers materials and onsite labor, eliminating 100% of your maintenance costs for 25 years



Quote

- Support from Musco's Lighting Services Team – over 170 Team members dedicated to operating and maintaining your lighting system – plus a network of 1800+ contractors
- 25-year materials warranty, with onsite labor included

Musco Scope

- Provide design and layout for lighting system
- Test and final aim equipment

Installation Services Provided

- Unload Musco equipment
- Installation of precast concrete foundations
- Assemble and stand Musco poles
- Conduit, wire and electrical connections between the in-ground boxes and each Musco pole
- Energize and commission

Scope of Work:

The work shall be completed by, a licensed Electrical Contractor, Licensed in the State of Washington.

The Musco Light Structure System installation includes, unloading of the Musco equipment upon arrival to the job site, assembly and mounting of light fixtures/fixture assemblies, electrical enclosures and wiring harnesses on the existing poles. Wiring of the Lighting System is from the light fixtures assemblies down to the remote electrical enclosures at the base of each pole where they will be terminated on the Musco supplied disconnect breaker.

Locate and expose the existing direct bury electrical wiring along the 3rd baseline near the softball seating area. Trench/bore and install conduit from the connection point near the softball field to each new Musco pole location. Install an in-ground box next to each Musco pole and one at the connection point. Install new conductors from the connection point to each in-ground box and from each in-ground box to the landing lugs inside the Musco pole mounted driver enclosure. Install a new Musco control and monitoring cabinet next to the in-ground box at the connection point, pull the conductors in from the in-ground box and land them inside control cabinet. Energize the lighting system and commission the controls

Note that this scope includes the heavy equipment needed to remove all existing lighting equipment and install the new Musco equipment. It is assumed that access to each pole is available and that all fencing will be removed to ensure access to each pole location. We will take all precautions necessary to minimize damage to the site. Site restoration shall be by others. The electrical permit is included; any other required permits will be by others.

Responsibilities of Buyer

- Confirm pole or luminaire locations, supply voltage and phase required for lighting system prior to production
- Provide electrical design and materials for electrical distribution system
- The owner of the field is responsible for the structural integrity of the existing poles and/or structures

Payment Terms

Musco's Credit Department will provide payment terms.

Email or fax a copy of the Purchase Order to Musco Sports Lighting, LLC:



Quote

Musco Sports Lighting, LLC
Attn: Beth Sheeley
Fax: 800-374-6402
Email: musco.contracts@musco.com

**All purchase orders should note the following:
Sourcewell purchase – contract number: 041125-MSL**

Delivery Timing

8 - 10 weeks for delivery of materials to the job site from the time of order, submittal approval, and confirmation of order details including voltage, phase, and pole/luminaire locations.

Notes

Quote is based on following conditions:

- Shipment of entire project together to one location.
- Voltage and phase system requirements to be confirmed.
- Structural code and wind speed = 2021 IBC 100, Exposure C.
- Due to the built-in custom light control per luminaire, pole or luminaire locations need to be confirmed prior to production. Changes to pole or luminaire locations after the product is sent to production could result in additional charges.
- The control and monitoring cabinet will be left on site for installation by others.
- Product assurance and warranty program is contingent upon site review and compatibility with Musco's lighting system.

Thank you for considering Musco for your lighting needs. Please contact me with any questions or if you need additional details.

Tim Butz, Sales Rep
Musco Sports Lighting, LLC
100 1st Avenue West – PO Box 808
Oskaloosa, IA 52577, USA
Phone: 503/720-6625
E-mail: tim.butz@musco.com





STAFF REPORT

To: Mountlake Terrace City Council
From: Gary Schimek, Public Works Director
Meeting Date: April 2, 2026
Subject: Interlocal Agreement with City of Lynnwood for Sewer Overflow

Required Reviews:

Jennifer Joki	Created/Initiated - 03/26/2026
Gary Schimek	Approved - 03/26/2026
Sirke Salminen	Approved - 03/27/2026
Hillary Evans	Approved - 03/27/2026
Carolyn Hope	New -

Council Goal(s):

Responsible Governance to Ensure Desired Level of Service

Legislative History:

- Council approved a sewer agreement between the City of Mountlake Terrace and the City of Lynnwood on May 26, 1977.
- Council approved a sewer agreement between the City of Mountlake Terrace and the City of Lynnwood on May 10, 1982. This superceded the 1977 agreement. See attached 1982 agreement.
- Council reviewed revised agreement on May 26, 2026.

Subject Summary:

The City of Mountlake Terrace entered a sewer agreement with the City of Lynnwood in 1977. This agreement provided an overflow conveyance pathway from the City of Lynnwood's Pump Station #12 (located at 216th Street SW) into the City of Mountlake Terrace's gravity sewer line.

The 1977 agreement was revised in 1982 to account for higher costs and the installation of a new flow measuring device.

The 1982 agreement has been revised to better reflect current costs to accept the emergency overflows from the City of Lynnwood. The revised costs are based upon the current wastewater treatment fees paid by the City of Mountlake Terrace to the City of Edmonds. The 2026

agreement is an attachment to the staff report along with the cost calculations.

Below are the options for Council consideration:

Option 1 - Approve the agreement

The new cost structure would take into effect upon approval of the agreement. Payments to the City of Mountlake Terrace would reflect current wastewater treatment costs.

Option 2 - Do not approve the agreement

The existing cost structure per the 1982 would remain in effect. Payments to the City of Mountlake Terrace would not reflect current treatment costs.

Financial/Budget Impacts:

Budget Amendment No
Required? _____

Budget and Sources:	Wastewater Fund: Maintenance
Expenditure:	\$0
New Appropriation Required + Sources:	\$0

Additional Financial Information:

The City of Mountlake Terrace has and will continue to receive payment from the City of Lynnwood upon discharge of sewer flows due to an emergency event.

Community Notifications:

City Council Agenda
If "Other," please specify:

Board/Commission Recommendation:

N/A

Staff Recommendation:

Staff recommends approval of this revised agreement between the City of Lynnwood and the City of Mountlake Terrace. A vote on this item can be accomplished by adding it to the Consent Agenda on April 2, 2026.

Council Motion:

N/AA vote on this item can be accomplished by adding it to the Consent Agenda on April 2, 2026.

Attachments:

1. City of Lynnwood Sewer Overflow Connection Agreement (Draft)
2. City of Lynnwood 212th Agreement Documents 1987

3. City of Lynnwood Sewer Bypass Agreement 1982
4. City of Lynnwood Bypass Calculation Charge

**INTERLOCAL AGREEMENT BETWEEN THE CITY OF MOUNTLAKE
TERRACE AND CITY OF LYNNWOOD
FOR USE OF SEWER OVERFLOW CONNECTION**

THIS INTERLOCAL AGREEMENT ("Agreement") is entered into by the City of Mountlake Terrace ("Mountlake Terrace"), a Washington municipal corporation, and the City of Lynnwood ("Lynnwood") a Washington municipal corporation, individually a "Party" and collectively the "Parties".

WHEREAS, since 1977, Mountlake Terrace and Lynnwood have had an agreement providing for overflow from Lynnwood's lift station No. 12 located at 216th Street S.W., east of Highway 99, to the Mountlake Terrace gravity sewer line immediately southerly thereof; and

WHEREAS, sewer overflows from Lynnwood lift station No. 12 has resulted in certain costs for Mountlake Terrace, which costs have been subject to reimbursement pursuant to a sewer agreement between the Parties date May 10, 1982; and

WHEREAS, Lynnwood lift station No. 12 accepts sewer flow from residents outside of City of Lynnwood city limits in the area of 208th Street S.W. to 210th Street S.W., West of Highway 99 to approximately 72nd Avenue West, and sewer flow from that area has been contributing to overflow accepted by Mountlake Terrace's gravity sewer line immediately southerly from Lynnwood lift station No. 12; and

WHEREAS, Mountlake Terrace recognizes the need to continue to allow use of the overflow connection by Lynnwood for scheduled maintenance activities and in emergency situations; and

WHEREAS, the Parties have negotiated a new agreement to continue to provide the overflow connection for use by Lynnwood subject to the terms included herein; and

WHEREAS, Mountlake Terrace and Lynnwood have the authority to undertake joint and cooperative action pursuant to Chapter 39.34 RCW;

NOW, THEREFORE, in consideration of the following terms and conditions, the Parties agree as follows:

1. Purpose of Agreement.

The purpose of this Agreement is to provide the terms and conditions under which Mountlake Terrace will allow the use of the overflow connection between Lynnwood's lift station No. 12 and Mountlake Terrace's gravity sewer line immediately southerly thereof.

2. Termination of Existing Agreement.

That certain Sewer Agreement entered into on the 10th of May, 1982 by the Parties is hereby terminated and superseded by this Agreement.

3. Lynnwood Rights and Mountlake Terrace Obligations.

Lynnwood will have the right to use the overflow connection between Lynnwood's lift station No. 12 and Mountlake Terrace's gravity sewer line immediately southerly thereof. Mountlake Terrace will provide for Lynnwood's use of said overflow connection subject to performance by Lynnwood of its obligations.

4. Lynnwood Obligations.

- a. Lynnwood will limit the use of the overflow connection to emergency situations or scheduled maintenance activities and to provide sufficient pumping capacity of its own for all other sewage flows.
- b. Lynnwood will obtain prior approval from Mountlake Terrace prior to scheduled maintenance that would cause overflow for Lift Station No. 12 .
- c. Lynnwood staff will notify Mountlake Terrace and give as much notice as possible by email and under emergency situations, Lynnwood will notify Mountlake Terrace by phone.
- d. Lynnwood will use a Supervisory Control and Data Acquisition (SCADA) system to monitor sewage levels and conditions, enabling Lynnwood to manage sewer flows.
- e. Lynnwood will use its SCADA system to determine and report on sewer flows and provide monthly SCADA reports for overflow to Mountlake Terrace.

5. Sewer Overflow Charge Rate.

Lynnwood will pay \$5.22 per centum cubic feet (CCF) to Mountlake Terrace for all sewer being transferred from lift station 12 during bypass to Mountlake Terrace ("Sewer Overflow Charge Rate". Lynnwood agrees to report these overflows to Mountlake Terrace.

6. Reimbursement for Mountlake Terrace's Additional Costs.

Lynnwood will reimburse Mountlake Terrace for any operational, maintenance, or repair costs directly resulting from Lynnwood overflow, such as labor costs related to alarms call-outs and other actions to respond to Lynnwood overflow, administration costs of estimating

sewage flows when metering devices are flooded, and cost to repair damage to metering devices (“Additional Costs”). The Additional Costs will be payable on a reimbursement basis in addition to payments owed based on the Sewer Overflow Charge Rate; provided that, Mountlake Terrace must submit to the attention of Lynnwood’s Director of Public Works the invoices and documentation supporting the types and amounts of Additional Costs for which Mountlake Terrace is requesting reimbursement. The Mountlake Terrace City Engineer and Lynnwood Director of Public Works will review, discuss and mutually agree regarding the appropriate calculation methodology to be applied to Mountlake Terrace’s requests for reimbursement of Additional Costs.

7. Duration.

This Agreement shall take effect upon signature by both Parties and shall remain in effect unless otherwise terminated in accordance with Section 13 (Termination).

8. Administration.

No separate legal entity is created by this Agreement. This Agreement will be administered by the Lynnwood Director of Public Works and Engineering or his/her/their designee and the Mountlake Terrace City Engineer or designee. Either Party may change its Administrator for purposes of this Agreement at any time by delivering written notice of such Party’s new Administrator to the other Party.

9. No Joint Venture.

Nothing contained in this Agreement shall be construed as creating any type or manner of partnership, joint venture, or other joint enterprise between the Parties.

10. No Third-Party Beneficiaries.

This Agreement and each and every provision hereof is for the sole benefit of Lynnwood and Mountlake Terrace. No other persons shall be deemed to have any rights in, under, or to this Agreement.

11. No Joint Property.

The Parties do not intend to jointly acquire real or personal property pursuant to this Agreement.

12. Entire Agreement; Amendment.

This Agreement constitutes the entire Agreement between the Parties concerning the subject matter covered by this Agreement. This Agreement may be amended or modified only by the mutual agreement of the Parties. Such amendments or modifications shall not be binding unless they are in writing and signed by persons authorized to bind each of the Parties.

13. Termination.

This Agreement may be terminated by either party only after 120 days written notice to the other party and shall also be subject to renegotiation upon 120 day written notice of either party.

14. Disputes.

It is the Parties' intent to resolve any disputes relating to the interpretation or application of this Agreement informally through discussions at staff level. In the event disputes cannot be resolved informally at the staff level, then the Parties agree to submit the dispute to non-binding mediation/dispute resolution. If a dispute arises from or relates to this Agreement 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. All fees and expenses for mediation shall be borne by the Parties equally.

15. Venue.

In the event that either Party deems it necessary to bring legal action or proceedings to enforce any right or obligation under this Agreement, the Parties agree that any such action or proceedings shall be brought in Snohomish County Superior Court. Further, the Parties agree that each will be solely responsible for payment of its own attorney's fees and costs.

16. Indemnity.

Each of the Parties shall protect, defend, indemnify, and hold harmless the other Party and its employees and authorized agents, while acting within the scope of their employment as such, from any and all costs, claims, judgements, and/or awards of damages (both to persons and/or property), arising out of, or in any way resulting from, that Party's obligations performed or to be performed pursuant to the provisions of this Agreement. No Party shall be required to indemnify, defend, or hold harmless the other Party if the claim, suit, or action for injuries, death, or damages (both to persons and/or property) is caused by the negligence of the other Party; provided that, if such claims, suits, or actions result from the concurrent negligence of (a) Mountlake Terrace, its employees, contractors, consultants, or authorized agents and (b) Lynnwood, its employees, contractors, consultants, or authorized agents, or involves those actions covered by RCW 4.24.115, the indemnity provisions provided herein shall be valid and enforceable only to the extent of the negligence of the other Party, its employees, contractors, consultants, and authorized agents. For this purpose, each of the Parties, by mutual negotiation, hereby waives, with respect to the other Party only, any immunity that would otherwise be available to it against such claims under the Industrial Insurance provisions of Title 51 RCW.

17. Insurance.

Each Party shall be responsible for maintaining its own insurance.

18. Severability.

If any provision of this Agreement or the application thereof to any person or circumstance is found invalid or unenforceable, the remainder of this Agreement and the application of that provision to other persons or circumstances shall not be affected thereby, but shall instead continue in full force and effect, to the extent permitted by law.

19. No Waiver.

A party's forbearance or delay in exercising any right or remedy with respect to a breach of this Agreement by the other party shall not constitute a waiver.

20. Filing; Posting.

Pursuant to RCW 39.34.040, this Agreement shall be recorded with the Snohomish County Auditor immediately after execution by the Parties hereto or posted on either Party's website.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth under their signatures below, and effective as of the date of the last party to sign.

CITY OF LYNNWOOD

CITY OF MOUNTLAKE TERRACE

Signed by:
George Hurst Mayor
4E72F7DA1EE545C
George Hurst, Mayor
Date: 3/16/2026

Jeff Niten, City Manager
Date: _____

ATTEST/AUTHENTICATED
DocuSigned by:
Darcy Kirschner
C17DAB8F9A994F1...
Darcy Kirschner, Interim City Clerk

ATTEST/AUTHENTICATED

Jennifer Joki, City Clerk

APPROVED AS TO FORM
Signed by:
Lisa Marshall, City Attorney
0C9DE54C77924E7...
Lisa Marshall, City Attorney

APPROVED AS TO FORM

Hillary Evans, City Attorney

Will

May 12, 1995

Bill Vlcek
Director of Public Works
City of Lynnwood
Lynnwood, WA 98046

Re: City of Mountlake Terrace / City of Lynnwood Sewer Service Agreement for
212th Street Southwest

Dear Bill:

Mountlake Terrace currently provides sewer service for nine single family residences on the north side of 212th St. S.W. between 44th Ave. W. and 49th Ave. W. within the city limits of Lynnwood (see attachment 1). By terms of the Mountlake Terrace/Lynnwood sewer service agreement, (attachment 2), Mountlake Terrace will provide service to Lynnwood for a maximum of 25 accounts to be billed at the "current sewer service fee established by ordinance". A recent review of Mountlake Terrace Ordinance 1710 indicated that Lynnwood was being billed at the 1991 rate. Accordingly, our Utilities Department is preparing a single billing statement to reflect the change in rates for 1992, 1993, and 1994. The total amount owing is \$2,635.20 and has been sent to City of Lynnwood accounts payable, reference Mountlake Terrace account #880800 (attachment 3). Any questions concerning this can be addressed to the Finance Director, Ron Swanson.

The City has recently been contacted for sewer service information by a landowner on the north side of 212th in Lynnwood who is interested in a short plat of their lot, including requirements for grinder pump systems. According to the current Lynnwood zoning map, the area between 44th and 49th north of 212th is zoned for 8400 square foot lots. Based on the acreage and minimum lot sizes involved, it may be feasible to hook up more than the 25 maximum connections into the Mountlake Terrace sewer system, either by gravity or pump. Enclosed is capacity analysis for the west sewer trunk system serving 212th St. which indicates this line is at or near capacity (attachment 4). Accordingly, allowing more than the maximum of 25 connections is more involved than just amending the agreement.

The following points need to be resolved or clarified by Lynnwood:

1. What is the ultimate service boundary proposed for sewerage into Mountlake Terrace and how many potential units will be included?



(206) 776-1161

MOUNTLAKE TERRACE

FAX (206) 778-6421

CIVIC CENTER

23200 - 58th AVENUE WEST

MOUNTLAKE TERRACE

WASHINGTON 98043-4697

THE CITY OF MOUNTLAKE TERRACE IS AN EQUAL OPPORTUNITY EMPLOYER.
REASONABLE ACCOMMODATION TO QUALIFIED INDIVIDUALS WITH DISABILITIES ARE AVAILABLE.

Mountlake Terrace / Lynnwood Sewer Agreement
May 12, 1995
Page 2

2. If there are more than 25 potential connections will Mountlake Terrace allow future hookups on a first come - first served basis until the maximum 25 connections are reached?
3. Will Lynnwood allow pump systems to be installed where gravity service is not available, and how would this affect the ultimate service boundary?
4. If pump systems are allowed, it is necessary that the limits of jurisdiction between Lynnwood and Mountlake Terrace be resolved for the possible maintenance of these systems.

Please contact me at your earliest convenience so that we can discuss these issues. Your prompt attention to this matter will be appreciated, both by the landowner and the City.

Sincerely,

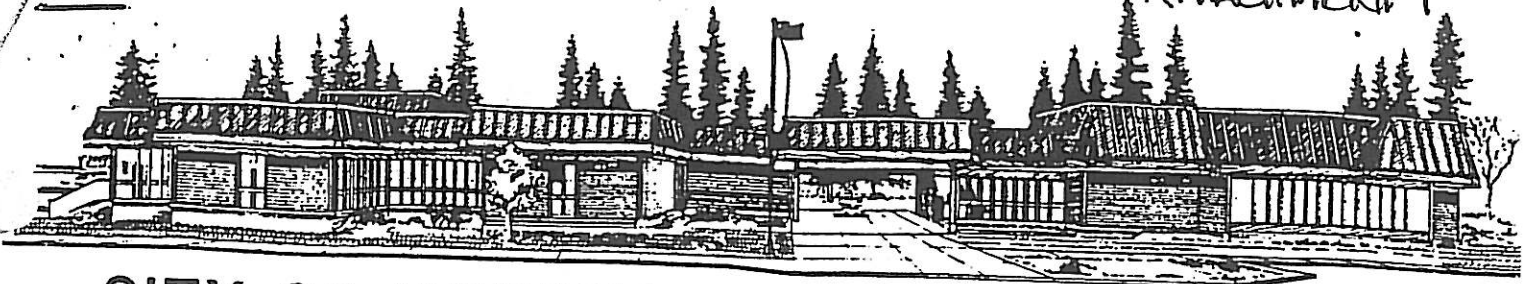


D. Michael Shaw
Engineering Technician

enclosures

c.c. Will Van Ry - Assistant City Engineer
Ron Swanson - Finance Director
Helen Collins - Utility Billing Coordinator
Engineering Reading File

wp51\temp\lynnsewr.wp



CITY OF LYNNWOOD

19100 44TH AVENUE WEST
LYNNWOOD, WASHINGTON 98036
PHONE 775-1971

FINANCE DEPARTMENT

February 24, 1987

Christy McKeown
Accounting Coordinator
City of Mountlake Terrace
23204 58th Avenue W.
Mountlake Terrace, WA 98043

*for Betty
info.*

RE: 212TH SEWER AGREEMENT

Dear Christy:

Listed below are the nine properties we agreed upon that Mountlake Terrace serves on 212th Street:

1. Gas station northwest corner of 44th and 212th; 21126 44th Avenue W.
2. 4425 212th.
3. 4501 212th.
4. 4507 212th.
5. 4519 212th.
6. 4715 212th.
7. 4725 212th.
8. 4803 212th.
9. 4815 212th.

We would appreciate receiving an invoice so that we may pay you promptly. Attached, please find copy of correspondence between our Asst. City Engineer Sand and your City Engineer, which drops the original 11 properties to 8. It now includes new property at 4501 212th, which brings the count up to 9 properties. Please let me know if I may be of any further assistance.

Sincerely,

CITY OF LYNNWOOD

Cathleen Mechkoff
CATHLEEN MECHKOFF
Utility Accountant

CM/smw
5665H

cc: Asst. Public Works Director Sand
Purchasing Agent Schimpf

CITY OF MOUNTLAKE TERRACE/CITY OF LYNNWOOD

70. 11 10
2010

SEWER SERVICE AGREEMENT

212th STREET SOUTHWEST, North Side
between approximately 44th Ave. W. & 49th Ave. W.

This Agreement, by and between the City of Mountlake Terrace, a Municipal Corporation, and the City of Lynnwood, a Municipal Corporation, each situated in Snohomish County, Washington, in consideration of the mutual covenants herein contained;

WHEREAS, the City of Mountlake Terrace has caused to be constructed and owns, operates and maintains a sewer main on 212th Street Southwest, a portion of which fronts on properties recently annexed to the City of Lynnwood on the north side of 212th Street Southwest, generally between 44th and 49th Avenues West; and

WHEREAS, the City of Mountlake Terrace previously constructed sewer laterals from the aforementioned sewer main to serve those properties on the north side of 212th recently annexed to the City of Lynnwood; and

WHEREAS, it is considered to be in the public interest that duplicate sewer facilities not be constructed by Lynnwood to serve the recently annexed Lynnwood properties on the north side of 212th; and

WHEREAS, there exists a minimum of eleven immediate potential sewer service accounts within the City of Lynnwood that can be directly served by the existing Mountlake Terrace sewer main and laterals; and

WHEREAS, there exists undeveloped lands containing a potential for future accounts; and

WHEREAS, the terms of the Edmonds/Mountlake Terrace sewer service agreement provide for the approval of Edmonds for Mountlake Terrace to serve limited areas within the southern portion of the City of Lynnwood; and

WHEREAS, the cities of Mountlake Terrace and Lynnwood desire to enter into an agreement to provide for service by Mountlake Terrace to a maximum of twenty-five (25) accounts in the City of Lynnwood in the above described area:

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

1. Ownership, operation and maintenance. The City of Mountlake Terrace shall continue to own, operate and maintain the sewer main in 212th Street S.W. between the aforementioned boundaries and those laterals currently constructed or constructed in the future to serve up to twenty-five (25) Lynnwood accounts. Construction of any future sewer laterals for serving currently undeveloped land shall be accomplished by the City of Mountlake Terrace. The City of Lynnwood hereby issues a permit to Mountlake Terrace for operation, maintenance, and/or construction of new laterals on the north side of 212th Street S.W. currently within the municipal boundaries of Lynnwood between the aforementioned limits.

2. Initial hookup charges. It is mutually agreed that the City of Lynnwood will require the current eleven potential sewer accounts to hook up to the existing sewer laterals within one-hundred and twenty (120) days of the date of execution of this agreement. The City of Lynnwood agrees that the hookup charge shall be as contained in the applicable ordinance of the City of Mountlake Terrace at the time of any future hookup. It is understood, for the existing eleven accounts, that the hookup charge will consist of a capital improvement fee of one-hundred dollars (\$100) and a sewer lateral charge of nine-hundred dollars (\$900) for each connection. In addition, a twenty dollar (\$20) fee for inspection of side sewers shall be applied. The City of Lynnwood retains the option of either paying these charges directly to Mountlake Terrace or requiring individual accounts to directly make application to the City of Mountlake Terrace. The City of Mountlake Terrace will inspect all side sewers constructed to connect to existing or future laterals.

3. Monthly sewer service charges. The City of Lynnwood agrees to pay any current sewer service fee established by ordinance of the City of Mountlake Terrace for service to all accounts provided for above. It is understood that the current monthly sewer service charge is eight dollars and sixty cents (\$8.60) per month. Bi-monthly billings for the number of accounts shall be made by Mountlake Terrace. Lynnwood pays bills on the fourth Monday of each month for all bills received by the second Monday. The City of Lynnwood agrees to pay the monthly sewer service charge for the eleven (11) initial existing potential accounts as connected with the initial one-hundred twenty (120) day hookup period and at the termination of the one-hundred twenty (120) day hookup period shall pay monthly sewer service charges for all eleven (11) accounts, whether hooked up or not.

4. Approval by City of Edmonds. This agreement shall not become effective unless signed in concurrence by the City of Edmonds, as provided below.

5. Date and Term. This agreement shall run for a period of twenty-five (25) years from the date hereof, which is the 24th day of August, 1981, and shall then be automatically extended annually on its anniversary date for one-year intervals unless thirty (30) day prior notice is provided by either party for termination of this agreement.

ATTEST:

Ron Simon
City Clerk

CITY OF MOUNTLAKE TERRACE

John E. Enbom
JOHN E. ENBOM, Mayor

ATTEST:

S. W. Heath
City Clerk

CITY OF LYNNWOOD

M. J. Hrdlicka
M. J. HRDLICKA, Mayor

ATTEST:

Gene Varney Moran
City Clerk

CITY OF EDMONDS
CONCURRENCE

Harve Harrison
HARVE HARRISON, Mayor

May 12, 1995

City of Lynnwood
 19100 44th Avenue West
 P.O. Box 5008
 Lynnwood, WA 98046-5008

<u>Corrected billing regarding 212th Sewer Agreement</u>		
<u>Year</u>	<u>Base Rate</u>	
1991	\$38.50	
1992	Should have billed \$48.80 \$48.80 -38.50 \$10.30 x 9/units = \$92.70 x 6 bimonthly billings =	\$ 556.20
1993	Should have billed \$52.80 \$52.80 -38.50 \$14.30 x 9/units = \$128.70 x 6 bimonthly billings =	\$ 772.20
1994	Should have billed \$56.65 \$56.65 -38.50 \$18.15 x 9/units = \$163.35 x 6 bimonthly billings =	\$ 980.10
1995	Should have billed \$56.65 \$56.65 -38.50 \$18.15 x 9/units = \$163.35 x 2 bimonthly billings =	\$ 326.70
TOTAL DUE		<u>\$2,635.20</u>
Please pay within 30 days...Thank you!		

InvCity.Lyn



(206) 776-1161

MOUNTLAKE TERRACE

FAX (206) 778-6421

CIVIC CENTER

23200 - 58th AVENUE WEST MOUNTLAKE TERRACE WASHINGTON 98043-4697

SEWER AGREEMENT

CITY OF LYNNWOOD/CITY OF MOUNTLAKE TERRACE

For and in consideration of the mutual benefits contained herein, the City of Lynnwood, a municipal corporation, and the City of Mountlake Terrace, a municipal corporation, do hereby agree as follows:

WHEREAS, an Agreement was entered into on the 26th day of May, 1977 between the City of Lynnwood and the City of Mountlake Terrace which provided for overflow from Lynnwood's pump station No. 12 located at 216th Street S.W., east of Highway 99, to the City of Mountlake Terrace gravity sewer line immediately southerly thereof, and

WHEREAS, twenty-two (22) occurrences of overflow during calendar year 1981 occurred, totaling 125 hours of overflow, and

WHEREAS, overflow during calendar year 1981 from the Lynnwood pump station resulted in total sewage flows sufficient to activate alarm systems in the City of Mountlake Terrace collection and pumping systems resulting in extra labor costs for response to such alarms, and

WHEREAS, overflows during calendar year 1981 from the Lynnwood connection resulted in the submergence of meter measuring devices in the Mountlake Terrace sanitary sewage collection system rendering such devices inoperable and damaging same, and

WHEREAS, the Mountlake Terrace sewage measuring devices are used for determination of both capital costs and maintenance and operation costs as prorated between Edmonds and Mountlake Terrace as a condition of existing Agreements between these parties, and

WHEREAS, there currently exists no measuring device to determine the quantity of sewage flows from the Lynnwood overflow connection, and

WHEREAS, the cost of providing service for Lynnwood overflow has increased due to general inflation, and in particular the cost of electric energy, and

WHEREAS, the Agreement between Mountlake Terrace and Edmonds, also provides that Mountlake Terrace must agree to servicing certain customers tributary to the Ballinger Lift Station, and

WHEREAS, the City of Mountlake Terrace has received a request from the City of Edmonds requesting concurrence in the servicing of thirty-six (36) customers currently and up to 119 customers in the future from the City of Lynnwood in the area of 208th Street S.W. to 210th Street S.W., west of Highway 99 to approximately 72nd Avenue West.

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

1. Intent. The City of Mountlake Terrace recognizes the necessity to allow for future use of the overflow connection by the City of Lynnwood in unique situations and it is the intent by this Agreement to continue to provide such connection as required by Lynnwood subject to the terms included herein.
2. Termination of Existing Agreement. That certain Sewer Agreement entered into on the 26th day of May, 1977 by the Cities of Lynnwood and Mountlake Terrace is hereby superceded by this Agreement.
3. Limitation. Lynnwood agrees to limit the use of the overflow connection to emergency situations or scheduled maintenance activities and to provide sufficient pumping capacity of its own for all other sewage flows. Scheduled maintenance shall be subject to prior approval by Mountlake Terrace.
4. Recording of Sewage Overflow. Lynnwood agrees to provide a device acceptable to the City of Mountlake Terrace to automatically record all periods of overflow with completion of such installation to be accomplished within one (1) year of the date of this Agreement. Such information will be telemetered to an existing panel located within the Civic Center at the City of Mountlake Terrace. All costs for installation, maintenance, and operation of the overflow recording system shall be borne by Lynnwood. The cost of a leased line for transmittal of the information to Mountlake Terrace shall also be borne by Lynnwood. It is understood that Lynnwood has applied for a State D.O.E. grant for enlargement and improvements to Pump Station #12. This work will be accomplished under the grant if received within one year.

SEWER AGREEMENT
CITY OF LYNNWOOD/CITY OF MOUNTLAKE TERRACE
PAGE TWO

5. Cost of Service. The City of Lynnwood shall pay to the City of Mountlake Terrace the sum of \$40 per hour for any and all periods of overflow by the City of Lynnwood. The City of Lynnwood agrees to report all overflows until such time as the record of overflow is automatically transmitted to Mountlake Terrace.
6. Miscellaneous Charges. The City of Lynnwood agrees to reimburse the City of Mountlake Terrace for any operational, maintenance, repair, etc. charges directly resulting from Lynnwood overflow, such as alarm call-outs, damage to metering devices, administrative costs of estimating sewage flows when metering devices are flooded, etc. The calculation of such charges shall be by mutual agreement of the Mountlake Terrace City Engineer and the Lynnwood Director of Public Works.
7. Miscellaneous Provision. The City of Mountlake Terrace agrees to approve immediate servicing of up to fifty (50) residential customers in the City of Lynnwood in the area of 208th Street S.W. to 210th Street S.W., West of Highway 99 to approximately 72nd Avenue West, upon execution of this Agreement by both parties, and agrees to allow future servicing of an additional seventy (70) customers upon written request from Lynnwood.
8. Term/Renegotiation. This Agreement shall remain in effect unless terminated by either party with 120 days written notice to the other party, and shall also be subject to renegotiation upon 120 day written notice of either party.

DATED this 10th day of MAY, 1982.

CITY OF LYNNWOOD

M. J. Kudlicka
Mayor

ATTEST:

R. W. Frank
City Clerk

CITY OF MOUNTLAKE TERRACE

Robert B. White
City Manager

ATTEST:

Ron Swanson City Clerk

City of Mountlake Terrace
 6100 219th St. SW Suite 200
 PO Box 72
 Mountlake Terrace, Washington 98043-0072
 (425) 776-1161

INVOICE
 Customer Copy

CUSTOMER	INVOICE DATE	INVOICE NUMBER	AMOUNT PAID	DUE DATE	INVOICE TOTAL DUE
CITY OF LYNNWOOD	06/30/2020	3796	\$0.00	06/30/2020	\$5,200.82

DESCRIPTION	QUANTITY	PRICE	UOM	ORIGINAL BILL	ADJUSTED	PAID	AMOUNT DUE
Sewer Discharge, June 2020	1.00	\$5200.8200	EACH	\$5,200.82	\$0.00	\$0.00	\$5,200.82
Invoice Total:							\$5,200.82

PAYMENT DUE WITHIN 30 DAYS



City of Mountlake Terrace
 6100 219th St. SW Suite 200
 PO Box 72
 Mountlake Terrace, Washington 98043-0072
 (425) 776-1161

INVOICE
 Remit Portion

Invoice Date	06/30/2020
Invoice Number	3796
Customer Number	3179
Amount Paid	
Due Date	06/30/2020
Invoice Total Due	\$5,200.82

CITY OF LYNNWOOD
 PUBLIC WORKS DIRECTOR
 19100 44TH AVE W
 PO BOX 5008
 LYNNWOOD, WA 98046-5008

Mick Horton

From: Peter Dressel
Sent: Friday, July 10, 2020 12:16 PM
To: Mick Horton
Cc: Shawn Hjert
Subject: FW: Pump Station 12 Diversions

Hi Mick,

Please bill Lynnwood for \$5,200.82 related to sewage that overflowed from their lift station into our sewer system in accordance with our agreement with them and based upon the email chain below.

56 hours * \$40/hour = \$2,240
1,070,043 gallons = 1,430.35 CCF * \$2.07/CCF = \$2,960.82

Total = \$5,200.80

The \$2.07/CCF is derived from our total \$1,305,012.06 2019 O&M Maintenance expense by the 472.083 Million Gallons we contributed.

Thank you,
Peter Dressel
Public Works Operations and Maintenance Manager
City of Mountlake Terrace
425-744-6276

From: Jared Bond <JBond@lynnwoodwa.gov>
Sent: Tuesday, June 30, 2020 5:42 PM
To: Shawn Hjert <SHjert@ci.mlt.wa.us>
Cc: Peter Dressel <PDressel@ci.mlt.wa.us>; Kris Olsen <KOlsen@lynnwoodwa.gov>; Andrew Lorenzen <ALorenzen@lynnwoodwa.gov>
Subject: Pump Station 12 Diversions

**** External Email ****

Hi Shawn,

Thank you once again for allowing us to divert flows into your system with such short notice. It really pulled us out of a jam.

For the record – we began diverting flows at 7:00am on June 17th, and stopped at 2:00pm on June 19th, a total period of 56 hours. We estimate the diversion of 1,070,043 gallons into your system. I say “estimate” because our flow meter was off-line due to the cabinet being replaced. Our estimates are based on pump curves and pump run times during the specific times of day. I think we have a pretty high level of confidence in this number all things considered.

Our SCADA Tech will be returning from paternity leave near the end of August, and I will task him with connecting our flow meter into your SCADA system upon his return. Thank you for your patience on this issue.

If there is anything we can do to assist you and / or your crews, please don't hesitate to reach out. We owe you big!

Stay Healthy!

Jared S. Bond | Public Works Manager – Operations and Maintenance
Public Works Department
20525 60th Ave W, Lynnwood WA 98036
Ph: 425-670-5207
www.LynnwoodWA.gov



LYNNWOOD
WASHINGTON

**NOTICE: All emails, and attachments, sent to and from the City of Lynnwood are public records and may be subject to disclosure pursuant to the Public Records Act ([RCW 42.56](#)).*



City of Mountlake Terrace

2026 Legislative Session



purpose

Overview of the 2026 Legislative Session

Outcomes of City's Legislative Priorities

Additional Legislative Issues

Next steps





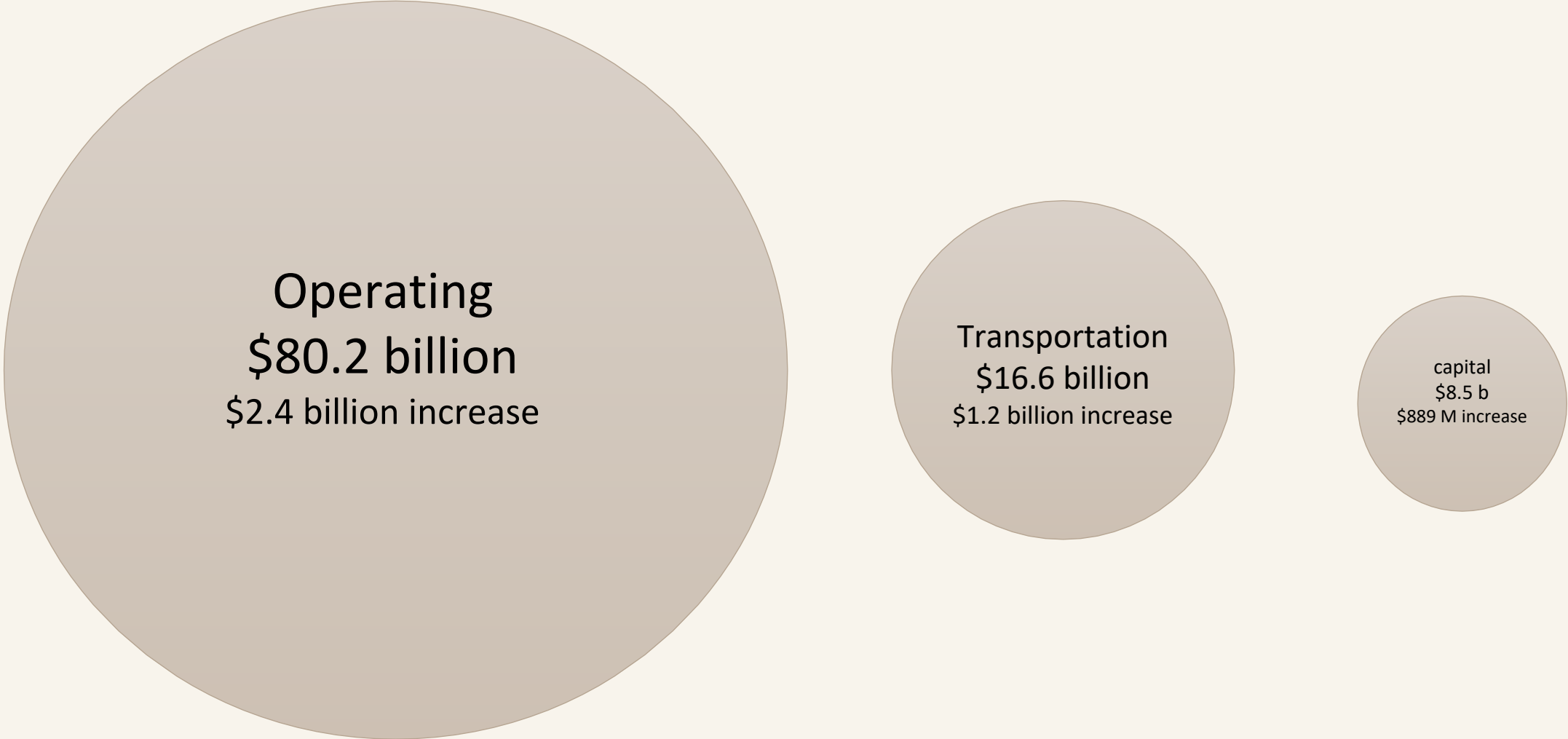
Overview

2026 Legislative Session

- 60-day session
- Second year of the biennium
- Democrats held strong majorities
- Major themes: response to federal actions, affordability, tax/budget reform
- Supplemental budgets
- 1,238 bills introduced, 268 passed into law

Overview

2026 Supplemental Budgets



Outcomes

Cities across the state

Key Takeaway: There's room for improvement

- No relief for city budgets, but fiscal flexibility
- Maintained most – but not all – state-shared revenues
- New impacts from sales and use tax exemption in millionaire's tax



Outcomes

Mountlake terrace Priorities

Library Roof & HVAC

- 2025-26 funding request: \$800,000
- Received \$500,000 in 2025
- Requested \$300,000 in 2026 – Secured!



Additional Legislative priorities



Infrastructure Funding	<ul style="list-style-type: none">• \$375 million from PWAA to state general fund• Backfilled with \$279.5 million in bonding authority
Insurance Costs	<ul style="list-style-type: none">• Several bills introduced, none passed• Budget directs committee to make recommendations for changes to be considered for 2027 session
Housing	<ul style="list-style-type: none">• Additional \$123 million to the Housing Trust Fund, which includes \$55 million for first-time, low-income homeownership
Public Defense	<ul style="list-style-type: none">• No additional funding allocated to local governments

Next steps

- Express gratitude
- Implement projects and policies
- Plan and educate
- 2027 Legislative Session begins January 11



Questions?

Shelly Helder

State Lobbyist

360-209-3338

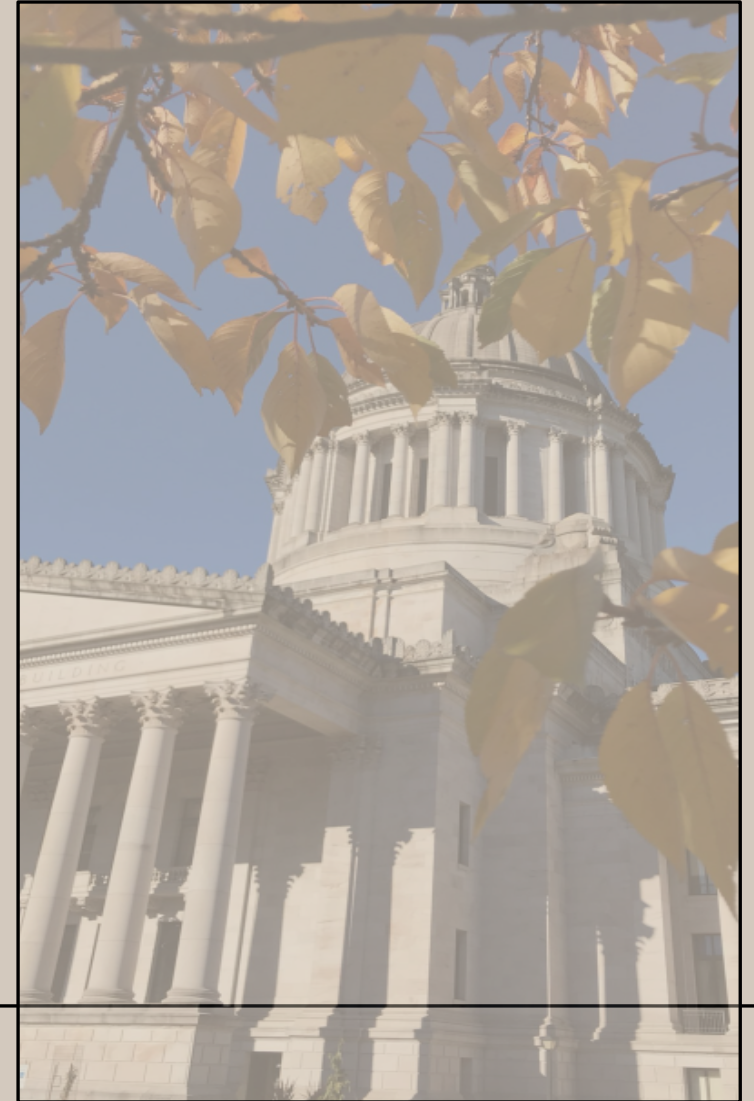
shelder@gth-gov.com

Holly Sanabria

Policy Analyst

253-509-2403

hollys@gth-gov.com





City of Mountlake Terrace
2026 End of Session Legislative Report
March 23, 2026

Dear City of Mountlake Terrace,

It was a pleasure to advocate on behalf of the City of Mountlake Terrace throughout the 2026 Washington State legislative session.

The 2026 session marked the second year of the 2025–27 biennium and was largely defined by the Legislature’s responsibility to adopt supplemental operating, capital, and transportation budgets. Similar to previous years, this proved to be a challenging task. Lawmakers entered the short, 60-day session confronting a projected multi-billion-dollar budget gap driven by rising maintenance-level costs, caseload growth, inflationary pressures, and new obligations from recent policy expansions, even as revenue growth remained modest.

In response, the Legislature focused heavily on budget-balancing strategies, including targeted spending reductions, use of reserves, and adjustments to the tax code. A significant portion of the session was devoted to debates over tax fairness and affordability. Lawmakers also grappled with the downstream fiscal impacts of recent federal actions, as well as ongoing needs related to infrastructure, disaster response, housing affordability, and public safety.

Despite these headwinds, we were successful in advancing priorities important to the City, including securing \$300,000 for the Mountlake Terrace library roof and HVAC system. Just as importantly, we worked to ensure the City’s perspective was well understood by legislators as they weighed difficult tradeoffs in an election-year environment.

With session now adjourned, legislators will turn their attention to the November 2026 elections, with all House seats and approximately half of the Senate on the ballot. This political dynamic will shape both the interim and the policy landscape heading into next year.

Looking ahead, the 2027 legislative session will be a 105-day session and the first year of the 2027–29 biennium. The Legislature will shift its focus to developing full biennial budgets and considering more expansive policy proposals. In an evolving fiscal and political climate, consistent, strategic advocacy will be essential. I look forward to continuing to work with the City of Mountlake Terrace during the interim to advance its priorities, strengthen legislative relationships, and ensure we are well positioned for the 2027 session.

Thank you,

Shelly Helder
State Lobbyist
Gordon Thomas Honeywell Government Relations

Table of Contents

A. Session Overview	2
B. Legislative Agenda Items	3
C. Budget Summaries	3
D. Additional Legislative Priorities.....	Error! Bookmark not defined.

Attachments:

1. AWC Budget Matrix
2. 2026 Bills Impacting Cities

A. Session Overview

The 2026 legislative session convened on January 12 and adjourned on schedule on March 12. During the 60-day short session, lawmakers focused on two primary responsibilities: adopting biennial operating, capital, and transportation budgets, and debating and advancing legislation.

From a city perspective, the results of the 2026 Session show there is still significant room for progress. During the session, the Legislature:

- Continued its pattern of passing land-use mandates without attached funding. However, in refining several proposals, lawmakers incorporated more city input than they have in recent years.
- Declined to offer broad financial support for cities facing budget pressures, though it did pass a modest fiscal-flexibility measure ([House Bill 2442](#)) that introduces a few new revenue options that may help a small number of municipalities.
- Preserved most, though not all, state accounts that share funds with cities, but did not fully compensate for the expected financial losses that will occur once tax exemptions tied to the millionaire's tax go into effect.

The session was largely defined by Democrats' push to overhaul the state's tax structure. That effort culminated in final legislative approval of [Senate Bill 6346](#), which imposes a new 9.9% tax on household income above \$1 million. The bill passed the Senate late on the final night of the session and now heads to Governor Ferguson, who has indicated he will sign it. Supporters argued the measure begins to address Washington's long-standing reliance on regressive revenue sources, while Republicans warned it could open the door to broader income taxation.

Democratic leaders also advanced a slate of bills aimed at insulating the state from shifting federal policies. Lawmakers approved measures restricting the release of voter data, prohibiting law enforcement officers from concealing their identities while performing official duties, and anchoring vaccine guidance to state-level health authorities rather than federal directives. Party leaders described these actions as necessary to protect civil rights and public health.

In total, legislators introduced 1,238 bills during the session and enacted 268 into law.

Despite declaring the short session largely successful, Democratic leaders acknowledged that several major issues remain unresolved and are likely to resurface next year. These include regulating data centers more comprehensively, managing rising legal costs facing the state, stabilizing funding for public defense, revisiting public school funding, and securing long-term funding for ferry construction.

For Republicans, the session was largely defined by opposition. With limited leverage as the minority party, lawmakers relied heavily on procedural tactics and amendment strategies to slow or challenge Democratic priorities. That approach was most visible during the marathon House debate over the income tax bill, which stretched more than 24 hours and ranked among the longest floor debates in state history.

B. Legislative Agenda Items

Mountlake Terrace Library Roof and HVAC

In the first year of the biennium the City requested \$800,000 to complete necessary repairs and improvements to the Mountlake Terrace Library roof and HVAC system. The biennial capital budget included \$500,000 toward the project. This session, the City requested the remaining \$300,000. While the entire delegation supported the project, Rep. Ryu championed this request for the City and the House version of the supplemental budget included the full funding for the project, while the Senate version did not. The final budget included \$300,000 for the project!

On the Horizon: Mountlake Terrace Senior Center

Similar to the library, the Mountlake Terrace Senior Center requires roof and HVAC improvements. Since this was a supplemental budget with constrained resources, the priority for the 2026 session was to complete the funding for the library. Over the interim months we will be working to lay the groundwork for a capital budget request in the 2027 session to help close the \$1.5 million funding gap.

C. Budget Summaries

Operating Budget

The 2026 legislative session commenced with lawmakers confronting a persistent multi-year challenge - balancing the state's Operating Budget. Expenditures associated with state programs, many of which were expanded in recent years, continued to rise, while revenue growth softened. Additionally, changes to federal policies meant fewer resources were available for state services. The primary task of the short session was updating the 2025-27 biennial budget to account for these changes.

Although the February revenue forecast offered slightly improved expectations due to stronger-than-anticipated early collections from tax measures enacted in 2025, state economists cautioned that growth in K-12 education, health care, and long-term care costs continues to outpace projected revenues.

The supplemental operating budget authorizes an additional \$2.3 billion in spending, bringing the biennial budget to \$80.2 billion. To achieve a balanced Operating Budget, legislators relied on a combination of targeted program reductions, inter-account transfers, and new revenues generated by eliminating select tax preferences, including those affecting data centers, prescription drug wholesalers, and insurance carriers. The enacted budget uses \$880 million from the Budget Stabilization Account and transfers an additional \$375 million from the Public Works Assistance Account to the state general fund. It further assumes \$2.23 billion in new revenue over the four-year outlook from the recently adopted millionaire's tax and incorporates the fiscal impacts of repealing the estate-tax increase approved during the 2025 session. The Budget Stabilization Account is backfilled using funds from the LEOFF 1 retirement system. For a full list of account transfers and legislation impacting revenue, [click here](#).

Despite these adjustments, the state faces a projected \$878 million deficit in fiscal year 2027—a challenge for next year’s legislature, pending updated revenue forecasts. This deficit would significantly expand if the millionaire’s tax were invalidated by the courts or overturned by voters. The only reason the state is not required to have a four-year balanced budget is that it utilized the Budget Stabilization Account during this biennium, which temporarily exempts it from the statutory four-year balance requirement.

Local Government Fiscal Health

In the four-year outlook, the budget includes intent to transfer \$200 million from the state’s general fund to a new account called Local Government Fiscal Health. The intent of this allocation is to help offset some of the local tax reductions from the implementation of the sales tax exemptions included in Senate Bill 6346, the millionaire’s tax. The \$200 million would be shared between cities, counties and transit agencies.

Other Appropriations

Other notable expenditures in the supplemental operating budget include:

- Roughly \$1 billion to cover the state’s self-insurance liability costs
- \$15 million for grants to permanent supportive housing providers for operations, maintenance and service costs
- \$25 million for Immigrant, Refugee, and New Arrival Supports
- \$18 million for state employee collective bargaining agreements
- \$82.4 million to the Disaster Response Account

To view the summary of expenditures and reductions included in the supplemental operating budget, [click here](#). To view the text of the supplemental budget, [click here](#).

Transportation Budget

Transportation Budget writers faced another challenging year in developing a balanced budget that meets the state’s transportation needs now and into the future. In the 2025 session the Legislature adopted a 6-cent fuel tax increase and a variety of other fee increases. That resulted in an estimated \$4.4 billion increase for the next three biennia. However, in the last three revenue forecasts, that estimate has been lowered by \$843 million. In other words, 20% of the projected increase in resources from the 2025 session have been offset by decreases since then. The primary reason for the lower projection is declining fuel consumption. Fuel tax collections represent 40% of the total forecasted revenues, which limits overall available transportation resources.

In developing the supplemental transportation budget, the top priority for both parties and both chambers was increasing investments in preservation and maintenance of the state’s highway system. Additionally, to provide clarity and certainty for long-term planning, the supplemental budget plans for the next 3-biennia, through 2031.

The supplemental budget appropriates \$16.6 billion, an increase of \$1.2 billion over the biennial budget. Of the total, \$10.2 billion (61%) is dedicated to capital projects and programs

and \$6.4 billion (39%) to operating programs. The budget includes \$1.3 billion in new bond authority, sufficient to provide capacity for \$200 million in highway maintenance, \$1.3 billion in highway preservation and \$28 million in ferries preservation through the 2029-31 biennium. Click [here](#) to access Supplemental Transportation Budget documents.

Highway Preservation and Maintenance

For the current biennium, the supplemental budget allocates an additional \$40 million for the WSDOT Highway Maintenance Program, \$300 million for the Highway Preservation Program. In addition to these amounts, there is \$65 million in federal funding for state highway flood recovery and \$45 million for local highway flood recovery (\$30 million for county and \$15 million for city). These funds are specified for transportation infrastructure damaged during the December 2025 weather events.

Ferries

The state's ferry system includes 20 marine terminals and 21 car and passenger ferries with an average age of over 33 years. The supplemental budget allocates an additional \$4 million for preservation of ferries in the current biennium and doubles that amount in each subsequent biennium, for a total of \$28 million over 6 years. The budget advances \$29 million of previously allocated Climate Commitment Act resources to complete the construction of new hybrid electric ferries, with the first ferry anticipated to be delivered by 2030.

In contrast to the Governor's budget which provided funding for three new ferries, the supplemental budget allocates \$750,000 to the Joint Transportation Committee to convene a work group to consider options for long-term, financially sustainable vessel preservation and replacement. The work group's initial report is due to the Governor and Legislature by December 15, 2026. The budget also includes \$500,000 for a feasibility study regarding the establishment of state owned or leased dry dock facilities which would enable WSDOT to control scheduling for maintenance of the ferry fleet.

Local Project Impacts

The supplemental budget makes relatively no new investments in capital projects at the state or local level. However, the budget includes intent to increase funding by \$107 million for the Regional Mobility Grant Program and the Rideshare Grant Program in the next two biennia. The application window for the Regional Mobility Grant Program is already open, and the signal of increased investment means there will be additional funding awarded in the upcoming cycle. Click [here](#) to learn more about the Regional Mobility Grant Program.

The final budget also incorporates the budgeting tool referred to as "resource smoothing" which assumes a \$180 million underspend of the Local Programs project list for the current biennium. This amount is invested elsewhere in the budget.

Traffic Safety & Enforcement

The biennial budget reduced funding for the WA State Patrol (WSP) due to staff vacancies and the supplemental budget restores \$2.7 million of that reduction. An additional \$11 million is provided to WSP for capital and operational improvements. Other traffic safety-related investments include:

- \$250,000 for WSDOT to develop an implementation plan for a new Megaproject Safety Program
- \$234,000 to report crash data and wrong-way driving violations at locations where wrong-way driving prevention strategies have been implemented
- Establishment of an older driver reduced fee identicard program for currently licensed drivers aged 70 years or older who wish to replace their driver's license with an identicard or an enhanced identicard

Looking Ahead

The supplemental budget makes relatively few changes to the underlying budget and signals intent to make more sweeping changes in the 2027-29 budget. Minimal funding is provided to complete studies and provide recommendations on a variety of issues, including:

- \$100,000 for the Joint Transportation Committee to facilitate review of the long-term financial sustainability of the transportation budget.
- \$640,000 for the Joint Transportation Committee to continue to oversee a Climate Emission Reduction Account investments tracking tool.
- \$400,000 for a report on the state's maintenance and preservation needs, including recommendations for a sustainable and integrated delivery plan and a public education program on investment needs and options.

Capital Budget

The state's Capital Budget funds infrastructure and building construction for state and local communities through direct appropriations and grant programs. A percentage of the operating budget is dedicated to paying bonds issued to fund the budget. Of the three budgets, revenues in the capital budget were the most stable although not as ample as in previous years when there was an influx of federal funding from the American Rescue Plan Act (ARPA). The 2026 supplemental capital budget relies on debt limit bond capacity, Climate Commitment Act (CCA) accounts, and minimal other cash resources.

The supplemental Capital Budget authorizes \$889 million in new expenditures for a total of \$8.5 billion over the 2025-27 biennium. To help balance the operating budget, the capital budget transferred roughly \$1 billion in cash resources typically dedicated to capital purposes. These resources included capital gains, public works and higher education building accounts, described in more detail below. To view the supplemental budget and the associated project lists and grant programs, [click here](#).

Notable investments in the final Capital Budget include:

- The operating budget utilized \$375 million of the Public Works Assistance Account (PWAA) resources and the capital budget backfills the account with \$279.5 million of bond funding. There is \$100 million in existing bond backfill and the capital budget allocates \$10 million for emergency grants to local governments for public works

projects impacted by the December 2025 flooding event. This brings the total amount of funding available in PWAA to \$389.5 million.

- An additional \$123 million in Housing Trust Fund investments which includes \$50 million for multifamily/rental units, \$40 million for preservation and \$55 million for homeownership.

D. Additional Legislative Priorities

Behavioral Health Funding

There continues to be bipartisan recognition that addressing behavioral health—both mental health and substance use—is essential to improving public safety. Although there was no additional funding to support co-responder programs, the Legislature continued to make significant investments in other elements of behavioral health:

- \$24 million for Program for Assertive Community Treatment (PACT) teams to expand intensive, community-based services for individuals with serious behavioral health conditions.
- \$12 million for substance use disorder peer support services, increasing access to certified peer counselors and strengthening recovery-oriented care statewide.
- \$48 million to support the housing and stabilization needs of individuals with behavioral health disorders, including crisis response teams, supportive housing programs, recovery navigator services, stabilization teams, and other community-based interventions.

These investments reflect the Legislature’s ongoing shift toward a more community-based behavioral health system, reducing reliance on state hospitals and expanding local capacity for treatment, stabilization, and long-term recovery.

Infrastructure Funding

Local governments have the responsibility of constructing and maintaining infrastructure for public services like water, sewer, and stormwater. The state’s primary method of supporting local governments with this obligation is through the Public Works Assistance Account (PWAA). However, it is commonly an attractive option for operating budget writers to raid the PWAA when facing budget challenges. This year was no exception. The supplemental operating budget transfers \$375 million from the PWAA to the general fund, while the final capital budget provides an additional \$279.5 million in bond revenue to backfill the reduction. Combined with \$100 million in *existing* bond revenue backfill and \$10 million in new funding for emergency grants to public works projects impacted by extreme weather events in 2025, this gives the Public Works Board authority to award up to \$389.5 million in grants and loans for infrastructure projects in FY 2027. Overall, this results in an increase of \$14.5 million compared to the appropriations to the PWAA in the biennial budget. The capital budget also cuts in half an existing diversion from the PWAA to the Water Pollution Control Revolving Account, eliminating a \$20.5 million transfer that was scheduled for FY 2027.

As an alternative to the PWAA, legislators have proposed creating a Washington State Public Bank to lower the borrowing costs and provide financing for infrastructure and housing. [Senate Bill 5754](#) was originally introduced in the 2025 session and had a public hearing this session. However, the concept continues to lack the support needed to advance.

To streamline the process and reduce costs for smaller projects, the legislature passed [House Bill 2420](#), sponsored by Rep. Janice Zahn (D-Bellevue). The bill incrementally raises the maximum contract amount eligible for small works roster procurement, allowing the limit to increase from \$350,000 to \$650,000 over a phased period while clarifying that the thresholds are based on estimated cost not including sales tax and retaining existing documentation, direct contracting, and public access provisions.

Insurance Costs

The 2026 session brought heightened attention to an increase in liability exposure for the state and local governments. After concerns from the Governor and legislators about the tens of millions spent annually on liability claims, Senator Manka Dhingra introduced [Senate Bill 6239](#) which would have required arbitration for tort claims against the state and its subdivisions. Originally, this was the only bill being considered on the topic but as the session progressed, the bill was watered down and eventually died after victim advocates expressed concerns with the delay of justice for those harmed by state or local governments. While no major reforms were passed, the session marked a clear shift toward confronting the growing financial strain tort exposure places on both the state and local governments, setting the stage for deeper work in the next biennium.

To support that work, the final Operating budget directs the Office of Administrative Hearings to convene a committee to recommend changes to the process for claims against the state or its political subdivisions for damages arising out of tortious conduct. The committee will provide a report by November 1, 2026.

On the flip side of the issue, the Legislature considered several bills that would have increased liability exposure for governments. One example is [House Bill 2095](#), which would expand civil liability when vulnerable road users are struck by automobiles. Although intended to protect vulnerable road users, such as people walking in a crosswalk or riding bicycles in a lane, the bill would expand cities' exposure to potential damages and attorneys' fees even if no city driver or vehicle was involved. The bill was ultimately halted in the Senate but the sponsor, Rep. Reed, plans to introduce similar legislation next year.

Housing Affordability

Local governments have consistently emphasized that meeting housing needs across all income levels will require significantly greater investment in housing serving households at 50% of area median income (AMI) or below.

The state's primary tool for funding affordable housing production is the Housing Trust Fund. In his capital budget proposal, Governor Ferguson recommended investing \$275 million in the program—an unusually large investment for a supplemental budget year. While the Legislature did not fully fund the Governor's proposal, it approved a substantial allocation to the program,

reflecting continued legislative commitment to affordable housing development. Even with this investment, however, the Housing Trust Fund alone will not produce the level of housing needed for Washington State to meet its housing supply goals.

Several proposals were introduced this session that would have provided new local revenue options to support housing production. These included proposals to:

- Allow local governments to impose a tax on short-term rentals ([House Bill 2559](#))
- Authorize all jurisdictions to seek voter approval for an additional 0.25% real estate excise tax, similar to authority currently available to San Juan County ([House Bill 1480](#))
- Allow local governments to waive local sales and use taxes on affordable housing construction ([House Bill 1717](#))
- Modify existing incentives to support redevelopment of parking lots and underutilized sites into housing ([Senate Bill 5755](#))

While these proposals received legislative attention, none advanced during the short legislative session.

The Legislature did, however, provide additional flexibility in how existing housing-related revenues may be used. In recent years, lawmakers created two local-option sales tax tools to support housing investments:

- Establish a sales tax credit that cities can use to fund affordable housing ([House Bill 1406](#) from 2019)
- Authorize a local sales tax dedicated to housing and related services ([House Bill 1590](#) from 2020)

Both programs included restrictions on how revenues could be spent. This year, the Legislature approved [Senate Bill 6027](#) and [House Bill 2442](#), expanding flexibility by allowing these funds to be used for rental assistance, providing jurisdictions with additional tools to address housing affordability.

The Governor has also continued to advance his executive order establishing a Washington State Department of Housing. An advisory committee has been formed and has begun meeting to guide the development of the new agency, with the Association of Washington Cities serving as a participant. As part of this effort, a [survey](#) is currently being circulated to gather stakeholder input on the mission and role of the future agency. The survey includes several questions about how the agency should interact with cities in advancing housing policy, including topics related to land use and permit reform. Local governments are encouraged to participate and provide input.

Public Defense

Public defense remained one of the most unresolved pressures on local governments this year, driven largely by the Washington Supreme Court's June 2025 order requiring a two-thirds reduction in public-defender caseloads over the next decade. There were two bills introduced this session that aimed to reduce pressure on local governments. The first was [House Bill](#)

[2163/Senate Bill 5913](#), which would clarify that the Court’s 10-year phase-in takes precedence over the three-year timeline proposed by the Washington State Bar Association. Cities strongly supported this clarification, as the shorter timeline is widely viewed as unworkable given current workforce shortages and the absence of state funding. The second was [Senate Bill 5914](#), which restructured how the Office of Public Defense distributes state funding by moving to a pro rata formula tied to documented costs. The bills did not receive public hearings and did not make any progress this session.

In the final days before the first fiscal cutoff, [House Bill 1592](#), was unexpectedly scheduled for a public hearing. Originally introduced in 2025 and focused solely on counties, the bill was amended this year to create a city funding distribution based on misdemeanor case counts, eliminating the grant-application process. The bill also added new reporting requirements for the Office of Public Defense (OPD) and the Administrative Office of the Courts (AOC) to track caseloads, backlogs, and staffing needs. Despite the last-minute surge of attention, the bill did not pass.

Public Safety

In recent years, legislative discussions have often been dominated by public safety issues. While the topic received considerable rhetorical attention during this session, relatively few significant policy changes were enacted.

Two bills passed this session with notable implications for public safety. The first, [Senate Bill 5974](#), establishes minimum qualifications for elected sheriffs creating background check requirements. The second, [Senate Bill 6002](#), regulates the use of automated license plate reader (ALPR) cameras, often referred to as “Flock cameras,” which are increasingly used by local law enforcement agencies to investigate and prevent crime.

The Legislature also monitored—but did not take action on—the implementation of [House Bill 2015](#), adopted last year. That law created a \$100 million grant program and authorized a councilmanic sales tax to support local public safety investments. Several jurisdictions have expressed concern that the eligibility criteria and certification requirements established by the Criminal Justice Training Commission have been burdensome and difficult to meet, limiting access to the funding. Approximately one month into the legislative session, the Commission approved the first jurisdictions for certification under the program. Click [here](#) to view the CJTC program page.

In recent years, the Legislature has also considered proposals aimed at reducing the number of individuals entering the criminal justice system, including efforts to decriminalize certain offenses or modify detention standards. Several such proposals were introduced this session but did not ultimately pass into law. One worth mentioning is [House Bill 2389](#), which expands alternatives to confinement and adjusts sentencing rules for juvenile offenders.

Land Use

The Legislature has continued its trend of preempting local governments in the name of increasing housing supply. During the first year of the biennium, lawmakers limited cities’ authority to require housing developers to provide parking to reduce development costs. In the

second year of the biennium, the Legislature advanced a similar proposal limiting cities' authority to require ground-floor retail or commercial space in new developments. The bill—requested by Governor Ferguson and Lieutenant Governor Heck—was supported by major employers such as Microsoft and Amazon, along with the Master Builders Association and the Sightline Institute. After several rounds of negotiations, the Legislature approved a final version of [Senate Bill 6026](#), which the Governor signed into law. While the bill limits local authority for cities over 30,000 in population, the final version retained some ability for cities to require ground-floor commercial or retail uses in certain circumstances. Unless there is a significant political shift, legislative mandates affecting local land use authority in the name of increasing housing supply are likely to continue in future sessions.

For the second consecutive session, lawmakers considered legislation that would have significantly limited cities' authority to regulate or remove individuals occupying public rights-of-way, including individuals experiencing homelessness who are living in encampments. [House Bill 2489](#) was approved by the House Housing Committee but did not advance further in the legislative process. Despite not passing, the proposal generated significant attention and opposition. Each year this policy is introduced and debated, it draws substantial interest from local governments, advocacy groups, and legislators due to its potential impact on cities' ability to manage public spaces and address encampments within the public right-of-way.

The Legislature has also continued to focus on the regulation and siting of “step housing” types, including shelters, transitional housing, emergency housing, and permanent supportive housing. In 2021, the Legislature adopted [House Bill 1220](#), which required cities to allow these housing types in areas where hotels are permitted. The bill was influenced in part by events in Renton, where a Red Lion hotel was converted into a shelter and generated significant public debate about public safety impacts. At the time, cities were allowed to adopt reasonable occupancy, spacing, and health and safety regulations. However, local regulations adopted across the state have varied widely, and in some cases have been written narrowly enough to effectively prevent shelters from locating in a community.

To address these concerns, the Legislature adopted [House Bill 2266](#) this session. The bill modifies existing law by requiring cities to allow permanent supportive housing and transitional housing in all residential zones and requiring shelters and emergency housing in all zones where hotels are allowed. It also narrows the types of spacing, occupancy, and health and safety regulations that cities may adopt. One notable provision allows cities to impose additional operational requirements when a jurisdiction contributes general fund dollars or public land to a project. Proponents believe the bill will create greater statewide consistency in how these housing types are regulated.

In addition to land use mandates, lawmakers have also focused on local permitting processes. In 2021, the Legislature adopted [Senate Bill 5290](#), establishing permit review timelines for local governments. While jurisdictions may set their own timelines, they must meet statutory performance requirements. The law also requires the Department of Commerce to study permitting timelines statewide. Commerce released its first report shortly before the start of the legislative session, establishing baseline data and indicating that permit review timelines vary widely among jurisdictions.

This session, the Legislature adopted [House Bill 2418](#), which makes modest changes to local permitting requirements, including clarifying when an application is considered complete and requiring jurisdictions to designate a permit review office or point of contact. Lawmakers also considered [Senate Bill 5729](#), which would have required cities to accept architectural or engineering plans approved by licensed professionals, but that proposal did not advance. Governor Ferguson and other stakeholders have indicated that additional permit reform will likely be pursued in future sessions as part of ongoing efforts to reduce housing development timelines and costs.



Bills Impacting Cities 2026 Legislative Session

Below is a list of bills that passed this session that impact city operations and interests or will likely require a change in city code. We encourage you to review and prepare for the requirements outlined in the following bills. For reference, click [here](#) to view all bills approved by the Legislature, even those without a nexus to city government.

Child Care

Child Care Operational Flexibility: [House Bill 2219](#), sponsored by Rep. Lillian Ortiz-Self (D-Mukilteo), allows licensed child care centers to use limited mixed-age staffing ratios each day and permits returning or experienced staff to waive repeat completion of the state’s early learning orientation when certain conditions are met.

Early Learning Licensing Exemption: [House Bill 2317](#), sponsored by Rep. Carolyn Eslick (R-Sultan), revises the definition of “agency” under state early learning licensing law to exclude certain school-day Early Childhood Education and Assistance Program (ECEAP) and Head Start programs that are located in a public school building or community or technical college building, or on the premises of a public school or community or technical college. This change narrows which early learning programs require state child care licensing, reducing regulatory requirements for specified school- and college-based early childhood programs and aligning them more closely with K-12 and higher education facility oversight.

Courts

Court System Unification Task Force: [House Bill 1909](#), sponsored by Rep. Jamila Taylor (D-Federal Way), creates a statewide Court Unification Task Force to evaluate how disparate local rules, technology, and funding create inefficiencies and inequities, and to recommend more unified approaches to improve access and consistency statewide. The task force must convene by October 1, 2026, report preliminary findings by June 30, 2027, submit a final strategic plan by June 30, 2028, hold at least one additional full meeting before June 30, 2029, and then sunset on December 31, 2029.

Court Procedures Update: [House Bill 2178](#), sponsored by Rep. My-Linh Thai (D-41st LD), updates civil infraction timelines by extending the response period to 30 days for personally served notices and 33 days for notices served by mail, changes the filing deadline for notices of infraction to five days excluding weekends and holidays and requires untimely notices to be dismissed without prejudice absent good cause shown, increases the damage threshold for aggregating certain malicious mischief charges to second degree from \$250 to \$750, enhances access to payment plans for civil infraction monetary obligations by allowing requests at any

time and requiring courts to enter into payment plans in specified circumstances while permitting discretionary plans after referral to collections, corrects a technical cross-reference related to litter penalties, repeals an obsolete legal financial obligations collection and distribution statute, and requires annual state treasurer distributions to counties for clerk collection budgets based on a formula recommended by the Washington Association of County Officials.

Energy

Clean Energy Tax Preferences: [House Bill 1210](#), sponsored by Rep. Stephanie Barnard (R-8th LD), seeks to extend targeted urban area property tax exemptions to clean energy transformation businesses and facilities requiring federal regulatory commission certification to promote economic growth and carbon-free energy goals. The bill defines “clean energy transformation business” to include businesses that create a product for sale that will aid in lowering Washington’s carbon emissions, while excluding government agencies and tribal nations. It introduces new requirements for tax exemption applications and post-construction documentation for facilities requiring federal regulatory commission certification, including community workforce or project labor agreements, compliance with labor standards, and consultation with the Department of Labor and Industries to confirm wage, apprenticeship, and labor law compliance, and allows for extended project completion deadlines specifically for those facilities. The bill also exempts the tax preferences from certain performance review provisions.

Renewable Energy Taxation and Siting: [House Bill 1960](#), sponsored by Rep. Alex Ramel (D-Bellingham), establishes a new state excise tax framework for large wind, solar, and battery storage facilities that replaces the existing renewable energy excise regime and property tax treatment, paired with optional local excise taxes, property tax exemptions for renewable energy personal property, a local community investment account with matching grants for jurisdictions hosting projects, tribal capacity grants funded in part from climate policy accounts, and minimum siting and wind facility decommissioning standards that counties and cities must meet to qualify for grant funding.

Coal Plant Greenhouse Gas and Tax Regulation: [House Bill 2367](#), sponsored by Rep. Joe Fitzgibbon (D-West Seattle), would end special greenhouse gas protections and coal sales and use tax exemptions for a specific coal-fired power plant, bringing its post-2025 emissions under the state cap-and-invest program and allowing additional state or local greenhouse gas requirements after 2025.

Finance

Affordable Housing Revenue Flexibility: [Senate Bill 6027](#), sponsored by Sen. Emily Alvarado (D-West Seattle), expands eligible uses of sales and use tax authority and local state credit sales and use tax to include operations, maintenance, and rehabilitation of existing affordable and supportive housing, and revises document recording fee distributions and eligible activities to

prioritize households below 30% of area median income while directing Commerce to maintain stability for existing permanent supportive housing projects.

Tax Increment Financing Revisions: [House Bill 2451](#), sponsored by Rep. Davina Duerr (D-Bothell), addresses special district concerns while maintaining and tightening the tax increment financing (TIF) tool. The bill is the result of a stakeholder workgroup convened by AWC last year to discuss how TIF works, what the impacts are, and potential revisions to the tool. It makes multiple changes to local TIF rules to clarify project eligibility, require mitigation for affected taxing districts, restructure revenue apportionment, and limit the use of the mandatory multifamily property tax exemption in increment areas taking effect on or after June 2, 2026. The bill applies its changes prospectively, so existing increment areas are not modified.

Senior and Disabled Property Tax Relief and State Levy Consolidation: [Senate Bill 6162](#), sponsored by Sen. Deborah Krishnadasan (D-Gig Harbor), expands senior, disabled, and veteran property tax exemptions and deferrals by raising benefit tiers, redefining income eligibility with a standard deduction and rental income exclusions, and tying thresholds to higher percentages of county median income, while consolidating the state school property tax into a single “state school levy” that is subject to regular levy growth limits beginning with taxes levied for collection in 2028.

Fire Service

Wildfire Alleviation Support Funding: [House Bill 2089](#), sponsored by Rep. Shaun Scott (D-43rd LD) and titled the “Wildfire Alleviation Support Act,” modifies Washington’s business and occupation tax treatment of certain mortgage interest by redefining when interest earned by high volume mortgage lenders is taxed, with the additional general fund revenue annually transferred into the state’s wildfire response, forest restoration, and community resilience account to restore and support ongoing preparedness, mitigation, and community resilience activities beginning July 1, 2026. The bill responds to a reduction in the previously planned biennial investment in the wildfire response account by directing the Department of Revenue to estimate the increased general fund revenue attributable to the revised tax structure by October 15, 2027, and annually thereafter, and requiring the State Treasurer to transfer that amount to the wildfire response, forest restoration, and community resilience account by November 1 each year.

Wildland Firefighting Aviation: [House Bill 2104](#), sponsored by Rep. Tom Dent (R-13th LD) and Rep. Larry Springer (D-Kirkland), makes permanent the state’s aviation assurance funding program for wildland fire response, converting a successful pilot into an ongoing mechanism to support local firefighting aviation resources. The bill removes the prior sunset and affirms continued financial support through the Department of Natural Resources for local and tribal suppression efforts using aviation assets under trained air operations commanders, solidifying the program as a standing component of the state’s wildland fire strategy.

Ambulance Personnel Requirements: [House Bill 2110](#), sponsored by Rep. Joe Schmick (R-9th LD), allows qualified registered nurses, even without EMT certification, to staff interfacility

specialty care ambulance transports under specified conditions when paramedics or nurse-EMTs are unavailable, clarifying definitions of interfacility and specialty care transports to better address workforce shortages and providing that the sending hospital must coordinate with the ambulance service to ensure the nurse is familiar with the ambulance's equipment and supplies before participating in a transport.

Fire Sprinkler Enforcement: [House Bill 2472](#), sponsored by Rep. Dan Bronoske (D-Lakewood), enhances enforcement of existing fire protection sprinkler licensing laws by authorizing investigations, stop work orders, documentation checks, payroll record reviews, and safety-based system replacement determinations to ensure only properly licensed contractors and certified fitters perform sprinkler work, including residential systems, and requiring contractors and fitters to provide proof of licensure or certification upon request from a fire code official.

EMT Recertification Intervals: [House Bill 2540](#), sponsored by Rep. Dan Bronoske (D-Lakewood), extends the recertification period for emergency medical technicians from three to six years for practitioners who have been certified in Washington for at least ten years, while retaining the three-year interval as the standard requirement for all others.

Wildfire Home Hardening in Common Interest Communities: [Senate Bill 6054](#), sponsored by Sen. Victoria Hunt (D-Issaquah), prohibits homeowner and condominium association governing documents from unreasonably restricting an owner's installation, use, or maintenance of qualified fire-hardened building materials that meet specified wildfire safety standards, including ignition-resistant construction under the International Wildland Urban Interface Code, relevant NFPA wildland construction standards, or Insurance Institute for Business and Home Safety wildfire-prepared home criteria. Associations may adopt reasonable aesthetic or design regulations regarding the design, dimensions, placement, or appearance of these materials as long as such rules do not make their use impractical or significantly increase their cost compared to alternative fire-hardened materials, and the bill clarifies that owners do not gain any right to construct on property owned by others, on leased property without lessor permission, or in common areas. Any conflicting existing provisions are rendered unenforceable until the bill's sunset on January 1, 2028.

Housing Affordability

Social Housing Framework: [House Bill 1687](#), sponsored by Rep. Julia Reed (D-36th LD), amends Washington's housing cooperation statute to explicitly recognize social housing public development authorities (SHPDAs) and social housing within existing authority for state and local government support of housing projects. The bill defines "social housing" as subsidized and cross-subsidized rental housing available to households of any income level, publicly owned in perpetuity by a social housing developer, and adds related income and cross-subsidization definitions. SHPDAs are treated as housing authorities for cooperation purposes, allowing state public bodies to aid SHPDAs on the same basis as traditional housing authorities, including conveying or leasing property, providing adjacent public facilities and services, purchasing bonds or other obligations, entering into long-term agreements, making payments in lieu of taxes or no payments, and lending or donating money and support to boards of commissioners.

Key provisions include the introduction of cross-subsidization, where rents from high-income households offset lower rents for low- and moderate-income households, and streamlined procedural requirements for state public bodies to authorize housing-related actions.

Religious Organization Affordable Housing Density Bonuses: [House Bill 1859](#), sponsored by Rep. Osman Salahuddin (D-Redmond), modifies the current requirement that cities and counties must grant increased residential density for affordable housing developments on property owned or controlled by religious organizations by lowering the affordability set-aside threshold from 100% of units to either 50% of units to be affordable to low-income households or 20% of units to be affordable to very low-income households, and clarifies that affordability is based on monthly housing costs not exceeding 30% of a qualifying household's income. The bill also requires local jurisdictions to develop policies to implement these density bonus provisions upon request from a religious organization and allows them to require higher affordability set-asides as a condition of receiving the increased density bonus.

Homeless Youth Advisory Committee Membership: [Senate Bill 5957](#), sponsored by Sen. Tina Orwall (D-Des Moines), expands and diversifies the Office of Homeless Youth Prevention and Protection Programs advisory committee by specifying broader representation, clarifying appointment and staffing roles, and allowing young adult members who turn 25 to complete their terms, thereby strengthening the committee's capacity to advise on funding, policy, and practice to reduce youth homelessness.

Condominium Warranty Changes: [House Bill 2304](#), sponsored by Rep. Jamila Taylor (D-Federal Way), expands the types of small condominium buildings that can substitute insured express warranties for statutory implied warranties of quality by allowing this option for buildings with up to twelve units and four or fewer stories.

Nonprofit Housing Property Tax Exemptions Alignment: [House Bill 2610](#), sponsored by Rep. Chipalo Street (D-Seattle), revises property tax exemptions for nonprofit homeownership and affordable housing by aligning them with general nonprofit standards, clarifying exclusive-use requirements, and coordinating expiration dates through 2038.

Eviction Notice Service: [House Bill 2664](#), sponsored by Rep. April Connors (R-Kennewick), standardizes service of eviction and related notices by eliminating the certified mail requirement, directing mailed notices to the tenant's place of residence rather than their last known address, and clarifying that service by mail is complete when the notice is deposited in the U.S. mail from within Washington state, properly addressed with postage prepaid.

Flood Risk Disclosures for Rentals: [Senate Bill 6237](#), sponsored by Sen. Jessica Bateman (D-Olympia), expands landlord duties under the Residential Landlord-Tenant Act by requiring, for residential leases entered into after December 31, 2026, disclosure that a property may be located in a special flood hazard area or area of potential flooding, that the landlord's insurance does not cover loss of the tenant's personal possessions and that tenants should consider renter's and flood insurance, and that information about hazards affecting the property, including potential flood risk, is available from the county government in which the property is

located, and makes conforming renumbering changes to existing landlord duties without otherwise altering them.

Human Resources

Employee Information Sharing Expansion: [House Bill 2091](#), sponsored by Rep. Julia Reed (D-Seattle), expands the requirement to provide employee contact information to unions from a limited set of higher education institutions to all public employers covered under the state employee collective bargaining statute, standardizing disclosure obligations statewide by eliminating the prior limitation that applied only to certain four-year universities so that all employers subject to the chapter must provide specified employee information to exclusive bargaining representatives upon request; the bill also temporarily limits employer liability for failing to provide required information when an employer is unable to do so due to limitations of its current technological systems until the state's One Washington human resources Phase 2 subproject is completed and fully implemented.

Workers' Compensation Rate Transparency: [Senate Bill 6136](#), sponsored by Senator Curtis King (R-Yakima), requires the Department of Labor and Industries to publish actuarially indicated workers' compensation premium rates and disclose any director-imposed limitations that cause cross-subsidization among risk classes. The bills also require this information to be posted online and transmitted to legislative committees and the workers' compensation advisory committee to support more informed oversight of the program.

Workers' Compensation Medical Access and Claims Management: [Senate Bill 5847](#), sponsored by Sen. Rebecca Saldaña (D-Seattle), expands injured workers' access to workers' compensation medical treatment and provider choice, eases access to nonnetwork providers when network access fails, tightens utilization review timelines, and authorizes additional claims managers to reduce caseloads and improve claim oversight. The bill also clarifies employer conduct standards around provider coercion, updates treatment duration and post-closure care rules including ongoing monitoring for accepted cancer conditions, modernizes provider network guidelines and appeal rights, and phases in these changes across all claims regardless of injury date through staggered effective dates.

Voluntary Layoff Unemployment Eligibility: [House Bill 2264](#), sponsored by Rep. Liz Berry (D-Seattle), clarifies that employees who volunteer for employer-initiated layoffs or reductions in force under a written workforce reduction plan are treated as unemployed through no fault of their own and may receive unemployment benefits if separated on or after June 14, 2026. The bill limits eligibility to situations meeting specified written notice and volunteer criteria, excluding early retirement or separation incentive programs that do not follow the formal reduction plan framework, while allowing employers to let workers rescind a volunteer offer without jeopardizing eligibility as long as the core conditions are met.

Mandatory Microchip Ban: [House Bill 2303](#), sponsored by Rep. Brianna Thomas (D-West Seattle), prohibits employers from requesting, requiring, or coercing employees or job applicants to receive an implanted microchip and establishes a private right of action for

violations. The bill adds a new section to employment law to regulate the use of implanted microchips in the workplace and authorizes courts to award injunctive relief, actual and punitive damages, and reasonable attorneys' fees and costs to aggrieved employees.

Paid Family and Medical Leave Premium Allocation: [House Bill 2345](#), sponsored by Rep. Suzanne Schmidt (R-Spokane Valley), adjusts how paid family and medical leave premiums are split between employers and employees by reversing which portions of the premiums may be deducted from employee wages so that employers may now deduct up to the full amount of the required medical leave premium from employee wages and redefining the maximum employee-deductible share of the family leave premium through a new cross-referenced formula designed to keep the overall employer-employee split of the total premium unchanged, while leaving unchanged the overall premium rate structure and the ability of employers to cover part or all of the employee share.

PTSD Workers' Compensation Pilot and Behavioral Health Grants: [House Bill 2405](#), sponsored by Rep. Suzanne Schmidt (R-Spokane Valley), expands workers' compensation law by authorizing Labor and Industries to fund workplace behavioral health initiatives for trauma-exposed occupations and establishing a time-limited PTSD pilot program that provides pre-adjudication and limited post-closure treatment while easing administrative burdens and protecting certain treatment records from disclosure. House Bill 2405 further specifies use of existing Safety and Health Investment Project return-to-work funds for behavioral health workplace grants and clarifies how nonnetwork providers may deliver short-term PTSD care within the pilot.

Electronic Labor & Industries Communications Modernization: [Senate Bill 6039](#), sponsored by Sen. Curtis King (R-Yakima), authorizes the Department of Labor & Industries and related entities to use trackable electronic or nonelectronic methods for notices, standardizes deadlines when service is electronic versus nonelectronic, and modernizes notice requirements for workplace safety rulemaking.

Expanded Shared Leave Protections: [House Bill 2411](#), sponsored by Rep. Osman Salahuddin (D-Redmond), expands the state employee shared leave program to cover hate crime victims and absences related to immigration enforcement actions involving employees or their families, with confidentiality protections for immigration-related verification and updates to the definitions of eligible family members and victims.

LEOFF Survivor Medical Benefits: [House Bill 2441](#), sponsored by Representative Sam Low (R-Lake Stevens), expands and clarifies that surviving spouses, domestic partners, and dependent children of LEOFF members killed in the course of employment are entitled to reimbursement of medical and Medicare Part A and Part B premiums, including coverage for premiums paid while a line-of-duty determination is pending and retroactive reimbursement for eligible premiums paid after June 10, 2010.

Wage Complaint Enforcement Discretion: [Senate Bill 6058](#), sponsored by Sen. Rebecca Saldaña (D-Seattle), aligns and modernizes the Department of Labor and Industries' wage enforcement

authority by broadening recoverable “wages” to “amounts,” capping administrative recoveries to three years, adding interest and penalties through a clearer administrative order framework, and making complaint investigations discretionary under a publicly documented prioritization process tied to complaint acceptance and clarified tolling of limitation periods.

Wage Recovery Program: [House Bill 2479](#), sponsored by Rep. Mary Fosse (D-Everett), revises wage complaint enforcement by changing the Department of Labor and Industries’ obligation from investigating all wage complaints to investigating complaints consistent with a publicly available prioritization process, expanding its authority to initiate and consolidate investigations, increasing and indexing civil penalties for wage violations beginning in 2030, and redirecting collected penalties into a new wage recovery account funded by civil penalties under wage and transportation network company statutes. The bill also creates a wage recovery program that can advance up to 85% of anticipated unpaid wages, capped at \$2,500 per employee, to qualifying low-wage workers beginning the later of July 1, 2028, or when the wage recovery account reaches \$130,000, and requires a long-term program and fiscal review by the Joint Legislative Audit and Review Committee; the bill repeals the existing statute addressing mandatory civil penalties for repeat willful violators and, under a new penalty framework, narrows penalty waivers while directing the Department to adopt a penalty matrix with enhanced penalties for repeat willful and other repeat violators.

Expanding Public Sector Employment Eligibility: [Senate Bill 5068](#), sponsored by Sen. John Lovick (D-44th LD), seeks to expand eligibility for certain public safety and prosecutorial positions in Washington state to all individuals legally authorized to work in the United States under federal law. The bill revises several sections of state law to ensure that roles in prosecuting attorneys’ offices and corrections officer positions in state correctional facilities and local jails are accessible to a broader pool of candidates, provided they meet federal work authorization requirements, while preserving existing citizenship, lawful permanent residence, or Deferred Action for Childhood Arrivals standards for peace officer positions. It maintains existing qualifications, such as language proficiency and suitability for specific roles, while requiring compliance with federal regulations, including verification of work authorization, and specifies that these standards must be applied consistently with federal law and may not be used to bypass federal employment verification requirements; it also clarifies that certain weapons prohibitions based solely on immigration status cannot, by themselves, be used to deny or revoke certification where federal law would otherwise allow lawful possession in an official capacity. The bill applies its new work-authorization requirements retroactively to individuals employed on and after the act’s effective date and takes effect immediately upon enactment as an emergency measure.

PFML Premium Rate Methodology: [Senate Bill 5292](#), sponsored by Sen. Steve Conway (D-Tacoma), replaces the current formula-based approach to calculating Paid Family and Medical Leave (PFML) premiums with actuarially determined rates aimed at ensuring long-term solvency and establishing a four-month reserve by the end of 2030, without changing the existing statutory cap of 1.2% on the total premium rate and with the changes taking effect January 1, 2028.

Retirement Benefits Adjustment: [Senate Bill 5862](#), sponsored by Sen. Perry Dozier (R-16th LD), provides a one-time 3% cost-of-living increase, capped at \$110 per month, to beneficiaries of Teachers' Retirement System Plan 1 and Public Employees' Retirement System Plan 1 who are receiving a monthly benefit on July 1, 2025, with the act taking effect July 1, 2026 and the increase effective that same date.

Unemployment Reporting Amendments: [Senate Bill 5874](#), sponsored by Sen. Drew MacEwen (R-35th LD), modernizes unemployment insurance tax and wage reporting penalty provisions by standardizing how monetary amounts and percentages are expressed in statute and expanding the Employment Security Department commissioner's authority to waive penalties for minor or insignificant reporting errors, including inadvertent errors caused by software failures to correctly produce required job classification information. The bill clarifies that employers are subject to penalties for missing standard occupational classification or job title data only when they knowingly fail to report that information.

Layoff Notice Requirements and Tribal Exemption: [Senate Bill 6106](#), sponsored by Sen. Annette Cleveland (D-Vancouver), exempts Indian tribes from state layoff-notice requirements by excluding them from the definition of "employer" under the Securing Timely Notification and Benefits for Laid-Off Employees Act, and creates a new public records exemption shielding employee names and addresses submitted to the Employment Security Department for layoff notifications from disclosure. The bill also clarifies that written layoff notices must be provided to both the Employment Security Department and the affected employees or, if applicable, their bargaining representative, and that the names and addresses of employees in a mass layoff or business closure notice are required only in notices sent to the department and, if applicable, the employees' bargaining representative.

Land Use/Permitting

Factory Built Housing Standards Modernization: [House Bill 2151](#), sponsored by Rep. Deb Manjarrez (R-Wapato), aligns factory built housing and commercial structure rules with updated international building, mechanical, and plumbing codes, clarifies approval and oversight of nongovernmental qualified inspection agencies, and exempts certain utility-owned prefabricated energy and electrical enclosures from state approval when tightly controlled by the utility and not used for occupancy.

Scissor Stair Code Study: Substitute [House Bill 2228](#), sponsored by Rep. Janice Zahn (D-Mercer Island), temporarily directs the State Building Code Council to convene a technical advisory group to recommend 2027 code changes allowing scissor stairs in multi-unit, primarily permanent residential occupancies.

Permitting of STEP (Shelter, Transitional Housing, Emergency Housing, and Permanent Supportive Housing): [House Bill 2266](#), sponsored by Rep. Strom Peterson (D-Edmonds), standardizes statewide zoning and permitting rules to require most cities and counties planning under the Growth Management Act to allow transitional and permanent supportive housing in any urban growth area zones where residential dwelling units or hotels are allowed, and to

allow indoor emergency shelters and indoor emergency housing in any urban growth area zones where hotels are allowed, while limiting local development, operating, and permitting standards for these uses to those that are no more restrictive than those applied to comparable lodging or residential development in the same zone. It also allows cities to impose additional operational requirements when a jurisdiction contributes general fund dollars or public land to a project.

Residential Required to Be Allowed in Commercial Zones: [Senate Bill 6026](#), sponsored by Sen. Emily Alvarado (D-West Seattle), is Governor-request legislation that requires jurisdictions with a population of 30,000 or more that plan under the Growth Management Act, and counties that plan under the Act and are not rural counties, to allow residential uses in most commercial and mixed-use zones and limits a city or county's ability to require ground-floor commercial. Under the latest version, a jurisdiction generally cannot impose ground-floor commercial or mixed-use requirements in more than 40% of the total area zoned for commercial or mixed use (with specified exceptions, including industrial areas, certain historic and Main Street areas, business improvement areas, and additional allowances in station areas and higher-height zones) and may not impose such requirements on publicly subsidized affordable housing projects; covered cities and counties must also provide an administrative process for applicants to seek reductions or waivers of ground-floor commercial or retail requirements, while grandfathering any jurisdiction that has a process already in place. Local governments have 18 months after the bill's effective date to adopt required ordinances and, if they do not, the state standards automatically preempt conflicting local regulations; they are not obligated to update growth and development assumptions until their first comprehensive plan update after January 1, 2031.

Sound Transit Permitting Streamlining: [Senate Bill 6309](#), sponsored by Sen. Marko Liias (D-Lynnwood), makes changes to local permitting, land use, and subdivision requirements for regional transit authorities, including Sound Transit, to expedite project delivery and reduce project costs. The bills allow earlier permit applications and exemptions for partial parcel acquisitions needed for transit facilities. The bills also clarify that local governments must accept land use, construction, or technical permit applications from a regional transit authority for projects on property the authority does not yet own, while requiring the authority to independently secure necessary property rights or permissions before proceeding with permitted work.

Elevator Safety Standards: [Senate Bill 5156](#), sponsored by Sen. Jesse Salomon (D-32nd LD), directs the State Building Code Council to adopt standards in the 2027 technical codes that will allow cities and counties to permit smaller passenger elevators in small apartment buildings, defined as buildings with up to six stories and no more than 24 units. The bill requires the State Building Code Council to adopt new rules ensuring that all passenger elevators in these buildings are minimally sized to meet federal accessibility requirements, while convening an expert technical advisory group to review hoistway opening protection and two-way visual emergency communication requirements and evaluate elevator safety and cost standards for

small apartment buildings and to align state policy with national and international model code and competitiveness efforts.

Kit Home Building Codes: [Senate Bill 5552](#), sponsored by Sen. Jeff Wilson (R-19th LD), establishes a new category of building codes for “kit homes” to promote affordable introductory housing in Washington State. The bill defines kit homes as prefabricated residential structures of 800 square feet or smaller, comprised of prefabricated walls, floors, and roofs that are assembled on-site, and directs the State Building Code Council to perform rulemaking on the state building codes applicable to kit homes and to update those provisions over time, with rulemaking to be completed no later than March 31, 2027.

Miscellaneous

Derelict Vessel Management: [House Bill 2199](#), sponsored by Rep. Adison Richards (D-Gig Harbor), amends procedures for managing and disposing of derelict and abandoned vessels by updating and expanding the definition of a derelict vessel, including allowing a vessel to be classified as derelict if it has been in violation of state registration requirements for at least two full annual registration periods, and by removing ownership status and owner control as conditions for classifying a vessel as derelict.

Statewide Food Security Strategy: [House Bill 2238](#), sponsored by Rep. Kristine Reeves (D-Federal Way), modifies the Department of Agriculture’s responsibilities to monitor food system performance, coordinate statewide food security efforts, and lead a time-limited, multiagency planning effort to end hunger, reduce diet-related health disparities, and improve agricultural viability and supply chain resilience through 2028. The department must submit the finalized statewide food security strategy to the appropriate legislative committees by December 1, 2027, and, beginning June 30, 2030, must report to the Legislature at least once every four years on the competitiveness of Washington’s agricultural regulatory landscape, including metrics that monitor and quantify regulatory costs imposed by the state on fuel, packaging, and labor.

Restrictive Real Estate Agreements: [House Bill 2294](#), sponsored by Rep. Darya Farivar (D-Seattle), prohibits most new private real estate agreements that restrict otherwise-allowed use of property for grocery stores or pharmacies, declares such restrictions void as against public policy, and treats entering into or maintaining such agreements as unlawful practices. The bill provides limited exceptions for preexisting agreements, certain relocation arrangements within specified distance and time limits that may be extended by local governments for good cause, and specified retail center covenants that lose enforceability if the use is discontinued beyond a set period, while authorizing enforcement by local governments and the Attorney General and requiring parties entering covered agreements to provide notice to the Attorney General and the relevant local government within ten days.

Commercial Truck Safety and Education Council: [House Bill 2410](#), sponsored by Rep. Jake Fey (D-Tacoma), creates the Washington State Commercial Truck Safety and Education Council within the Washington Traffic Safety Commission to address rising large-truck collisions and

support coordinated public-private safety, training, and education initiatives, funded in part by increasing the commercial vehicle safety enforcement fee from \$16 to \$32 and directing a share of the revenue to a new commercial truck safety and education account overseen by the council.

Behavioral Health Training in the Trades: [House Bill 2492](#), sponsored by Rep. Greg Nance (D-Bainbridge Island), adds optional behavioral health and wellness content to existing continuing education requirements for plumbers and electricians and creates a mandatory behavioral health and wellness training component in all state-approved building and construction apprenticeships.

Community Reinvestment Governance and Planning: [House Bill 2523](#), sponsored by Rep. Kristine Reeves (D-Federal Way), revises Washington’s community reinvestment framework to add long-term planning, outcome reporting, and independent evaluation for funding targeted to communities disproportionately harmed by past drug laws.

Alien Terminology Replacement: [House Bill 2632](#), sponsored by Rep. My-Linh Thai (D-Bellevue), standardizes state law by defining “noncitizen,” replacing existing references to “alien” and related terms across multiple statutory titles without changing eligibility rules or program structures, and authorizing expedited rulemaking to implement those technical language updates. The bill also directs that, beginning July 1, 2026, new state and local enactments use “noncitizen” or another context-appropriate term instead of “alien,” unless federal law or funding conditions require the term “alien.”

Rural County Eligibility Expansion: [Senate Bill 6149](#), sponsored by Sen. Jeff Wilson (R-Longview), broadens the definition of “rural county” used for Community Economic Revitalization Board programs and the rural county public facilities sales and use tax by allowing eligibility for counties that either have a population density below 100 persons per square mile, have a population density of 100 persons per square mile or greater but no city larger than 45,000 people, or are smaller than 225 square miles.

Procurement

Small Works Roster Expansion: [House Bill 2420](#), sponsored by Rep. Janice Zahn (D-Bellevue), incrementally raises the maximum contract amount eligible for small works roster procurement, allowing the limit to increase from \$350,000 to \$650,000 over a phased period while clarifying that the thresholds are based on estimated cost not including sales tax and retaining existing documentation, direct contracting, and public access provisions.

Public Works Independent Contractors: [Senate Bill 6302](#), sponsored by Sen. Steve Conway (D-Tacoma), creates a mandatory Department of Labor & Industries misclassification investigation process for certain finishing-trade independent contractors on public works projects by requiring the department to investigate potential misclassification when a contractor or subcontractor uses three or more independent contractors to perform the same type of covered finishing work—defined as drywall, flooring, tiling, painting, and glazier and glasswork—simultaneously on a public works project, upon referral from specified public

entities, contractors or subcontractors on the project, labor organizations representing covered workers, or affected individuals performing covered finishing work, and, if misclassification is found, to apply all applicable prevailing wage requirements, liabilities, and penalties and refer the matter for appropriate industrial insurance and unemployment insurance actions.

Public Safety (Police and Corrections)

AI-Generated Child Sexual Exploitation Depictions: [Senate Bill 5105](#), sponsored by Senator Tina Orwall (D-Des Moines), expands existing child sexual exploitation crimes to clearly cover AI-generated and other digitally fabricated depictions of minors in sexually explicit conduct, including images where the minor is not identifiable but the material is obscene.

Transgender Jail Searches: [House Bill 1604](#), sponsored by Rep. Osman Salahuddin (D-48th LD), establishes specific statewide standards and procedures for searches and physical examinations of transgender, intersex, and gender nonconforming individuals in local jails and aligns related strip search laws with these requirements. Local jails are required to develop policies that comply with the federal Prison Rape Elimination Act (PREA) and include training for staff to ensure searches are conducted respectfully and in the least intrusive manner consistent with security needs. Key provisions include prohibiting searches solely to determine genital status, allowing individuals to choose the gender of the staff conducting strip searches or have them conducted by a medical professional, clarifying that lack of available trained female staff is not an exigent circumstance justifying cross-gender searches, and ensuring privacy protections during searches and daily activities such as showering, toileting, and changing clothes.

Attorney General Investigators: [House Bill 2156](#), sponsored by Rep. Edwin Obras (D-33rd LD), authorizes specially trained Attorney General's Office investigators who handle economic and financial crime investigations to be designated as limited authority Washington peace officers for narrowly defined economic and financial crime investigations, while explicitly denying them detention, arrest, or firearms authority, limiting their search warrant authority to electronic service on businesses after judicial approval, prohibiting them from physically serving search warrants for business records, and preserving existing law enforcement powers.

Attorney General Civil Investigative Demands: [Senate Bill 5925](#), sponsored by Sen. Drew Hansen (D-Bainbridge Island), authorizes the Attorney General to issue civil investigative demands for specified civil rights, labor, and law enforcement oversight investigations, with confidentiality protections, judicial review, and limits to civil, noncriminal matters. The bill further narrows use by excluding federal agencies and the Attorney General's criminal justice division, and adds a four-year legislative reporting requirement on how the civil investigative demand authority is used.

False Identification as Peace Officers: [House Bill 2165](#), sponsored by Rep. Edwin Obras (D-SeaTac), is Governor-request legislation that creates a new gross misdemeanor offense for falsely identifying as a peace officer and removes peace officer impersonation from the existing criminal impersonation statute.

Law Enforcement Facial Covering Restrictions: [Senate Bill 5855](#), sponsored by Sen. Javier

Valdez (D-Seattle), prohibits law enforcement officers from wearing facial coverings while interacting with the public in the performance of their duties, while allowing limited exceptions for officers working as undercover operatives or as part of a special weapons and tactics (SWAT) team, and establishes a civil cause of action for individuals detained in violation of these requirements. The bill also clarifies that personal protective equipment required or authorized under federal or state workplace safety rules, helmets used on certain vehicles, and religious head or face coverings are not subject to the ban.

Digital Firearm Manufacturing Restrictions: [House Bill 2320](#), sponsored by Rep. Osman Salahuddin (D-Redmond), expands Washington’s regulation of ghost guns by defining digital firearm manufacturing code and three-dimensional printers, expressly covering 3D printing and CNC milling within existing prohibitions on manufacturing untraceable and certain prohibited firearms and components. The bill further restricts who may possess, distribute, or use firearm-related digital design files and equipment.

Blue Envelope Program: [House Bill 2323](#), sponsored by Rep. Carolyn Eslick (R-Sultan), creates a voluntary “blue envelope program” to support safer traffic-stop interactions by providing drivers and passengers with disabilities or conditions that may affect interactions, including neurodiverse individuals, with a distinct envelope containing key documents, safety tips, and communication guidance for law enforcement. The program requires the Department of Licensing, in collaboration with stakeholders, to make blue envelopes available free of charge at driver licensing offices and to maintain program information on an existing website.

Automated License Plate Privacy Regulations: [Senate Bill 6002](#), sponsored by Sen. Yasmin Trudeau (D-Tacoma), establishes comprehensive limits on when agencies may use automated license plate reader (ALPR) systems, including exempting ALPR data from public records disclosure and tightly limiting authorized uses, retention, sharing, and enforcement to protect driver privacy. The bill clarifies that existing automated traffic safety, school bus, and toll camera systems that do not interface with ALPR beyond their current statutory purposes are excluded from the new rules, restricts agencies from using ALPR systems except in specified circumstances such as investigations involving stolen vehicles, missing or endangered persons, persons with felony or gross misdemeanor warrants, vehicles related to felonies or gross misdemeanors, commercial vehicle enforcement, and parking enforcement, and generally limits data retention to 21 days except in certain circumstances. The bill also prohibits specified surveillance practices and collection in sensitive locations, requires agencies to register ALPR systems with the Attorney General, adopt policies consistent with model policies to be developed by 2027, conduct annual audits, and provide public reporting and oversight, with violations subject to gross misdemeanor penalties and civil remedies, including treatment as unfair trade practices under the consumer protection act and inadmissibility of unlawfully obtained ALPR data in court.

Police Use of Force Investigations: [House Bill 2508](#), sponsored by Rep. Debra Entenman (D-Kent), broadens and clarifies the Office of Independent Investigations’ jurisdiction over police use-of-force deaths and in-custody death cases, strengthens its authority over scene

control and access to records (including certain fire and ambulance records, subject to consent or court order where they contain health care information), and narrows certain definitional references. The bill makes Office of Independent Investigations investigative records confidential until referral to a prosecutor for a charging decision and limits disclosure of certain non-investigative records to protect personal privacy through new exemptions under the Public Records Act.

Wrongful Conviction Compensation Expansion: [Senate Bill 5520](#), sponsored by Sen. Tina Orwall (D-Des Moines), broadens eligibility for wrongful conviction claims by tying compensation to an “actually innocent” standard based on a preponderance of the evidence, clarifies key definitions including “actually innocent,” “significant new exculpatory information,” and “wrongly convicted,” restructures filing and merits standards, increases and clarifies compensation and attorney fee provisions by setting attorneys’ fees at 10% of a claimant’s confinement- and community-custody-related monetary damages and capping fees and expenses at \$75,000, extends the statute of limitations and notice-related filing windows, authorizes structured settlements, and expands educational and reentry benefits and tuition waivers for exonerated individuals and their families.

DUI Toxicology Testing: [Senate Bill 5880](#), sponsored by Sen. Keith Wagoner (R-39th LD), expands who may conduct DUI toxicology testing by authorizing ISO/IEC 17025-accredited forensic toxicology laboratories to perform blood analyses as an alternative to individuals permitted by the state toxicologist, while retaining the toxicologist’s authority to approve testing methods and issue individual permits; the bill also clarifies that local governments may, but have no duty to, accept private donations to fund such analysis and includes delayed transition language with one section expiring June 30, 2027, and a successor section taking effect on that date to align with future statutory updates, and requires cities and counties that choose to use private laboratories for analysis of evidence previously submitted to the state toxicological laboratory to reimburse the Washington State Patrol for the cost of returning the evidence and prohibits the laboratory from releasing evidence unless a contract governing the release is in place, and further requires cities and counties that use private laboratories for blood analysis to contract with those laboratories in advance and mandates that such contracts include provisions for free, timely defense interviews with laboratory personnel, which may be conducted remotely, and acceptance by the laboratory of electronic service of pleadings, discovery, and subpoenas.

Law Enforcement Qualifications: [Senate Bill 5974](#), sponsored by Sen. John Lovick (D-Mill Creek), modernizes eligibility, certification, background investigation, and accountability standards for sheriffs, police chiefs, town marshals, and sheriff candidates, and regulates the use of volunteers, youth cadets, specially commissioned officers, and deputized process servers by law enforcement agencies in cities, code cities, and counties. The bill restores the right of officers, their attorneys, or representatives to review and copy confidential records held by the Criminal Justice Training Commission, updates eligibility and background check rules for sheriffs, police chiefs, and marshals by clarifying that non-vacated gross misdemeanors can disqualify candidates while vacated gross misdemeanors do not, adding experience and

grandfathering provisions, requiring state and federal criminal history checks, and authorizing the Washington State Patrol to treat sheriff candidates as peace officer certification applicants to accelerate fingerprint-based eligibility verification processes. The changes specify that decertification or failure to meet eligibility requirements creates a vacancy in office for sheriffs, police chiefs, and marshals, adjust volunteer firearm restrictions for qualified retired officers, permit fixed cameras in facilities, allow limited supervisor data sharing, clarify that specially commissioned peace officers are not subject to volunteer limits and that deputized process servers may only perform non-law-enforcement-authority tasks unless they are certified peace officers, require sheriff, police chief, and marshal candidates to undergo a pre-appointment background investigation equivalent to peace officer certification standards, with an attestation of eligibility and suitability submitted to the Commission before appointment, and prohibit volunteers and youth cadets who are not fully trained and certified peace officers from exercising core law enforcement powers, including pursuits, arrests, use of force, carrying weapons, certain surveillance activities beyond fixed internal cameras, use of tracking or apprehension dogs, and immigration enforcement.

Transportation and Traffic Safety

Transit Lane Access: [House Bill 1980](#), sponsored by Rep. Janice Zahn (D-41st LD), allows private employer transportation services to use certain business access and transit-only lanes in counties with populations over 2,000,000 under a fee-for-use, two-year pilot permit system initiated before 2035, contingent on public transportation provider approval and performance standards to protect transit operations. The bill requires public transportation providers, in consultation with local authorities and representatives of one or more labor organizations representing transit employees, to establish operational performance measures for affected lanes, jointly prepare annual performance reports with labor input, and revoke permits if those standards are not met, with permit revenues first covering local administrative costs and any remaining revenues supplementing rather than replacing existing funding for transit-only lane maintenance and improvements.

Crash Prevention Zones: [Senate Bill 6066](#), sponsored by Sen. Nikki Torres (R-Pasco), authorizes and defines “crash prevention zones,” adjusts related enforcement, and links fine revenue to targeted safety improvements. The bill allows the creation of crash prevention zones on specified high-collision segments of US 395 and SR 12 prior to January 1, 2029, and beginning in 2029 authorizes counties, cities, towns, and the Washington State Department of Transportation to designate additional zones on high-collision road segments, require public hearings and engineering and traffic investigations to identify safety improvements (including potential speed limit changes), and direct increased law enforcement presence within the zones. Monetary penalties for personal electronic device violations and automated camera-based speed violations committed within crash prevention zones may be doubled, with resulting revenues dedicated to zone-related engineering and traffic investigations, signage, and safety improvements, including deposits to local crash prevention zone accounts and, for certain state-established zones, the highway safety fund. The bill also authorizes the use of automated traffic safety cameras for speed enforcement in crash prevention zones and requires that any remaining camera revenue after program costs be spent only on safety

purposes within the zone.

Traffic Fatality Review Confidentiality and Data Access: [House Bill 2192](#), sponsored by Representative Sam Low (R-Lake Stevens), expands the Washington Traffic Safety Commission's role as a public health authority by authorizing confidential traffic fatality review committees, protecting related crash and health data from public disclosure, and enabling broader access to law enforcement, licensing, and medical records to analyze serious and fatal collisions and recommend safety improvements, while shifting detailed review and confidentiality functions from the Cooper Jones Active Transportation Safety Council to the commission.

Electric Motorcycle Regulations: [Senate Bill 6110](#), sponsored by Sen. Sharon Shewmake (D-Bellingham), clarifies that high-speed or easily modified electric bicycles are treated as motorcycles rather than electric-assisted bicycles, and establishes a temporary work group process to develop a new statutory framework for electric motorcycles, including enforcement tools and potential penalties related to youth operation and deceptive marketing or tampering, while also directing the work group to assess the regulatory landscape for other micromobility devices such as electric unicycles, scooters, and tricycles. An emergency clause allows the work group section of the bill to take effect immediately, with an interim report due by December 15, 2026, and a final recommendation, including any draft legislation, due by October 31, 2027.

Utilities

Industrial Symbiosis Incentives: [House Bill 1302](#), sponsored by Rep. Julio Cortes (D-38th LD), allows local utilities to waive or delay utility connection charges for organizations practicing industrial symbiosis, defined as collaboration among businesses or organizations to exchange materials, energy, water, and byproducts to optimize resource use and achieve measurable reductions in resource consumption or greenhouse gas emissions while supporting sustainable development and long-term community benefits. The bill requires that waived charges be covered by general funds or other revenue sources and mandates repayment if the property no longer qualifies.

Clean Energy Compliance Expansion: [Senate Bill 5982](#), sponsored by Sen. Victoria Hunt (D-Issaquah), broadens the Clean Energy Transformation Act to cover ports and nonresidential electricity consumers that self-generate or procure power outside traditional utilities, requiring affected market customers to report their retail electric load and comply with clean energy standards enforced by the Utilities and Transportation Commission. Senate Bill 5982 additionally directs the Department of Commerce to tailor reporting for port districts and phases in enhanced contract disclosure requirements for consumer-owned utilities starting in 2026, with later timelines for port districts.

Energy Reporting Requirements: [House Bill 2575](#), sponsored by Rep. Zach Hall (D-Issaquah), reduces utility and energy strategy reporting requirements by shifting qualifying utilities' renewable portfolio compliance reports to the Department of Commerce from annual to biennial, lengthening state energy strategy reporting intervals, and eliminating multiple heat-

related utility disconnection and energy planning-related reporting obligations while retaining underlying customer protections and disconnection rules, and adds nonbinding encouragement for utilities to use savings from the reduced reporting requirements to support low-income energy assistance programs.

Fish Barrier Coordination: [Senate Bill 5690](#), sponsored by Sen. Drew MacEwen (R-35th LD), directs the Washington State Department of Transportation (WSDOT) to adopt and maintain policies to proactively coordinate with utility owners and to maximize federal funding for utility relocation in state highway fish barrier removal projects. The bill requires WSDOT to provide utility owners with information about planned state highway fish barrier removal projects, with at least one year of advance notice where feasible, and to adopt agency procedures to ensure this coordination consistent with applicable federal rules and regulations. Additionally, WSDOT is directed to adopt policies aimed at maximizing the amount of federal funding available for fish barrier removal projects where such funding can also be used for utility relocation costs, whether incurred by WSDOT or by utilities, and is encouraged to deposit eligible federal awards into the multimodal transportation account and report recommendations to the Legislature and the Office of Financial Management on changes that would improve access to federal funding.

Utility Procurement Streamlining: [Senate Bill 6076](#), sponsored by Sen. Keith Goehner (R-Dryden), streamlines procurement processes for public utility districts and other consumer-owned utilities to more quickly procure and construct clean energy generation, storage, transmission, and distribution projects through 2045. The bill raises competitive bidding thresholds for specified clean energy projects to \$500,000, authorizes an intermediate quotation-based procurement pathway for certain mid-range purchases, clarifies that bids must be awarded to the lowest responsible and responsive bidder, increases from 15% to 25% the maximum amount by which an awarded contract may exceed the estimated cost, and adds temporary exemptions allowing a municipality's governing body to waive competitive bidding for proprietary or specialized technologies needed to meet reliability standards or for projects that are common facilities.

On-site Sewage Inspections: [Senate Bill 6291](#), sponsored by Sen. Liz Lovelett (D-Anacortes), extends from two to four years the period during which noncertified individuals may review designs and conduct inspections of on-site wastewater treatment systems under the supervision of a certified individual, while leaving all other qualification and oversight requirements unchanged.



Washington final supplemental budgets FY 2025-27: Selected impacts on cities

For more information, please visit the fiscal.wa.gov website for legislative budget proposals and the Office of Financial Management website at ofm.wa.gov for the Governor's proposed budget.

	Final 2025-27 Budget	Final passed Supplemental 2025-27 budget
Operating budget – Shared revenues		
Liquor profits (Liquor Revolving Account)	\$98.9 million	No change
Liquor taxes (Liquor Excise Tax Account)	\$88 million	No change.
Cannabis Excise Tax	\$44.2 million	Reduces by \$5.1 million.
Municipal Criminal Justice Assistance Account	<ul style="list-style-type: none"> • \$60.3 million • \$266,000 for reimbursement for mandatory arrest for repeat offenders. 	No change.
City-County Assistance Account (6050)	\$43.8 million	Adds \$1.3 million.
Fire Insurance Premium Tax	\$16.9 million	Adds \$1.6 million.
Local Government Fiscal Health (SB 6346)		Intent to transfer \$200 million from general fund to new account beginning in 2027-29 for local impacts of millionaire tax (SB 6346).
Operating budget – Programs		
General Government		
Pensions	<ul style="list-style-type: none"> • Select Committee on Pension Policy to study implications of possible Plans 1 merger (as suggested by SB 5085) or LEOFF 1 restatement (as suggested by HB 2034). Report by January 9, 2026. • Pension rates adjusted to take into account SB 5357. New employer rates: <ul style="list-style-type: none"> ▪ PERS 5.38% ▪ PSERS 6.91% ▪ LEOFF 2 employer rate: 5.32% 	<ul style="list-style-type: none"> • Transfers \$880 million from pension funding stabilization account to budget stabilization account by Jun 30, 2029 (HB 2034). • Transfers \$539 million from Pension Surplus Holding Account to Climate Commitment Account in 2027-29.
PERS 1 COLA	No PERS 1 COLA included.	Adds \$10,000 for PERS plan 1 COLAs (SB 5862).

	Final 2025-27 Budget	Final passed Supplemental 2025-27 budget
Paid Family & Medical Leave Program	<ul style="list-style-type: none"> • \$10.8 million for additional staff to process PFML customer and employer inquiries. • \$8.9 million completing statutorily required PFML implementation. • \$5 million to implement changes to PFML job protections. 	Adds \$1.2 million to implement paid leave contributions (HB 2345).
Miscellaneous HR & labor provisions of interest	<ul style="list-style-type: none"> • \$851,000 to implement restriction on including unnecessary driver requirements in job applications (SB 5501). • \$852,000 to implement UI benefits for striking workers (SB 5041). • \$102,000 to implement changes to public employee bargaining (SB 5503). 	Adds \$19 million to support unemployment program due to projected federal revenue shortfall.
Municipal Research and Services Center	\$6.8 million	No change.
Municipal Revolving Account	Sweep of \$5 million from State Auditor municipal revolving account balance of local audit fees.	No change.
Elections	\$500,000 to UW to study local government compliance with voting and elections laws and recommend best practices.	No change.
Public Safety & Criminal Justice		
Training for law enforcement	<ul style="list-style-type: none"> • Funds 23 BLEA classes per year in 2026 and 2027, with two per year in each of four regional academies in Arlington, Pasco, Spokane, and Vancouver. Remaining classes in Burien. • Reinstates 25% local match for BLEA and basic corrections officer training programs. 	No change.
Crisis intervention training	\$1.8 million for <i>Trueblood</i> phase 1-3 regions.	No change.
Co-responder team funding	\$5.2 million for cities/counties alternative response, including: <ul style="list-style-type: none"> • \$4 million to AWC to provide funds to cities to create alternative response team programs around the state. • \$1.2 million to support Whatcom County alternative response team. 	<ul style="list-style-type: none"> • Reduced AWC alternative response grants by \$600,000. • Reduced Whatcom alternative response team by \$176,000.
Law enforcement behavioral health & suicide prevention program	\$5 million to the CJTC for officer wellness programs, including: <ul style="list-style-type: none"> • \$3 million for grants to local law enforcement agencies for wellness programs. • \$2 million for a wellness app. 	No change.

	Final 2025-27 Budget	Final passed Supplemental 2025-27 budget
Public safety funding	<ul style="list-style-type: none"> \$100 million for public safety funding grants to support recruiting, hiring, retaining, and training officers and co-responders (HB 2015). \$635,000 to CJTC to administer grants. 	No change.
Organized retail crime program		Adds \$500,000 for statewide organization to conduct a retail crime pilot program focused on diversion-oriented programs.
Auto theft prevention authority	Transfers \$1.8 million to general fund.	Transfers an additional \$2.1 million to general fund.
Drug & gang prevention	\$1 million grant program.	No change.
Impaired driver safety account	\$1.2 million	No change.
Small & rural court grants for increased security	\$1 million for grant matching funds to increase small rural court security.	No change.
Public defense grants	<ul style="list-style-type: none"> \$900,000 for grants to cities. Additional \$2.7 million for public defense grants to cities. 	Reduced public defense grants to cities by \$180,000 due to state budget drafting error.
Vacating & resentencing under <i>State v. Blake</i> decision & refunding LFOs	<ul style="list-style-type: none"> \$5.9 million to AOC to refund legal financial obligations vacated under <i>Blake</i> and an additional \$1.7 million for the activities of the AOC including contracting with cities and counties to disburse legal financial obligations. \$7.6 million to AOC to assist cities and counties with costs to comply with <i>Blake</i>. \$8.6 million to the Office of Public Defense to assist cities and counties with public defense services related to <i>Blake</i>, including SPAR grants. 	No change.
Human Services		
Community Behavioral Health	<p>Continued investments in the community behavioral health system, including:</p> <ul style="list-style-type: none"> \$78.5 million for community treatment (PACT) teams. \$4.1 million for mental health services for mentally ill offenders in county or city jails and connection to services after release from confinement. \$38.1 million for clubhouse programs. \$17 million for substance use disorder peer support. \$61.2 million to support the housing needs of individuals with behavioral health disorders. \$9.5 million for health engagement hub pilot program sites (SB 5536). \$5.3 million to continue behavioral health street 	<p>Reduces investments in the community behavioral health system, including:</p> <ul style="list-style-type: none"> \$5.7 million reduction for clubhouse programs. \$1.2 million reduction for health engagement hub pilot program sites (SB 5536). \$1 million reduction to distribution of naloxone to community health programs and community settings. Adds Clallam County to street medicine team eligibility.

	Final 2025-27 Budget	Final passed Supplemental 2025-27 budget
	<p>medicine teams for homeless individuals in Tacoma, Everett, and Spokane, plus King and Kitsap Counties.</p> <ul style="list-style-type: none"> • \$6.9 million to expand distribution of naloxone to community health programs and other community settings. 	
Forensic mental health	<ul style="list-style-type: none"> • \$18.3 million to phase-in <i>Trueblood</i> settlement competency evaluations, competency restoration, forensic navigators, crisis diversion and supports, education and training, and workforce development. • \$14.3 million to improve the timeliness of competency evaluations for individuals in local jails. • \$8 million, including \$7 million for <i>Trueblood</i> phase one and phase two regions. • \$10.3 million to expand efforts to provide opioid use disorder and alcohol use disorder medication in city, county, regional, and tribal jails. 	\$1.3 million reduction for phase-in <i>Trueblood</i> settlement competency evaluations, competency restoration, forensic navigators, crisis diversion and supports, education and training, and workforce development.
Foundational public health	\$300.2 million	Adds language directing \$2.5 million of existing funding to maintain core infrastructure and staff.
Housing & Homelessness		
Housing and homelessness	<ul style="list-style-type: none"> • \$200 million for covenant homeownership program. • \$137 million for HEN program. • \$117.6 million for grants to local governments to maintain programs impacted by loss of document recording fees. • \$111 million for grants for local governments and NGOs for homeless housing programs and services. • \$90 million to transition those living in encampments to safer housing. • \$30.4 million for homeless families, youth prevention and diversion. • \$25 million for grants to support building operations, maintenance and service costs of permanent supportive housing projects. • \$22.5 million for housing assistance, including rental subsidies, permanent supportive housing, and low- and no-barrier housing beds for unhoused individuals. • \$6.5 million for Consolidated Homeless Grant Program. • \$1.2 million for foreclosure prevention assistance. • \$1 million for diversions services for those at risk of 	<ul style="list-style-type: none"> • \$4.5 million reduction in permanent supportive housing for families that are chronically homeless with a disability. • Adds \$15 million for grants to permanent supportive housing providers for O&M. • Adds \$313,000 to support a task force to establish a state department of housing.

	Final 2025-27 Budget	Final passed Supplemental 2025-27 budget
	losing stable housing or are homeless that are determined to have a high probability of returning to stable housing.	
Land Use & Environment		
Stormwater nonpoint pollution	<p>\$8.5 million for Ecology to address and mitigate 6PPD (tire chemical lethal to salmonids), including to identify effective management practices for stormwater treatment. Including:</p> <ul style="list-style-type: none"> • \$4.4 million to identify effective best management practices to treat 6PPD in stormwater. • \$2.7 million to develop a strategy and recommendations to eliminate 6PPD in consumer products. 	No change.
PFAS and water quality	<ul style="list-style-type: none"> • \$4 million to investigate and monitor sources and impacts of PFAS, including a study of how to manage discharges at municipal wastewater treatment facilities. • \$196,000 to implement SB 5033, required PFAS testing of biosolids. 	No change.
Growth Management Act Planning Grants	<ul style="list-style-type: none"> • \$22.5 million for local government climate planning implementation. • \$18 million for updating comprehensive plans and development regulations to comply with the Growth Management Act. • \$3.8 million to support implementation of various land use bills (HB 1096 (lot splitting), HB 1183 (development regulations), HB 1491 (transit density), SB 5148 (housing element audits), SB 5509 (childcare zoning), SB 5559 (subdivision reform), & SB 5587 (housing gaps report & infill housing). • \$1.7 million to increase middle housing. 	<ul style="list-style-type: none"> • Reduces 2027 GMA periodic update formula planning grants by \$2.9 million and repealed proviso allowing for a competitive grant cycle for unallocated funds. • Adds \$500,000 for grants to local government to update permit review processes.
Clean energy technologies	<ul style="list-style-type: none"> • \$5 million to support local governments in siting and permitting clean energy projects. • \$13 million to assist owners of public buildings conduct energy audits. • \$10 million to assist local governments, local organizations, and tribes to access federal tax incentives and grants. 	<ul style="list-style-type: none"> • Reduces assistance to local governments, local organizations, and tribes to access federal tax incentives and grants by \$2.5 million. • Reduces assistance to owners of public buildings for conducting energy audits by \$1.6 million.
Climate mitigation and resiliency	\$1.9 million for coastal hazard monitoring and resilience, including grant technical assistance to local governments and tribes.	Adds \$10 million for community wildfire resilience per RCW 76.04.511(3)(c).

	Final 2025-27 Budget	Final passed Supplemental 2025-27 budget
Urban and Community Forest Grant Program	\$3 million.	No change.
Public Works & Infrastructure		
Public Works Assistance Account (PWAA)	\$288 million transfer from PWAA to state general fund in FY 2026. <i>See also PWAA under Capital Budget.</i>	Adds \$375 million transfer from PWAA to state general fund on June 30, 2027.
Local Solid Waste Financial Assistance	\$24 million for Local Solid Waste Financial Assistance grants.	No change.
Utility assistance	\$25 million for grant funding through existing network of federal low-income home energy assistance.	Adds \$30 million for grant funding through existing network of federal low-income home energy assistance.
Capital budget		
Public Works & Infrastructure		
Public Works Assistance Account (PWAA)	<ul style="list-style-type: none"> \$365 million in new funding \$468 million in new and existing diversions: <ul style="list-style-type: none"> \$288 million to general fund (new) \$114 million (\$57 million/year) transfer to general fund (temporary redirection of existing transfers to the Move Ahead WA Account). \$41 million to Water Pollution Control Revolving Account. \$25 million to Drinking Water Assistance Account. <i>See also PWAA under Operating Budget.</i>	Add \$14.5 million <ul style="list-style-type: none"> \$279.5 million in new bond revenue (backfilling sweeps) \$10 million for emergency grants to local governments impacted by 2025 weather events. \$381.9 in new diversions. <ul style="list-style-type: none"> \$375 million transfer to general fund in FY 2027. \$6.9 million transfer to Drinking Water Assistance Account. Reduces existing diversion to Water Pollution Control Revolving Account to \$20.5 million <i>See also PWAA under Operating Budget.</i>
Stormwater Financial Assistance Program	\$60 million	No change.
Puget Sound Nutrient Reduction WWTP Grant Program	\$10 million	No change.
Drinking Water State Revolving Fund Loan Program (DWSRF)	<ul style="list-style-type: none"> \$120 million for water system infrastructure construction projects through DWSRF. \$25 million for DWSRF state match dollars from PWAA. 	Add: <ul style="list-style-type: none"> \$3 million for DWSRF preconstruction loans. \$6.9 million for DWSRF state match dollars from PWAA.

	Final 2025-27 Budget	Final passed Supplemental 2025-27 budget
Water Pollution Control Revolving Loan Program	\$614 million: <ul style="list-style-type: none"> • \$214 million federal • \$400 million state \$41 million PWAA	No change.
Centennial Clean Water Grant Program	\$40 million	No change.
Community Economic Revitalization Board (CERB)	\$81.3 million for CERB Capital Construction.	No change.
Broadband grants and loans	\$1.3 billion, including: <ul style="list-style-type: none"> • \$114 million as match for Broadband Equity, Access, and Deployment state grants program from IIJA. • \$1.2 billion federal. 	No change.
Regional Approaches Grant Program	\$2 million	No change.
Land Use & Environment		
Puget Sound Restoration and Salmon Recovery Grants	<ul style="list-style-type: none"> • \$105 million for Salmon Recovery Funding Board (SRF) grants, plus an additional \$20 million for riparian area grants. • \$60.5 million for Puget Sound acquisition and restorations. • \$9.6 million for Washington Coastal Restoration & Recovery. 	No change.
PFAS & Water Quality	\$14.5 million to address PFAS cleanup.	No change.
Remedial Action Grants	\$84.4 million	No change.
Urban and Community Forest Grant Program	\$6.2 million	Adds \$3 million.
Floodplains by Design Grant Program	\$75.7 million	No change.
Aquatic Lands Enhancement Account	\$4.3 million	No change.
Washington Wildlife & Recreation Program	\$120 million	No change.
Youth recreational facilities	\$7.6 million for specific projects.	No change.
Youth and community outdoor athletic facilities	\$19.8 million for specific projects.	No change.
Fish Barrier Removal Board	\$32.5 million to fund identified projects and agency administration.	No change.

	Final 2025-27 Budget	Final passed Supplemental 2025-27 budget
Air quality & greenhouse gas reduction	<ul style="list-style-type: none"> • \$10.1 million for landfill methane capture grants. • \$4.1 million for community participatory budgeting program for mitigating climate change impacts on overburdened communities. 	No change.
Clean energy & climate resilience and mitigation	<ul style="list-style-type: none"> • \$35 million for Weatherization Plus Health grants. • \$26 million for Clean Energy Fund program. • \$23 million for Community EV charging grants. • \$20 million for Solar and Energy Storage grants. • \$11 million for Energy Retrofits for Public Buildings grants. • \$10 million for Clean Energy Community grants. • \$5 million for Clean Buildings Performance grants. <p><i>Extended 2023-25 appropriation of clean energy retrofit dollars for grants (administered by AWC) for energy audits of city-owned tier 1 & 2 buildings into FY 2026.</i></p>	Adds \$11 million for Weatherization Plus Health grants.
Housing & Homelessness		
Housing Trust Fund	<p>\$605 million, including:</p> <ul style="list-style-type: none"> • \$536 million for housing to benefit low-income and special needs populations, including permanent supportive housing, including: <ul style="list-style-type: none"> • \$215 million multifamily rental housing. • \$100 million for Apple Health & Homes. • \$75 million for first-time low-income homeownership. • \$62 million for identified projects. • \$50 million for housing for those with developmental disabilities. • \$50 million for affordable housing preservation. • \$30 million for mobile home park preservation. • \$10 million for rapid conversion or acquisition of housing to address extremely low-income and unhoused populations. • \$5 million for farmworker housing. • \$5 million for urgent repair grants. 	<p>Adds \$123 million, including:</p> <ul style="list-style-type: none"> • \$96 million, for housing to benefit low-income and special needs populations, including permanent supportive housing, including: <ul style="list-style-type: none"> • Reduction in Apple Health & Homes by \$57 million. • \$55 million for first-time low-income homeownership. • \$49 million for multifamily rental housing projects. • \$40 million for affordable housing preservation. Projects impacted by December 2025 atmospheric river and winter weather event are eligible. • \$8 million for farmworker housing. • \$21 million for identified projects. • \$5 million for urgent repair grants or risk mitigation for affordable housing. •

	Final 2025-27 Budget	Final passed Supplemental 2025-27 budget
Additional investments in housing and shelters	<ul style="list-style-type: none"> • \$90 million for Connecting Housing to Infrastructure (CHIP) grants to local governments. • \$22 million for identified projects. • \$14.7 million for recovery residences grants. • \$9 million for youth shelters and housing. • \$8 million for identified transit-oriented housing projects. • \$5 million for low-income home rehabilitation grants. 	<ul style="list-style-type: none"> • Adds proviso to allow CHIP to fund deferred loans. • Adds \$37 million for identified projects. • Adds \$17 million for grants and technical assistance for mobile home communities. • Adds \$5 million for projects impacted by December 2025 atmospheric river and winter weather event.
Human Services		
Behavioral Health Community Capacity	\$119.8 million, including: <ul style="list-style-type: none"> • \$70 million for competitive community behavioral health grants to address regional needs, including preventing closure of existing facilities, youth and adult bed capacity, facilities that serve specialized populations, and crisis relief centers. • \$49.8 million for 11 specific local crisis stabilization projects. 	Reduced to \$74.3 million and allocated differently: <ul style="list-style-type: none"> • Reduces \$60 million from the competitive community behavioral health grants. • Adds \$14.5 million for 10 additional specific local crisis stabilization projects
Transportation budget		
WSDOT Local Programs Capital budget	\$962.7 million	\$180 million temporary diversion from existing legislative appropriations to local projects; assumes delay in delivery of projects.
Statutory transfers to local governments	<ul style="list-style-type: none"> • \$494 million • Additional \$36.2 million over next 3 biennia for city distribution of 6-cent increase to motor vehicle fuel tax. 	Adds \$14.5 million.
Transportation Improvement Board (TIB)	\$310.8 million, including: <ul style="list-style-type: none"> • \$3.9 million to Small City Pavement and Sidewalk Program. • \$24.6 million for Complete Streets grants. • \$9.3 in preservation funding for cities. Legislature intends to provide an additional \$21 million in 2027-29 for the Complete Streets Program.	Adds \$15 million in assistance for cities recovering from 2025 weather events.
Recovery from 2025 weather events	-	See Transportation Improvement Board .
Safe Routes to Schools Grants	\$83.4 million	Adds \$34 million.
Pedestrian and Bicycle Safety Programs & Grants	\$81.7 million	Adds \$33.4 million.

	Final 2025-27 Budget	Final passed Supplemental 2025-27 budget
Safety and Active Transportation	<ul style="list-style-type: none"> • \$33.2 million for the Sandy Williams Connecting Communities Pilot Program for projects to reconnect communities bifurcated by state highways. • \$500,000 for grants to local jurisdictions to implement network-wide traffic conflict screening programs. 	Adds: <ul style="list-style-type: none"> • \$13.2 million for the Sandy Williams Connecting Communities Program. • \$500,000 for local jurisdictions to implement network-wide traffic conflict screening programs. • \$6.5 million for the Reducing Rural Roadway Departures Program, to which cities are now eligible to apply.
Freight Mobility Strategic Investment Board	<ul style="list-style-type: none"> • \$44.2 million for FMSIB recommended projects. • \$35.5 million in federal funds for recommended local preservation projects. 	Adds: <ul style="list-style-type: none"> • \$4.9 million for FMSIB recommended projects. • \$8 million in federal funds for recommended local preservation projects.
Fish passage	<ul style="list-style-type: none"> • Retains proviso language to coordinate with Fish Barrier Removal Board on watershed approach to include local culverts. • Includes language allowing partnerships to leverage state and local funds to match opportunity for federal funding under BIL. 	No change.
Homeless encampments	\$9.2 million to address homeless encampments on WSDOT-owned rights-of-way in coordination with local governments and social service organizations to direct people to housing and prevent future encampments. <ul style="list-style-type: none"> • A minimum of \$2 million dedicated to litter removal. • \$1 million in coordination with the City of Spokane. • \$1 million for safety improvements and debris cleanup in Seattle. • \$1 million in coordination with the City of Tacoma. • \$1.2 million to contract with the City of Fife. <i>See also Housing and Homelessness in Operating budget</i>	No change.
Rural mobility grant	\$32.2 million	No change.
Alternative fuel and electric vehicle infrastructure	<ul style="list-style-type: none"> • \$25 million for clean alternative fuel vehicle charging and refueling infrastructure program. • \$3.5 million for an e-bike lending library and ownership program offering competitive grants. 	No change.
Federal fund exchange pilot program	\$17.5 million for a federal fund exchange pilot program of Transportation Block Grant population funding and state funds at an exchange rate of 95 cents in state funds per \$1 in federal funds.	No change.

	Final 2025-27 Budget	Final passed Supplemental 2025-27 budget
Studies	<ul style="list-style-type: none"> • \$250,000 to update the 2013 memorandum of understanding between AWC and WSDOT for the construction, operations and maintenance responsibilities for city streets as part of state highways. • \$140,000 for the JTC to update the 2019 assessment of city transportation funding needs. • \$200,000 for the JTC to study alternative new methods for local governments to fund sidewalk improvements. 	No change.
FHA bridge load rating	\$5 million for the County Road Administration Board to provide grant dollars to counties and cities for the costs associated with obtaining a new federal highway administration load rating.	No change.



STAFF REPORT

To: Mountlake Terrace City Council
From: Gary Schimek, Public Works Director
Meeting Date: April 2, 2026
Subject: Review and Public Hearing on Ordinance Adopting Forged Fiber 37 Franchise Agreement

Required Reviews:

Jennifer Joki	Created/Initiated - 03/23/2026
Gary Schimek	Approved - 03/23/2026
Sirke Salminen	Approved - 03/23/2026
Hillary Evans	Approved - 03/23/2026
Carolyn Hope	Approved - 03/25/2026
Jeff Niten	Final Approval - 03/25/2026

Council Goal(s):

Responsible Governance to Ensure Desired Level of Service

Legislative History:

City Council approved and adopted a franchise agreement and associated ordinance with Level 3 Communications on June 15, 2000. The agreement and ordinance are attached to the staff report. City Council approved and adopted a franchise agreement and associated ordinance with Time Warner Telecom on June 18, 2001. The agreement and ordinance are attached to the staff report.

Subject Summary:

Forged Fiber, 37 is a wholly owned subsidiary of **AT&T** and purchased a portion of the fiber business of **Lumen Technologies**, Inc. and its affiliates (“Lumen”), which includes fiber assets and associated facilities that are located within the rights-of-way of the City. **AT&T** seeks through this franchise to obtain all necessary rights to own and construct facilities within the rights-of-way in the city under the legal entity, **Forged Fiber 37, LLC**, which will take possession of the fiber assets once transferred from **Lumen**. This franchise is a new franchise agreement, and **Lumen** will maintain any existing franchises for those assets it is retaining. This franchise will authorize **Forged Fiber, 37** to install, operate, maintain, repair, replace, and upgrade conduit, fiber optic cables, mule tape, buffer tubes, vaults, splice cases (aerial and buried), poles, and related facilities in the rights of way provided that **Forged Fiber, 37** applies for and receives the necessary permits and authorizations for such installations, repairs, and upgrades prior to the commencement of such construction activity.

There are two options for City Council consideration on this matter as shown below.

Option 1: Approve the franchise agreement and associated ordinance.

The new agreement would begin after final approval on April 9, 2026.

Option 2: Reject the franchise agreement and associated ordinance.

Forged Fiber, 37 would need to reapply for a franchise agreement under acceptable revised terms provided by the City.

Financial/Budget Impacts:

Budget Amendment Required? N/A

Budget and Sources:	N/A
Expenditure:	N/A
New Appropriation Required + Sources:	N/A

Additional Financial Information:

N/A

Community Notifications:

City Council Agenda

Newspaper

If "Other," please specify:

Board/Commission Recommendation:

N/A

Staff Recommendation:

Staff recommends the City Council vote to adopt the ordinance adopting Forged Fiber 37 Franchise Agreement at the April 9 Council Work Session (Action Taken) after the second review.

Council Motion:

N/A

Attachments:

1. Forged Fiber 37 Agreement (Draft)
2. Ordinance XX Franchise Agreement Forged Fiber 37 (Draft)
3. Ordinance 2240 Franchise Agreement Level 3 Communications 06.05.2000
4. Ordinance 2286 Franchise Agreement Time Warner Telecom 06.18.2001

5. Ordinance 2521 Franchise Agreement Time Warner Telecom 08.06.2012

TELECOMMUNICATIONS FRANCHISE

between the City of Mountlake Terrace and Forged Fiber, 37 LLC

THIS TELECOMMUNICATIONS FRANCHISE (this “Franchise”) is entered into on _____, 2026, by and between the City of Mountlake Terrace (the “City”) and Forged Fiber 37, LLC, a Delaware limited liability company (“Grantee”).

Section 1. Grant of Franchise.

The City hereby grants to Grantee, its heirs, successors, legal representatives, and assigns, subject to the terms and conditions hereinafter set forth, the right, privilege, and authority to construct, operate, maintain, restore, replace, acquire, sell, and lease its Facilities within the Public Ways of the City.

A. “Facilities” as used in this Franchise means authorized plant equipment, fixtures, appurtenances, and other facilities necessary to furnish and deliver telecommunications services, including but not limited to wires, lines, conduits, cables, communication and signal lines, braces, poles, guys, anchors, cabinets, manholes, handholes, pedestals, vaults, and all attachments, appurtenances, and appliances necessary or incidental to the distribution and use of Services (as hereinafter defined).

B. “Public Ways” means land acquired or dedicated for public roads and streets, but does not include: (1) State highways not governed by Section 3.B. of this Franchise; (2) land dedicated for roads, streets, and highways not opened and not improved for motor vehicle use by the public; (3) structures, including poles and conduits, located within the right-of-way; (4) federally granted trust lands or Forest Board trust lands; (5) lands owned or managed by the State Parks and Recreation Commission; or (6) federally granted railroad rights-of-way acquired under 43 USC 912 and related provisions of federal law that are not open for motor vehicle use.

C. Location of Franchise Area. The authority granted herein is to occupy and use the Public Ways throughout the City (the “Franchise Area”). The Grantee is authorized to place its Facilities in the Public Ways only consistent with this Franchise, the Mountlake Terrace Zoning Code, the Comprehensive Plan, the Design and Construction Standards and the Mountlake Terrace Municipal Code as they now exist and are hereinafter amended (collectively the “Codes”). As described in Section 5, construction is not authorized without the appropriate City permits. Nothing contained herein shall be construed to grant or convey any right, title, or interest in the Public Ways of the City to the Grantee other than for the purpose of providing telecommunications services, and this franchise shall not be construed as any warranty of title. Grantee hereby agrees that it plans to provide the following services within the City: high speed data and fiber optic services, wholesale fiber transport services, and data transport services (the “Services”).

D. Terms, Conditions, and Provisions of Mountlake Terrace Municipal Code (“MTMC”) and Charter. All rights granted hereunder are subject to the terms, conditions, and requirements of certain Chapters of the MTMC including MTMC 12.20 concerning work in the right-of-way and franchised utilities in the right-of-way, respectively, unless this Franchise specifically provides to the contrary. In the event that a conflict exists between the terms of this Franchise and the terms of the MTMC, terms of this Franchise shall control.

E. No Wireless Communications Facilities or Cable Services. This Franchise does not grant Grantee the right to install and/or operate Wireless Communication Facilities. As used herein, “Wireless Communications Facilities” means those wireless communication facilities as defined in RCW 35.99.010(4). Any entity that seeks to install and/or operate such Wireless Communication Facilities must have an independent franchise to use the Public Ways outside of this Franchise. Further, this Franchise does not grant the right to offer cable services as defined in 47 U.S.C. § 522(6). Any entity that seeks to install and/or operate such cable services must have an independent franchise to use the Public Ways outside of this Franchise.

F. No Access to City-Owned Property. No right to install any facility, infrastructure, wires, lines, cables, or other equipment, on any City property other than the Public Ways, or upon private property without the owner’s consent, or upon any City, public or privately owned poles or conduits is granted herein. Nothing contained within this Franchise shall be construed to grant or convey any right, title, or interest in the Public Way of the City to Grantee other than for the purpose of providing the Services, or to subordinate the primary use of the right-of-way as a public thoroughfare. If Grantee desires to expand the Services provided within the City, it shall request a written amendment to this Franchise. If Grantee desires to use City owned property, including poles and structures within the Public Ways, it shall enter into a separate lease or license agreement with the City.

G. Leased Capacity. Grantee shall have the right, without prior City approval, to offer or provide fiber capacity or bandwidth to other carriers, resellers, customers, or subscribers consistent with this Franchise; provided, however, that Grantee shall remain responsible for compliance with this Franchise.

H. Nonexclusive Grant.

This Franchise shall not in any manner prevent the City from constructing, operating, and/or maintaining telecommunication systems or facilities of its own or entering into other similar agreements or franchises in, under, on, across, over, through, along or below any Public Ways of the City. Further, this Franchise shall in no way prevent or prohibit the City, consistent with applicable law, from using any of its Public Ways or affect its jurisdiction over them or any part of them, and the City shall retain power to make all necessary changes, relocations, repairs, maintenance, establishment, improvements, and dedication of the same as the City may deem fit, including the dedication, establishment, maintenance, and improvement of all new Public Ways.

Section 2. Term of Franchise.

The term of this Franchise shall be for a period of ten (10) years from the Effective Date.

Section 3. Location of Telecommunications Network Facilities.

A. Location of Facilities. Grantee may locate its Facilities anywhere within the Franchise Area consistent with the City's applicable Code requirements and the City's Design and Construction Standards. Grantee shall not be required to amend this Franchise to construct or acquire Facilities within the Franchise Area, provided that Grantee does not expand its Services beyond those described in Section 1.A.

B. WSDOT. To the extent that any Public Ways within the Franchise Area are part of the state highway system ("State Highways") and are considered managed access by the City and are governed by the provisions of Chapter 47.24 RCW and applicable Washington State Department of Transportation (WSDOT) regulations, Grantee shall comply fully with said requirements in addition to local ordinances and other applicable regulations. Without limitation of the foregoing, Grantee specifically agrees that: 1. any pavement trenching and restoration performed by Grantee within State Highways shall meet or exceed applicable WSDOT requirements; 2. any portion of a State Highway damaged or injured by Grantee shall be restored, repaired and/or replaced by Grantee to a condition that meets or exceeds applicable WSDOT requirements; and 3. without prejudice to any right or privilege of the City, WSDOT is authorized to enforce in an action brought in the name of the State of Washington any condition of this Franchise with respect to any portion of a State Highway.

Section 4. Relocation of Facilities.

A. Relocation Requirement. To the extent required by law, including RCW 35.99.060, Grantee agrees and covenants at its sole cost and expense, to protect, support, temporarily disconnect (where doing so will not cause a customer service outage or disrupt 911 service, and, if required, upon approval of the Washington Utilities and Transportation Commission), relocate, or remove from any Public Way any of its Facilities when so required by the Public Works Director upon his/her determination that such relocation or removal of Facilities is necessary for (1) the construction, repair, maintenance or installation of any City or other public improvement in or upon the Public ways or (2) the operations of the City or other governmental entity in or upon the Public Ways. The City shall provide Grantee at least ninety (90) days written notice prior to such relocation or removal of Facilities.

B. Notice and Relocation Process. If the City determines that the Public Improvement Project necessitates the relocation of Grantee's existing Facilities, the City shall provide Grantee in writing with a date by which the relocation shall be completed (the "Relocation Date") consistent with RCW 35.99.060(2). For purposes of herein, "Public Improvement Project" shall mean a capital improvement project within the Franchise Area that requires the relocation of Facilities within the Franchise Area, is funded by the City (either with its own funds or with other public monies obtained by the City for such capital improvement project) and is undertaken by the City. In calculating the Relocation Date, the City shall consult with Grantee and consider the extent of Facilities to be relocated, the services requirements, and the construction sequence for the relocation, within the City's overall project construction sequence and constraints, to safely complete the relocation. Grantee shall complete the relocation by the Relocation Date, unless the

City or a reviewing court establishes a later date for completion, as described in RCW 35.99.060(2). To provide guidance on this notice process, the City will make reasonable efforts to involve Grantee in the predesign and design phases of any Public Improvement Project. After receipt of the written notice containing the Relocation Date, Grantee shall relocate such Facilities to accommodate the Public Improvement Project consistent with the timeline provided by the City and at no charge or expense to the City, except as otherwise permitted by RCW 35.99.060. Such timeline may be extended by a mutual agreement.

C. Locate Facilities. Upon request of the City or of a third-party performing work on behalf of the City in the Public Ways and in order to facilitate the design of the Public Ways, Grantee agrees, at City's sole cost and expense, to locate and, if reasonably determined necessary by the City, to excavate and expose its Facilities for inspection so that the Facilities' location may be taken into account in the improvement design. The decision as to whether any Facilities need to be relocated in order to accommodate the Public Improvement Project shall be made by the City upon review of the location and construction of Grantee's Facilities. The City shall provide Grantee at least thirty (30) days' written notice prior to any excavation or exposure of Facilities.

D. Third Party Requests for Relocation. The provisions of this Section shall in no manner preclude or restrict Grantee from making any arrangements it may deem appropriate when responding to a request for relocation of its Facilities for projects that are not Public Improvement Projects, including recovering costs for relocation from private parties or other entities that do not control the Public Ways.

E. Contractor Delay Claims. Grantee agrees to work cooperatively with the City, other franchisees and/or utilities, and the City's third-party contractor with respect to the Public Improvement Project. Upon a notification of a delay due solely to Grantee's actions or inactions, Grantee agrees to work cooperatively with the City, other Grantees and utilities, and the City's third-party contractor to resolve such issues. Except in the case of a Force Majeure Event, if Grantee breaches its obligations under Section 4 with respect to relocating its Facilities within the Franchise Area by the Relocation Date, and to the extent such breach causes a delay in the work being undertaken by the Public Improvement Project that results in a claim by the City's third party contractor(s) for costs, expenses and/or damages that are directly caused by such delay and are legally required to be paid by the City (each, a "Contractor Delay Claim"), the City may at its sole option: (1) tender the Contractor Delay Claim to Grantee for defense and indemnification in accordance with Section 4.F and Section 9; or (2) require that Grantee reimburse the City for any such costs, expenses, and/or damages that are legally required to be paid by the City to its third-party contractor(s) as a direct result of the Contractor Delay Claim; provided that, if the City requires reimbursement by Grantee under this subsection, the City shall first give Grantee written notice of the Contractor Delay Claim and give Grantee the opportunity to work with the third-party contractor(s) to resolve the Contractor Delay Claim.

F. Indemnification. Except to the extent caused by the City, its elected and appointed officers, officials, employees, agents, engineers, consultants, volunteers, and representatives, Grantee will indemnify, defend, and hold harmless the City, in accordance with the provisions of Section 9, against any and all claims, suits, actions, damages, or liabilities for delays on City

construction projects to the extent caused by or arising out of the failure of Grantee to remove or relocate its Facilities in a timely manner and that are not caused by a Force Majeure Event.

G. City's Costs. If Grantee fails, neglects, or refuses to remove or relocate its Facilities as directed by the City as described in this Section 4, except for in Section 4.D, then, after providing Grantee an additional thirty (30) days' notice and Grantee's continued failure to comply as directed, the City may perform such work or cause it to be done, and the City's costs shall be paid by Grantee pursuant to Section 7.

H. Survival. The provisions of this Section 4 shall survive the expiration or termination of this Franchise for so long as Grantee continues to have Facilities in the Public Ways.

Section 5. Work in the Public Ways.

A. All work performed shall be in compliance with all local, state, and federal laws, including but not limited to the requirements in MTMC 12.20. Permits, including but not limited to rights-of-way permits, must be obtained from the City and if applicable, the state and or federal agencies for any work performed in the Public Ways. Grantee shall provide the City with at least twenty (20) working days' advance notice prior to commencing any non-emergency work in the Public Ways, unless otherwise stated in the permit. Grantee shall not unnecessarily obstruct the passage or proper use of the Public Ways, and all work by Grantee in any area covered by this Franchise and as described in this Section shall be performed in accordance with applicable Codes.

B. During any period of relocation, construction, or maintenance, all surface structures, if any, shall be erected and used in such places and positions within the Public Ways and other public properties so as to interfere as little as is reasonably possible with the free passage of traffic (including but not limited to motor vehicles, pedestrians, and bicycles) and the free use of adjoining property. Grantee shall at all times post and maintain proper site safety including but not limited to the use of barricades, traffic control devices, and temporary paving, and make reasonable efforts to comply with all applicable safety and American Disability Act regulations during such period of construction, general ordinances of the City or state of federal laws, including RCW 39.04.180 for the construction of trench safety systems.

C. Grantee's contractors and subcontractors shall be licensed and bonded in accordance with the City's ordinances, regulations, and requirements. Work by contractors and subcontractors is subject to the same restrictions, limitations, and conditions as if the work were performed by a grantee. Grantee shall be responsible for all work performed by its contractors and subcontractors and others 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 applicable law.

D. Upon request, Grantee shall provide the City with a schedule of their proposed construction activities in, around, or that may affect the rights-of-way. Grantee shall meet with the City and other franchise holders and users of the rights-of-way annually or upon written notice as determined by the City, to schedule and coordinate construction in the rights-of-way. All

construction locations, activities, and schedules shall be coordinated, as ordered by the City to minimize public inconvenience, disruption or damages.

Section 6. Restoration After Construction.

A. Grantee shall comply with the restoration requirements provided in and otherwise as described in the applicable permit(s). The Public Works Director or designee shall have final approval of the completeness of all restoration work and Grantee shall warrant said restoration work for a period of 2 years.

B. In the event Grantee damages a Public Way or improvement in or to a Public Way and does not repair a Public Way or an improvement in or to a Public Way or if such work does not comply with the permit, then after providing Grantee with thirty (30) days prior notice and Grantee's continued failure to repair the damage, the City may repair the damage and shall be reimbursed its actual cost within thirty (30) days of submitting an invoice to Grantee.

C. Whenever the construction, installation or excavation of Facilities authorized by this Franchise has caused or contributed to a condition that appears to substantially impair the lateral support of the adjoining street or public place, or endangers the public, an adjoining public place, street utilities or City property, the Public Works Director may provide Grantee written notice and direct Grantee, at Grantee's own expense, to take reasonable action to protect the public, adjacent public places, City property or street utilities, and such action may include compliance within a prescribed time. In the event that Grantee fails or refuses to promptly take the actions directed by the City, or fails to fully comply with such directions, or if emergency conditions exist which require immediate action, before the City can timely provide written notice to Grantee to request that Grantee effect the immediate repair, the City may access the Facilities and take such reasonable actions as are necessary to protect the public, the adjacent streets, or street utilities, or to maintain the lateral support thereof, or reasonable actions regarded as necessary safety precautions, and Grantee shall be liable to the City for the costs thereof.

7. Recovery of Costs.

A. To the extent permitted under applicable law, Grantee shall be subject to all permit fees associated with activities undertaken through the authority granted in this Franchise or under the laws of the City. Where the City incurs reasonable costs and expenses for review, inspection, or supervision of activities undertaken through the authority granted in this Franchise or any ordinances relating to the subject for which a permit fee is not established, including but not limited to outside attorneys, consultants, City staff and City Attorney's office, then, to the extent permitted by applicable law, Grantee shall reimburse the City directly for any and all costs within thirty (30) days after receiving an invoice documenting said costs and expenses in sufficient detail to demonstrate that they were necessary to perform the aforementioned actions. As used in this Agreement, the word "costs" or "expenses" shall mean the actual, reasonable and documented costs or expenses incurred.

B. Grantee shall pay a fee for the actual administrative expenses incurred by the City that are related to the receiving and approving this Franchise pursuant to RCW 35.21.860,

including the costs associated with the City's legal costs incurred in drafting and processing this Franchise. To the extent permitted by applicable law, Grantee shall pay all costs of publication of this Franchise and any and all notices prior to any public meeting or hearing in connection with this Franchise.

C. Grantee shall reimburse the City for any costs incurred by the City in performing work for Grantee that Grantee is obligated to perform under this Franchise, including but not limited to removing any of Grantee Facilities upon abandonment, or acting in response to an emergency involving Grantee's Facilities, if Grantee's failure continues after Grantor has provided Grantee at least thirty (30) days prior written notice and opportunity to cure.

D. To the extent permitted by applicable law, Grantee shall reimburse the City for the Grantee's proportionate share of all actual expenses incurred by the City in planning, constructing, installing, repairing or altering any City facility as a result of the construction or the presence in the Public Way of the Grantee's telecommunications facilities.

E. The time of City employees shall be charged at their respective rate of salary, including overtime if applicable, plus benefits and reasonable overhead. Any other costs will be billed proportionately on an actual cost basis. All billings will be itemized so as to specifically identify the costs and expenses for each project for which the City claims reimbursement. A charge for the actual costs incurred in preparing the billing may also be included in said billing. The billing may be on a monthly basis, and the City shall provide Grantee with the City's itemization of costs at the conclusion of each project for information and reimbursement purposes.

F. All costs reimbursable to the City pursuant to this Agreement shall be paid within sixty (60) days after Grantee's receipt of an itemized invoice documenting such costs and expenses in sufficient detail to demonstrate that they were necessary to perform the aforementioned action.

Section 8. Reservation of Rights.

A. Grantee hereby warrants that its operations as authorized under this Franchise are those of a service provider as defined in RCW 35.21.860. As a result, the City will not impose a franchise fee under the terms of this Franchise. The City hereby reserves its right to impose a franchise fee on Grantee if Grantee's operations as authorized by this Franchise change such that the statutory prohibitions of RCW 35.21.860 no longer apply, or if statutory prohibitions on the imposition of such fees are removed; provided that (i) the City will give one hundred eighty (180) days' notice to invoke this provision, (ii) the parties agree to follow the modification procedure in Section 12, and (iii) any franchise fee under this section shall be prospective in nature. In either instance, the City also reserves its right to require that Grantee obtain a separate Franchise for its change in use. Nothing contained herein shall preclude Grantee from challenging any such new fee or separate agreement under applicable federal, state, or local laws.

B. Grantee agrees that, if, in the future, Grantee provides telephone business services or wireless telephone services under this Franchise that are taxable, the Grantee shall pay to the City the rate applicable to such taxable services under MTMC 3.145, respectively and consistent

with state and federal law. The parties agree that nothing in this Franchise shall limit the City's power of taxation as may exist now or as later imposed by the City as may be permitted by law.

Section 9. Indemnification.

A. Except to the extent caused by the City, its elected and appointed officers, officials, employees, agents, engineers, consultants, volunteers, and representatives, Grantee hereby releases, and agrees to indemnify, defend and hold harmless the City, its elected and appointed officers, officials, employees, agents, engineers, consultants, volunteers, and representatives from any and all claims, costs, judgments, awards, or liability to any person, for injury or death of any person or damage to property to the extent caused by or arising out of any negligent acts or omissions of Grantee, its agents, servants, officers, or employees by virtue of Grantee's exercise of the rights granted herein, or in any franchise or permit. These indemnification obligations shall extend to claims that are not reduced to a suit and any claims that may be compromised, prior to the culmination of any litigation or the institution of any litigation.

B. Inspection or acceptance by the City of any work performed by Grantee at the time of completion of construction shall not be grounds for avoidance of any of these covenants of indemnification. Provided that Grantee has been given prompt written notice by the City of any such claim, said indemnification obligations shall extend to claims which are not reduced to a suit and any claims which may be compromised prior to the culmination of any litigation or the institution of any litigation. The City has the right to defend or participate in the defense of any such claim at its own costs and has the right to approve any non-monetary settlement or other compromise of any such claim.

C. Should a court of competent jurisdiction determine that the franchise is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Grantee and the City, its officers, officials, employees, and volunteers, the Grantee's liability shall be only to the extent of the Grantee's negligence. It is further specifically and expressly understood that the indemnification provided constitutes the Grantee's waiver of immunity under Industrial Insurance, RCW Title 51, solely for the purposes of this indemnification. The obligations of Grantee under this subsection shall be mutually negotiated by the parties, and Grantee shall acknowledge that the City would not enter into a franchise without Grantee's waiver.

D. The City shall promptly notify Grantee of any claim or suit and request in writing that Grantee indemnify the City. Grantee may choose counsel to defend the City subject to the City's consent which shall not be unreasonably withheld and consistent with this subsection. City's failure to 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 that Grantee refuses the tender of defense in any suit or any claim, as required pursuant to this Franchise, and said refusal is subsequently determined by a court having jurisdiction (or such other tribunal that the parties shall agree to decide the matter), to have been a wrongful refusal on the part of Grantee, Grantee shall pay all of the City's reasonable costs for

defense of the action, including all expert witness fees, costs, and attorney's fees, and including costs and fees incurred in recovering under this indemnification provision.

E. 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, then the Grantee and City shall immediately meet and confer and determine whether alternative counsel or other alternative is possible to resolve the concern. If no alternative is agreeable to the parties, upon the prior written approval and consent of Grantee that such a conflict requires the City to retain separate counsel, the City shall have the right to employ separate counsel in any action or proceeding and to participate in the investigation and defense thereof, and

Grantee shall pay the reasonable fees and expenses of such separate counsel, except that Grantee shall not be required to pay the fees and expenses of separate counsel on behalf of the City for the City to bring or pursue any counterclaims or interpleader action, equitable relief, restraining order or injunction. The City's fees and expenses shall include all out-of-pocket expenses, such as consultants and expert witness fees, and shall also include the reasonable value of any services rendered by the counsel retained by the City but shall not include outside attorneys' fees for services that are unnecessarily duplicative of services provided the City by Grantee. Grantee and the City shall cooperate and cause their employees and agents to cooperate with each other in the defense of any such claim and the relevant records of each party shall be available to the other party with respect to any such defense.

F. Notwithstanding any other provisions of this section, Grantee assumes the risk of damage to its Facilities located in the Public Ways from activities conducted by the City, its officials, officers, agents, employees and contractors, except to the extent any such damage or destruction is caused by or arises from the negligence or malicious act on the part of the City, its officials, officers, agents, employees or contractors. Except for the indemnity obligations under this Franchise, in no event shall the City or Grantee be liable for any indirect, incidental, special, consequential, exemplary, or punitive damages, including by way of example and not limitation lost profits, lost revenue, loss of goodwill, or loss of business opportunity in connection with its performance or failure to perform under the Franchise.

G. The provisions of this Section 9 shall survive the expiration, revocation, or termination of this Franchise.

Section 10. Insurance.

A. Grantee shall secure and maintain the following liability insurance policies insuring Grantee and including the City as an additional insured as their interest may appear under this Agreement against claims for injuries to persons, death or damages to property which may arise from or in connection with the exercise of the rights, privileges and authority granted to Grantee:

1. Commercial general liability insurance with limits of \$5,000,000 per occurrence for bodily injury and property damage and \$5,000,000 general aggregate including premises-operations, products-completed operations, stop gap liability, personal injury and

advertising injury, and liability assumed under an insured contract and liability arising from explosion, collapse or underground property damage. The policy shall have limits of:

2. Commercial Automobile liability insurance in the amount of \$2,000,000 combined single limit each accident for bodily injury and property damage covering all owned, non-owned, hired and leased vehicles.

3. Worker's compensation within statutory limits and employer's liability insurance with limits of \$1,000,000 each accident/disease/policy limit.

4. Contractors Pollution liability insurance with a limit of \$2,000,000 per occurrence, and \$2,000,000 in the aggregate. Grantee may self-insure for Contractors Pollution liability insurance.

B. The liability insurance policies required by this Franchise shall be maintained by Grantee throughout the term of the Franchise, and such other period of time during which the Grantee is operating in the Public Ways without a franchise or is engaged in the removal of its Facilities. The commercial general liability and commercial automobile liability insurance policies shall include the City, and its elected and appointed officers, officials, agents, employees, representatives, engineers, consultants and volunteers as additional insureds as their interest may appear under this Agreement. The Grantee shall provide a certificate of insurance (COI), together with the blanket additional insured endorsement(s) to the City, upon acceptance of the Franchise. Payment of deductibles and self-insured retentions shall be the sole responsibility of the Grantee. The insurance required by this Franchise shall apply separately to each insured against whom a claim is made or suit is brought. Grantee's insurance shall be primary insurance with respect to the City, its officers, officials, employees, agents, consultants, and volunteers. Any insurance, self insurance, or self-insured pool coverage maintained by the City shall be excess of Grantee's insurance and shall not contribute with it. Receipt by the City of any certificate or evidence of insurance showing less coverage than required is not a waiver of Grantee's obligations to fulfill the requirements.

C. Upon receipt of notice from its insurers, Grantee shall provide the City with thirty (30) days' prior written notice of cancellation of any required coverage that is not replaced. At least 30 days prior to any said cancellation or nonrenewal effective date, Grantee shall obtain and furnish to the City certificates of insurance evidencing replacement insurance policies meeting the requirements of this section. Failure to provide the insurance cancellation notice and to furnish to the City replacement insurance policies meeting the requirements of this Franchise shall be considered a material breach of the Franchise after City provides Grantee an additional thirty (30) days prior written notice and Grantee's continued failure to cure.

D. Grantee's maintenance of insurance or its scope of coverage as required herein shall not be construed to limit the liability of the Grantee to the specific coverage provided by such insurance or otherwise limit the City's recourse to any remedy available at law or in equity. Further, Grantee's maintenance of insurance policies required by this Franchise shall not be construed to excuse unfaithful performance by Grantee.

E. As of the Effective Date of this Franchise, Grantee is not self-insured except for pollution liability insurance (Section 10.A.4). Should Grantee wish to become self-insured at the levels outlined in this Franchise at a later date for insurance coverage other than pollution liability insurance and property damage insurance, Grantee must provide the City with thirty (30) days advanced written notice of its intent to self-insure. Grantee shall comply with the following:

(i) provide the City, upon request, a copy of Grantee's most recent audited financial statements;

(ii) Grantee is responsible for all payments within the self-insured retention; and

(iii) Grantee assumes all defense and indemnity obligations as outlined in the indemnification section of this Franchise.

F. The City may review all insurance limits once every calendar year during the Term and may make reasonable adjustments in the limits upon thirty (30) days' prior written notice to Grantee. Grantee shall then issue a certificate or other evidence of insurance to the City showing compliance with these adjustments.

Section 11. Security; Bonds.

Security Fund. Grantee shall establish a security fund ("Security Fund") in the amount of \$25,000.00 by providing a bond reasonably acceptable to the City to guarantee the full and complete performance of the requirements of this Franchise, and to guarantee payment of any costs, expenses, damages, or loss the City pays or incurs, including civil penalties, because of any failure attributable to Grantee to comply with the codes, ordinances, rules, regulations, or permits of the City.

12. Modification.

The City and Grantee reserve the right to modify the terms and conditions of this Franchise upon written agreement of both parties to such modification. The City reserves the right at any time to request Grantee to agree to amend this Franchise to conform to any hereafter enacted, amended, or adopted federal or state statute or regulation relating to the public health, safety, and welfare, or relating to roadway regulation, or a City ordinance enacted pursuant to such federal or state statute or regulation upon providing Grantee with thirty (30) days written notice of its action setting forth the full text of the amendment and identifying the statute, regulation, or ordinance requiring the amendment. If the parties do not reach agreement as to the terms of the amendment within six (60) days of the call for negotiations unless the parties mutually agree to extend such timeline, the parties shall submit the issue to non-binding mediation. If such mediation is unsuccessful, the parties may then submit the issue to a court of competent jurisdiction.

Section 13. Remedies to Enforce Compliance.

A. In addition to any other remedy provided in this Franchise, the City and Grantee reserve the right to pursue any remedy to compel the other party and/or its successors and assigns to comply with the terms hereof, and the pursuit of any right or remedy shall not prevent them from thereafter declaring a default, or revocation for breach of the conditions herein as provided in the

Mountlake Terrace Municipal Code or as allowed by law. All rights and remedies provided herein shall be in addition to and cumulative with any and all other rights and remedies available to the City or Grantee. Such rights and remedies shall not be exclusive, and the exercise of one or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy. The parties reserve the right to seek and obtain injunctive relief with respect to this Franchise to the extent authorized by applicable law and that the execution of this Franchise shall not constitute a waiver or relinquishment of such right. The parties agree that in the event a party obtains injunctive relief, neither party shall be required to post a bond or other security and the parties agree not to seek the imposition of such a requirement.

B. If Grantee violates or fails to comply with any of the material provisions of this Franchise, or should Grantee fail to heed or comply with any notice given to Grantee under the provisions of this Franchise, the City shall provide Grantee with written notice and an opportunity to cure such violation as follows: the City shall provide Grantee with written notice specifying with reasonable particularity the nature of any such breach and the Grantee shall undertake all commercially reasonable efforts to cure such breach within thirty (30) days of receipt of notification. If Grantee does not cure the breach within thirty (30) days, then the Public Works Director or the City Council may elect that in lieu of revocation and without any prejudice to any other legal rights and remedies, to pursue other remedies, the City may: (1) seek damages of two hundred Fifty dollars (\$250.00) per day against the Grantee or Security Fund set forth in Section 11; (2) suspend the issuance of additional permits; (3) obtain an order from the Superior Court having jurisdiction compelling Grantee to comply with the provisions of this Franchise; or (4) pursue other remedies as permitted by law. To the extent permitted by applicable law, the rights granted under this Franchise may be revoked or forfeited.

C. If the City shall violate or fail to comply with any of the provisions of this Franchise, the Grantee shall provide the City with written notice specifying with reasonable particularity the nature of any such breach and the City shall undertake all commercially reasonable efforts to cure such breach within thirty (30) days of receipt of notification. If the breach is not cured within the specified time, or the City does not comply with the specified conditions, the Grantee may, at its discretion, (1) terminate this Franchise, or (2) pursue other remedies as permitted by law.

D. If the parties reasonably determine the breach cannot be cured within (30) thirty days, the parties may agree to a longer cure period.

Section 14. Non-Waiver.

The failure of a party to insist upon strict performance of any of the covenants and agreements of this Franchise or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of any such covenants, agreements or option or any other covenants, agreements or option.

Section 15. Survival.

In addition to those Sections containing a survival subsection, all of the obligations, conditions and requirements of Section 1.C Section 5, Section 6, Section 10, Section 11, Section 12, Section 25 and Section 27.B of this Franchise arising by reason of any occurrence taking place during the term of this Franchise shall survive the expiration or termination of this Franchise, and any renewals or extensions thereof.

Section 16. Severability.

In the event that any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provisions of this Franchise.

Section 17. Notice.

Any notice required or permitted under this Franchise shall be in writing, and shall be delivered personally, delivered by a nationally recognized overnight courier, or sent by registered or certified mail, return receipt requested, to the other party at the address listed below. If such notice, demand or other communication shall be served personally, service shall be conclusively deemed made at the time of such personal service. If such notice, demand or other communication is given by overnight delivery, it shall be conclusively deemed given the day after it was sent to the party to whom such notice, demand or other communication is to be given. If such notice, demand or other communication is given by mail, it shall be conclusively deemed given three (3) days after it was deposited in the United States mail addressed to the party to whom such notice, demand or other communication is to be given.

City:

City of Mountlake Terrace
Attn: Director of Public Works
23204 58th Ave W,
Mountlake Terrace, WA 98043

Grantee:

Forged Fiber 37, LLC c/o AT&T
Attn.: Legal Dept – Network Operations
Re: Mountlake Terrace Franchise Agreement (WA)
208 S. Akard Street
Dallas, TX 75202-4206
E-mail: FF_Right_Of_Way@att.com

Section 18. Entire Agreement. This Franchise constitutes the entire understanding and agreement between the parties as to the subject matter herein and no other agreements or understandings, written or otherwise, shall be binding upon the parties upon execution of this Franchise.

Section 19. Eminent Domain. This Franchise is subject to the power of eminent domain. In any proceeding under eminent domain, this Franchise itself shall have no value.

Section 20. Vacation. If at any time the City, by ordinance, vacates all or any portion of the area affected by this Franchise, the City shall not be liable for any damages or loss to the Grantee by reason of such vacation; provided, however, that the City shall notify the Grantee in writing not less than sixty (60) days before considering such vacation and shall work with Grantee where possible in securing an easement to allow the Facilities to remain in place. Upon Grantee's entry into an easement for the Facilities, this Franchise shall no longer apply with respect to such vacated area. If an easement cannot be retained, or any other accommodation made for the Facilities to remain (e.g., a ground lease or license agreement) Grantee's relocation from the affected parcel shall be governed by section 4 of this Agreement.

Section 21. Signs and Symbols. Except for labels marking equipment, all signs or symbols placed by Grantee shall be subject to the prior approval of the City. In the event Grantee shall place signs or symbols where they are visible from the street and not acceptable to the City, the City may demand the immediate removal of such signs or symbols and the refusal of Grantee to comply with such demand within will constitute a breach of this Franchise, thereby entitling the City to exercise any available legal remedy and to remove the signs or symbols. Grantee is not permitted to install any lighting on its Facilities unless required by the FAA or FCC.

Section 22. Compliance with All Applicable Laws. The parties agree to comply with all present and future federal and state laws, ordinances, rules and regulations. Nothing herein shall be deemed to restrict the City's ability to adopt and enforce all necessary and appropriate ordinances regulating the performance of the conditions of this Franchise, including any valid ordinance made in the exercise of its police powers in the interest of public safety and for the welfare of the public. The City shall have the authority at all times to reasonably control by appropriate regulations the location, elevation, manner of construction and maintenance of Facilities by Grantee, and Grantee shall promptly conform with all such regulations, unless compliance would cause Grantee to violate other requirements of law or the terms of this Franchise. Grantee further expressly acknowledges that following the approval of this Franchise, the City may modify its Codes and such Code modifications shall apply to Grantee's Facilities, except that existing Facilities may be maintained by Grantee per regulations in effect at the time of installation as approved in the permit and plan for said installation. In the event of a conflict between the provisions of this Franchise and any other generally applicable ordinance(s) enacted under the City's police power authority, such other ordinance(s) enacted under the City's police powers shall take precedence over the provisions set forth herein.

Section 23. Attorneys' Fees. If a suit or other action is instituted in connection with any controversy arising out of this Franchise, the prevailing party shall be entitled to recover all of its costs and expenses, including such sum as the court may judge as reasonable for attorneys' fees, costs, expenses and attorneys' fees upon appeal of any judgment or ruling.

Section 24. Hazardous Substances. Grantee shall not introduce or use any hazardous substances (chemical or waste), in violation of any applicable law or regulation, nor shall Grantee allow any

of its agents, contractors or any person under its control to do the same. Except to the extent caused by the City, its elected and appointed officers, officials, employees, agents, engineers, consultants, volunteers, and representatives, Grantee will be solely responsible for and will defend, indemnify and hold the City, its agents and employees harmless from and against any and all direct claims, costs and liabilities including reasonable attorneys' fees and costs, to the extent arising out of or in connection with the cleanup or restoration of the property associated with Grantee's use, storage, or disposal of hazardous substances or the use, storage or disposal of such substances by Grantee's agents, contractors or other persons acting under Grantee's control.

Section 25. Licenses, Fees, and Taxes. Prior to constructing the Facilities, Grantee shall obtain a business or utility license from the City, if so required by the MTMC and applicable law. Except as otherwise provided in this Franchise or any applicable law, Grantee shall pay promptly and before they become delinquent, all taxes on personal property and improvements owned or placed by Grantee and shall pay all license fees and public utility charges relating to the conduct of its business; shall pay for all permits, licenses, and zoning approvals, shall pay any other applicable tax unless documentation of exemption is provided to the City and shall pay utility taxes and license fees imposed by the City.

Section 26. Assignment or Transfers of Grant. Ownership or control of a telecommunication system or franchise may, directly or indirectly, be transferred or assigned or disposed of by sale, lease, merger, consolidation or other act of the Grantee, by operation of law or otherwise, without the prior written consent of City, but written notice to the City is required. In the event that a transfer, assignment, or disposal of Grantee's ownership is approved by the Washington Utilities and Transportation Commission ("WUTC"), the City will be deemed to have consented to such transfer for purposes of any WUTC case docket or other proceeding. Grantee will provide City with a copy of any such WUTC approval.

Section 27. Miscellaneous.

A. City and Grantee respectively represent that its signatory is duly authorized and has full right, power, and authority to execute this Franchise.

B. This Franchise shall be construed in accordance with the laws of the State of Washington. Venue for any dispute related to this Franchise shall be the United States District Court for the Western District of Washington, or King County Superior Court.

C. Section captions and headings are intended solely to facilitate the reading thereof. Such captions and headings shall not affect the meaning or interpretation of the text herein.

D. Where the context so requires, the singular shall include the plural and the plural includes the singular.

E. Grantee shall be responsible for obtaining all other necessary approvals, authorizations and agreements from any party or entity from whom it is leasing utility poles.

F. This Franchise may be enforced at both law and equity.

G. This Franchise may be executed in counterparts, each of which shall be deemed an original.

H. Grantee acknowledges that it, and not the City, shall be responsible for Grantee's Facilities' compliance with all marking and lighting requirements of the FAA and the FCC. Except to the extent caused by the City, its elected and appointed officers, officials, employees, agents, engineers, consultants, volunteers, and representatives, Grantee shall indemnify, defend and hold the City harmless from any fines or other liabilities to the extent caused by Grantee's failure to comply with such requirements. Should Grantee or the City be cited by either the FCC or the FAA because the Grantee's Facilities is not in compliance and should Grantee fail to cure the conditions of noncompliance within the timeframe allowed by the citing agency, then, after providing Grantee with thirty (30) days prior written notice and opportunity to cure and Grantee's continued failure to cure, the City may either terminate this Franchise immediately on notice to Grantee or proceed to cure the conditions of noncompliance at Grantee's expense.

I. Neither party shall be required to perform any covenant or obligation in this Franchise, or be liable in damages to the other party, so long as the performance of the covenant or obligation is delayed, caused or prevented by a Force Majeure Event. A "Force Majeure Event" is defined for purposes of this Franchise as circumstances that are beyond a party's reasonable control, and include strikes, lockouts, sit-down strike, unusual transportation delays, riots, floods, washouts, explosions, earthquakes, fire, storms, weather (including inclement weather which prevents construction), acts of the public enemy, wars, terrorism, insurrections, pandemics, and any other similar event.

J. All of the provisions, conditions, regulations and requirements contained in this Franchise shall further be binding upon the heirs, successors, executors, administrators, legal representatives and assigns of Grantee and all privileges, as well as all obligations and liabilities of Grantee shall inure to its heirs, successors and assigns equally as if they were specifically mentioned wherever Grantee is named herein.

Section 28. Acceptance. This Franchise and the rights, privileges and authority granted hereunder shall take effect and be in force from and after the Effective Date of this Franchise. Unless executed by Grantee prior to the City's execution, Grantee shall execute this Franchise within sixty (60) days after the City's execution of this Franchise. Such written acceptance shall be accompanied by the memorandum of insurance and additional insured endorsement specified in Section 10, the bonding requirements in Section 11, and the reimbursement to the City pursuant to Section 7.B. This Franchise is voidable unless accepted in writing with the required memorandum of insurance, bond, and reimbursement by Grantee within this sixty (60) days.

Section 29. Effective Date. This Franchise, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take effect five (5) days after the passage and publication of an approved summary thereof consisting of the title.

IN WITNESS WHEREOF, this Franchise Agreement has been executed by the duly authorized representatives of the parties as set forth below, as of the date set forth below:

For the City of Mountlake Terrace:

Jeff Niten, City Manager

City of Mountlake Terrace, WA

Date

For Forged Fiber, 37 LLC:

[Name], President

Date

CITY OF MOUNTLAKE TERRACE

ORDINANCE NO. XXX

**AN ORDINANCE OF THE CITY OF MOUNTLAKE TERRACE,
WASHINGTON, GRANTING A FRANCHISE TO FORGED FIBER, 37
LLC; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN
EFFECTIVE DATE**

WHEREAS, Forged Fiber, 37 is a wholly owned subsidiary of AT&T and purchased a portion of the fiber business of Lumen Technologies, Inc. and its affiliates (“Lumen”), which includes fiber assets and associated facilities that are located within the rights-of-way of the City; and

WHEREAS, AT&T seeks through this franchise to obtain all necessary rights to own and construct facilities within the rights-of-way in the city under the legal entity, Forged Fiber 37, LLC, which will take possession of the fiber assets once transferred from Lumen;

WHEREAS, this franchise is a new franchise agreement, and Lumen will maintain any existing franchises for those assets it is retaining;

WHEREAS, this franchise will authorize Forged Fiber, 37 to install, operate, maintain, repair, replace, and upgrade conduit, fiber optic cables, mule tape, buffer tubes, vaults, splice cases (aerial and buried), poles, and related facilities in the rights of way provided that Forged Fiber, 37 applies for and receives the necessary permits and authorizations for such installations, repairs, and upgrades prior to the commencement of such construction activity;

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

Section 1. Franchise Adopted. The franchise between the City of Mountlake Terrace and Forged Fiber, 37 set forth as Exhibit A in the attached is hereby adopted by reference as if fully set forth herein.

Section 2. Corrections. The City Clerk and codifiers of the ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 3. Severability. If any section, subsection, paragraph, sentence, clause or phrase of this ordinance is declared unconstitutional or invalid for any reason, such invalidity shall not affect the validity or effectiveness of the remaining portions of this ordinance.

Section 4. Summary, Publication, and Effective Date. This Ordinance or a summary thereof consisting of the title shall be published in the official newspaper of the City and shall take effect and be in full force five (5) days after its publication as required by law.

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE XX of XXXX, 2026.

CITY OF MOUNTLAKE TERRACE

Steve Woodard, Mayor

ATTEST/AUTHENTICATED:

Jennifer Joki, City Clerk

APPROVED AS TO FORM:

Hillary J. Evans, City Attorney

DRAFT

ORDINANCE NO. 2240

AN ORDINANCE OF THE CITY OF MOUNTLAKE TERRACE, WASHINGTON, GRANTING UNTO LEVEL 3 COMMUNICATIONS, LLC, A DELAWARE LIMITED LIABILITY COMPANY, ITS SUCCESSORS AND ASSIGNS, FOR THE RIGHT, PRIVILEGE, AUTHORITY AND NONEXCLUSIVE FRANCHISE FOR TEN YEARS, TO CONSTRUCT, MAINTAIN, OPERATE, REPLACE AND REPAIR A TELECOMMUNICATIONS SYSTEM IN, ACROSS, OVER, ALONG, UNDER, THROUGH AND BELOW CERTAIN DESIGNATED PUBLIC RIGHTS-OF-WAY OF THE CITY OF MOUNTLAKE TERRACE, WASHINGTON.

WHEREAS Level 3 Communications, LLC ("Level 3") has requested that the City Council grant it a nonexclusive franchise, and

WHEREAS, the City Council has the authority to grant franchises for the use of its streets and other public properties (RCW 35A.47.040),

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

Section 1. Franchise Granted. Pursuant to RCW 35A.47.040, the City of MOUNTLAKE TERRACE, a Washington municipal corporation (hereinafter the "City"), hereby grants to Level 3, a limited liability company organized under the laws of the State of Delaware, its heirs, successors, legal representatives and assigns, subject to the terms and conditions hereinafter set forth, a franchise for a period often (10) years, beginning on the effective date of this ordinance, set forth in Section 27 herein (this "Franchise"). This Franchise shall grant Level 3 the right, privilege and authority to construct, operate, maintain, replace, use, acquire, lease and sell all necessary facilities for a telecommunications system, in, under, on, across, over, through, along or below the public rights-of-way located in the City, as approved under City permits issued pursuant to this Franchise. Level 3 agrees that upon its decision to provide service within the City of Mountlake Terrace, that they shall provide reasonable notice to the City and it is understood and agreed that Level 3 shall be subject to Article IV of Chapter 12.20, Mountlake Terrace Municipal Code, and any other applicable provision relating to nonrestrictive franchise agreements. Public "rights-of-way" as used herein means all public streets, roads, alleys and highways of the City as now or hereafter laid out, platted, dedicated or improved. "Facilities" as used herein means a fiber-optic cable system, with all necessary cables, wires, conduits, ducts, pedestals, antennae, electronics, and other necessary appurtenances; provided that new utility poles for overhead wires or cabling are specifically excluded. Equipment enclosures with air conditioning or other noise generating equipment are also excluded from permitted "facilities."

Section 2. Non-exclusive Franchise Grant. This Franchise is granted upon the express condition that it shall not in any manner prevent the City from granting other or further franchises in, along, over, through, under, below or across any of said tight-of-ways. Such franchise shall in no way prevent or prohibit the City from using any of said road, streets or other

public properties or affect its jurisdiction over them or any part of them, and the City shall retain power to make all necessary changes, relocations, repairs, maintenance, establishment, improvement, dedication of same as the City may deem fit, including the dedication, establishment, maintenance, and improvement of all new rights-of-ways, thoroughfares and other public properties of every type and description.

Section 3. Location of Initial Telecommunication Facilities. Level 3 is creating a fiber optic network, consisting partially of facilities within the City. Without limiting Level 3's right to expand the Facilities without amending this Franchise, the initial route will be located along, or generally along, Cedar Way and 236th Street, as shown on Exhibit 1 attached hereto.

Section 4. Relocation of Fiber-Optics Telecommunications System Facilities.

4.1 Level 3 agrees and covenants at its sole cost and expense, to protect, support, temporarily disconnect, relocate or remove from any street any of its installations when so required by the City by reason of traffic conditions or public safety, dedications of new rights-of-way and the establishment and improvement thereof, widening and improvement of existing rights-of-way, street vacations, freeway construction, change or establishment of street grade, or the construction of any public improvement or structure by any government agency acting in a governmental capacity, provided that Level 3 shall in all such cases have the privilege to temporarily bypass, in the authorized portion of the same street upon approval by the City, any section of cable required to be temporarily disconnected or removed.

4.2 Any condition or requirement imposed by the City upon any person or entities (including, without limitation, any condition or requirement imposed by the City pursuant to any contract or in conjunction with approvals for permit for zoning, land use, construction or development) which reasonably necessitates the relocation of Level 3's Facilities within the franchise area shall be a required relocation for purposes of subsection 4.1 above so long as said condition is being imposed for the benefit of the City and not for the sole benefit of said person or entity.

4.3 If the City determines that the project necessitates the relocation of Level 3's then existing Facilities, the City shall:

A. At least ninety (90) days prior to the commencement of such improvement project, provide Level 3 with written notice requesting such relocation; and

B. Provide Level 3 with copies of pertinent portions of the plans and specifications for such improvement project and a proposed location for Level 3's Facilities so that Level 3 may relocate its Facilities in other City right-of-way in order to accommodate such improvement project.

C. After receipt of such notice and such plans and specifications, Level 3 shall complete relocation of its Facilities at least ten (10) days prior to commencement of the City's project at no charge or expense to the City. Relocation shall be accomplished in such a manner as to accommodate the City's project.

4.4 Level 3 may, after receipt of written notice requesting a relocation of its Facilities, submit to the City written alternatives to such relocation. The City shall evaluate such alternatives and advise Level 3 in writing as soon as practicable if one or more of the alternatives is suitable to accommodate the work which would otherwise necessitate relocation of the Facilities. If so requested by the City, Level 3 shall submit at its sole cost and expense additional information to reasonably assist the City in making such evaluation. The City shall give each alternative proposed by Level 3 full and fair consideration and within a reasonable time so as to allow for relocation work to be performed in a timely manner. In the event the City ultimately determines that there is no other reasonable and feasible alternative, Level 3 shall relocate its Facilities as otherwise provided in this Section. In no event shall Level 3 be responsible for any more than the pro rata cost of relocating Level 3's Facilities. The provisions of this Section shall survive the expiration or termination of this Franchise agreement.

4.5 The provisions of this Section shall in no manner preclude or restrict Level 3 from making any arrangements it may deem appropriate when responding to a request for relocation of its Facilities by any person or entity other than the City, where the Facilities to be constructed by said person or entity are not or will not become City-owned, operated or maintained Facilities, provided that such arrangements do not unduly delay a City construction project.

Section 5. Undergrounding of Facilities. Except as specifically authorized by permit of the City, Level 3 shall not be permitted to erect poles or to run or suspend wires, cables or other facilities thereon, but shall lay such wires, cables or other facilities underground in the manner required by City ordinance. Level 3 acknowledges and agrees that if the City does not require the undergrounding of its Facilities at the time of permit application, the City may, at any time in the future, in accordance with City ordinance, require the conversion of Level 3's aerial Facilities to underground installation at Level 3's expense.

Whenever the City may require the undergrounding of all aerial utilities in any area of the City, Level 3 shall underground its aerial Facilities in the manner specified by the City code, concurrently with and in the area of the other affected utilities. Where other utilities are present and involved in the undergrounding project, Level 3 shall only be required to pay its fair share of common costs borne by all utilities, in addition to the costs specifically attributable to the undergrounding of Level 3's own Facilities. "Common costs" shall include necessary costs not specifically attributable to the undergrounding of any particular facility, such as costs for common trenching and utility vaults. "Fair share" shall be determined for a project on the basis of the number and size of Level 3's Facilities being undergrounded in comparison to the total number and size of all other utility facilities being undergrounded.

Section 6. Maps and Records. After construction is complete, and as a condition of this Franchise, Level 3 shall provide to the City upon request and at no cost, a copy of all as-built plans, maps and records revealing the final location and condition of its Facilities within the public right-of-ways and public places.

Section 7. Excavations. During any period of relocation, construction or maintenance, all work performed by Level 3 or its contractors shall be accomplished in a safe and workmanlike manner, so as to minimize interference with the free passage of traffic and the free use of adjoining property, whether public or private. Level 3 shall at all times post and maintain proper barricades and comply with all applicable safety regulations during such period of construction as required by the ordinances of the City or the laws of the State of Washington, including RCW 39.04.180 for the construction of trench safety systems.

Whenever Level 3 shall excavate in any public right-of-way for the purpose of installation, construction, repair, maintenance or relocation of its cable or equipment, it shall apply to the City for a permit to do so and, in addition, shall give the City at least five (5) working days prior notice of its intent to commence work in the public right-of-way. In no case shall any work commence within any public right-of-way without a permit, except as otherwise provided in this franchise ordinance.

If either the City or Level 3 shall at any time plan to make excavations in any area covered by this Franchise and as described in this Section, the party planning such excavation shall afford the other, upon receipt of written request to do so, an opportunity to share such excavation, PROVIDED THAT:

- A. Such joint use shall not unreasonably delay the work of the party causing the excavation to be made;
- B. such joint use shall be arranged and accomplished on terms and conditions satisfactory to both parties; and
- C. either party may deny such request for safety reasons or if the intended uses of the trench are deemed to be incompatible by the party causing the excavation to be made.

The provisions of this Section shall survive the expiration or termination of this Franchise agreement.

Section 8. Restoration after Construction. Level 3 shall, after abandonment approved under Section 15 herein, or installation, construction, relocation, maintenance or repair of its Facilities within the franchise area, restore the surface of the right-of-way to the same condition the property was in immediately prior to any such installation, construction, relocation, maintenance or repair, ordinary wear and tear excepted and damage not caused by Level 3 excepted. All concrete encased monuments which have been disturbed or displaced by such work shall be restored pursuant to all federal, state and local standards and specifications. Level 3 agrees to promptly complete all restoration work and to promptly repair any damage caused by such work to the franchise area at its sole cost and expense. All work performed by Level 3 and discretion exercised by the City under this Section shall be in accordance with the City Municipal Code and the City's Design and Construction standards. The provisions of this Section shall survive the expiration, revocation or termination by other means of this Franchise.

Section 9. Emergency Work - Permit Waiver. In the event of any emergency in which any of Level 3's Facilities located in or under any street breaks, becomes damaged, or if Level 3's construction area is otherwise in such a condition as to immediately endanger the property, life, health or safety of any individual, Level 3 shall immediately take the proper emergency measures to repair its Facilities, to cure or remedy the dangerous conditions for the protection of property, life, health or safety of individuals without first applying for and obtaining a permit as required by this Franchise. However, this shall not relieve Level 3 from the requirement of obtaining any permits necessary for this purpose, and Level 3 shall apply for all such permits not later than the next succeeding day during which the Mountlake Terrace City Hall is open for business.

Section 10. Dangerous Conditions, Authority for City to Abate. Whenever the construction, installation or excavation of facilities authorized by this Franchise has caused or materially contributed to a condition that appears to substantially impair the lateral support of the adjoining street or public place, or endanger the public, an adjoining public place, street utilities or City property, the Community Development Director may direct Level 3, at Level 3's own expense, to take actions to protect the public, adjacent public places, City property or street utilities, and such action may include compliance within a prescribed time.

In the event that Level 3 fails or refuses to promptly take the written actions directed by the City, or fails to fully comply with such directions, or if emergency conditions exist which require immediate action, before the City can timely contact Level 3 to request Level 3 affect the immediate repair, the City may enter upon the property and take such actions as are necessary to protect the public, the adjacent streets, or street utilities, or to maintain the lateral support thereof, or actions regarded as necessary safety precautions, and Level 3 shall be liable to the City for the reasonable and documented costs thereof. The provisions of this Section shall survive the expiration, revocation or termination of this Franchise.

Section 11. Recovery of Costs. Level 3 shall pay a filing fee for the City's administrative costs in drafting and processing this Franchise agreement and all work related thereto. Level 3 shall further be subject to all lawful permit fees associated with activities undertaken by Level 3 through the authority granted in this franchise ordinance or under the laws of the City. Where the City incurs costs and expenses for review, inspection or supervision of activities undertaken through the authority granted in this Franchise or any ordinances relating to the subject for which a permit fee is not established, Level 3 shall pay such reasonable costs and expenses directly to the City within 60 days of submittal by the City of an itemized billing by project of such costs. In addition to the above, Level 3 shall promptly reimburse the City for any and all costs the City reasonably incurs in response to any emergency involving Level 3's cable and Facilities within 60 days of submittal by the City of an itemized billing by project of such costs. All City reimbursable fees and costs shall be in accordance with RCW 35.21.860, as long as Level 3 remains a telephone business as defined in RCW 82.04.065.

Section 12. Parties' Reservation of Rights. Pursuant to Section 35.21.860 of the Revised Code of Washington (RCW), the City is precluded from imposing a franchise fee on a telephone business

as defined in RCW 82.04.065, except for administrative expenses or any tax authorized by RCW 35.21.865. Level 3 hereby warrants that its operations as authorized under this Franchise are those of a telephone business as defined in RCW 82.04.065. As a result, the City will not impose a franchise fee under the terms of this ordinance, other than as described herein.

However, the City hereby reserves its right to impose a franchise fee on Level 3 for purposes other than to recover its administrative expenses, if Level 3's operations as authorized by this Franchise change so that not all uses of the Franchise are those of a "telephone business" as defined in RCW 82.04.065; or, if statutory prohibitions on the imposition of such fees are removed. In either instance, the City also reserves its right to require that Level 3 obtain a separate franchise for its change in use, which franchise may include provisions intended to regulate Level 3's operations, as allowed under applicable law. Level 3 reserves the right to contest on the basis of federal, state, or municipal law the City's imposition of a fee on Level 3 or the requirement that Level 3 obtain a separate franchise.

The parties further understand that Level 3 may in the future provide service to customers within the city of Mountlake Terrace. The parties understand that RCW 35.21.870 currently limits the rate of city tax upon telephone business activities to six percent (6%) of gross receipts, unless a higher rate is approved by a vote of the people. The parties agree however that nothing in this Franchise shall limit the city's power of taxation as may now or hereafter exist. Level 3 stipulates and agrees that should its business activities be subject to taxation that Level 3 shall include the six percent (6%) rate in gross receipts received as imposed under the city's telephone business tax ordinance; provided, however, that in the event Level 3 leases all or a part of its Facilities to another entity whose business operations are subject to taxation, Level 3 shall have no obligation to collect or remit any taxes imposed on such business operations. This provision does not limit the city's power to amend the telephone business tax ordinance as may be permitted by law.

Section 13. Indemnification. Level 3 hereby releases and covenants not to bring suit with respect to, and agrees to indemnify, defend and hold harmless the City, its officers, employees, agents and representatives from, any and all claims, costs, judgments, awards or liability to any person, including claims by Level 3's own employees for which Level 3 might otherwise be immune under Title 51 RCW, for injury or death of any person or damage to property caused by or arising out of the negligent acts or omissions of Level 3, its agents, servants, officers or employees in the performance of this Franchise, and any rights granted hereunder, except to the extent such claims, costs, judgments, awards or liability were caused by the negligence of the City, its officers, employees, agents or representatives; provided that in the event any claim herein indemnified against be presented to or filed with the City, the City shall promptly notify Level 3 thereof and Level 3 shall have the right, at its election and at its sole cost and expense to settle and compromise such claim, and provided further that if any suit or action is filed against the City based on any such claim, the City shall likewise promptly notify Level 3 thereof, and Level 3 shall have the right, at its election and at its sole cost and expense to settle and compromise such claim, or defend the same at its sole cost and expense, by attorneys of its own election. This indemnification shall not apply in the event of any claim otherwise indemnified

against is caused by the willful, malicious or criminal act of the City, its officers, employees, agents or representatives.

Inspection or acceptance by the City of any work performed by Level 3 at the time of completion of construction shall not be grounds for avoidance by Level 3 of any of its obligations under this Section. Said indemnification obligations shall extend to claims which are not reduced to a suit and any claims which may be compromised prior to the culmination of any litigation or the institution of any litigation.

In the event that Level 3 refuses the tender of defense in any suit or any claim, said tender having been made pursuant to the indemnification provision contained herein, and said refusal is subsequently determined by a Court having jurisdiction (or such other tribunal that the parties shall agree to decide the matter), to have been a wrongful refusal on the part of Level 3, then Level 3 shall pay all of the City's reasonable and documented costs for defense of the action, including all expert witness fees, costs, and attorney's fees, including costs and fees incurred in recovering under this indemnification provision.

Notwithstanding the foregoing, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of Level 3 and the City, its officers, employees and agents, Level 3's liability hereunder, including liability for costs of defense, shall be only to the extent of Level 3's negligence. It is further specifically and expressly understood that the indemnification provision provided herein constitutes Level 3's waiver of immunity under Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this Section shall survive the expiration or termination of this Franchise agreement.

Section 14. Insurance. Level 3 shall procure and maintain for the duration of the franchise, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the exercise of the rights, privileges and authority granted hereunder to Level 3, its agents, representative or employees. Level 3 shall provide a copy of a Certificate of Insurance to the City for its inspection prior to the adoption of this franchise ordinance, and such insurance certificate shall evidence a policy of insurance that includes:

- A. Automobile Liability insurance with limits no less than \$1,000,000 Combined Single Limit per occurrence for bodily injury and property damage; and
- B. Commercial General Liability insurance, written on an occurrence basis with limits no less than \$1,000,000 combined single limit per occurrence and \$2,000,000 aggregate for personal injury, bodily injury and property damage. Coverage shall include but not be limited to: blanket contractual; products and completed operations; broad form property damage; explosion, collapse and underground (XCU); and employer's liability (maximum \$500,000 each accident).

Any self-insured retentions must be declared to and approved by the City. Payment of deductibles or self-insured retentions shall be the sole responsibility of Level 3. The insurance policies obtained by Level 3 shall name the City (its officers, employees and volunteers) as an additional insured with regard to activities performed by or on behalf of Level 3. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees or volunteers. In addition, the insurance policy shall contain a clause stating that coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. Level 3's insurance shall be primary insurance as respects the City, its officers, employees, agents, and volunteers. Any insurance maintained by the City, its officers, employees, agents or volunteers shall be excess of Level 3's insurance and shall not contribute with it. The insurance policy or policies required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

Section 15. Abandonment No cable, section of cable or other equipment laid in the street by Level 3 may be abandoned by Level 3 without the express written consent of the City. Any plan for abandonment or removal of Level 3's cable Facilities must be first approved by the Community Development Director, and all necessary permits must be obtained prior to such work. The provisions of this Section shall survive the expiration, revocation or termination of this franchise agreement.

Section 16. Bonds. Before undertaking any of the work, installation, improvements, construction, repair, relocation or maintenance authorized by this Franchise, Level 3 shall furnish such bonds executed by Level 3 and a corporate surety authorized to do a surety business in the State of Washington, in a sum to be set and approved by the Community Development Director, as are required under the City's Design and Construction Standards, Mountlake Terrace Municipal Code Chapter 12.20, as amended, and other applicable permit requirements.

Section 17. Modification. The City and Level 3 hereby reserve the right to alter, amend or modify the terms and conditions of this Franchise upon written agreement of both parties to such alteration, amendment or modification.

Section 18. Forfeiture and Revocation. If, within thirty (30) days after written notice and a hearing, the City Council finds that Level 3 has failed to cure a willful violation of any of the material provisions of this Franchise, or through willful misconduct or gross negligence failed to heed or comply with any notice given Level 3 by the City under the provisions of this Franchise, then the Council may revoke or annul all rights conferred to Level 3 under this Franchise. Nothing in this provision in any way limits, alters or revokes Level 3's right to challenge findings of the Council or otherwise enforce its rights in a court of competent jurisdiction.

Section 19. Remedies to Enforce Compliance. The City may elect, in lieu of the above and without any prejudice to any of its other legal rights and remedies, to obtain an order from the superior court having jurisdiction compelling Level 3 to comply with the provisions of this Ordinance and to recover damages and reasonable costs incurred by the City by reason of Level

3's failure to comply. In addition to any other remedy provided herein, the City reserves the right to pursue any remedy to compel or force Level 3 and/or its successors and assigns to comply with the terms hereof, and the pursuit of any right or remedy by the City shall not prevent the City from thereafter declaring a forfeiture or revocation for breach of the conditions herein.

Section 20. City Ordinances and Regulations. Nothing herein shall be deemed to restrict the City's ability to adopt and enforce all necessary and appropriate ordinances regulating the performance of the conditions of this Franchise, including any valid ordinance made in the exercise of its police powers in the interest of public safety and for the welfare of the public. The City shall have the authority at all times to control by appropriate City ordinance regulations the location, elevation, manner of construction and maintenance of any fiber optic cable or cable Facilities by Level 3, and Level 3 shall promptly conform with all such regulations, unless compliance would cause Level 3 to violate other requirements of law. Notwithstanding the above, said regulations shall not require that Level 3 alter the location, elevation or manner of construction of its' Facilities after proper installation of its Facilities unless otherwise required to do so under the terms of this Franchise. In the event of a conflict between the provisions of this Franchise and any other ordinance(s) enacted under the City's police power authority, such other ordinance(s) shall take precedence over the provisions set forth herein. Further, both parties agree to comply with all federal, state, county and municipal laws and ordinances or regulations in performance of this Franchise.

Section 21. Cost of Publication. The cost of the publication of this Ordinance shall be borne by Level 3.

Section 22. Acceptance. Within sixty days after the passage and approval of this Ordinance, this Franchise may be accepted by Level 3 by its filing with the City Clerk a written acceptance thereof. Failure of Level 3 to so accept this Franchise within said period of time shall be deemed a rejection thereof by Level 3, and the rights and privileges herein granted shall, after the expiration of the sixty-day period, absolutely cease, unless the time period is extended by ordinance duly passed for that purpose.

Section 23. Survival. All of the provisions, conditions and requirements of Sections 3, Relocation of Telecommunication Facilities; 4, Undergrounding of Facilities; 6, Excavation; 7, Restoration after Construction; 9, Dangerous Conditions; 12, Indemnification; and 14, Abandonment of Level 3's Facilities, of this Franchise shall be in addition to any and all other obligations and liabilities Level 3 may have to the City at common law, by statute, or by contract, and shall survive the City's franchise to Level 3 for the use of the areas mentioned in Section 1 herein, and any renewals or extensions thereof. All of the provisions, conditions, regulations and requirements contained in this franchise Ordinance shall further be binding upon the heirs, successors, executors, administrators, legal representatives and assigns of Level 3 and all privileges, as well as all obligations and liabilities of Level 3 shall inure to its heirs, successors and assigns equally as if they were specifically mentioned wherever Level 3 is named herein.

Section 24. Assignment; Notice of Acquisition or Sale. This agreement may not be assigned or transferred without the written approval of the City, except Level 3 may freely assign this Agreement in whole or in part to a parent, subsidiary, or affiliated corporation or as part of any corporate financing, reorganization or refinancing. In the case of transfer or assignment as security by mortgage or other security instrument in whole or in part to secure indebtedness, such consent shall not be required unless and until the secured party elects to realize upon the collateral. Level 3 shall provide prompt, written notice to the City of any such assignment.

Notwithstanding any other provisions in this Section 24, Level 3 may, without the prior written consent of the City (i) lease the Facilities, or any portion thereof, to another entity or individual; (ii) grant an indefeasible right of user interest in the Facilities, or any portion thereof, to another entity or individual; or (iii) offer or provide capacity or bandwidth from the Facilities to another entity or individual; PROVIDED THAT Level 3 at all times retains exclusive control over the Facilities and remains responsible for locating, maintaining, repairing, relocating, and removing its Facilities pursuant to the terms and conditions of this Ordinance. In the case of transfer or assignment as security by mortgage or other security instrument, in whole or in part, to secure indebtedness, consent shall not be required unless and until the secured party elects to realize upon the collateral, and shall not be unreasonably withheld. Level 3 shall provide written notice to the City within thirty(30) days after any such assignment for security.

Level 3 shall notify City within thirty (30)days after any acquisition by Level 3 of ownership of additional Facilities, and after any sale by Level 3 of any Facilities.


Section 25. Notice. Any notice or information required or permitted to be given to the parties under this franchise agreement shall be sent to the following addresses unless otherwise specified:

City of Mountlake Terrace 23204 - 58th Ave. W Mountlake Terrace, WA 98043-	Level 3 Communications, LLC 1025 El Dorado Blvd. Broomfield, CO 80021
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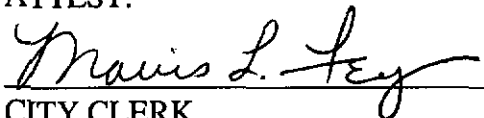
Section 26. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance, unless such invalidity or unconstitutionality materially alters the rights, privileges, duties or obligations hereunder, in which event either party may request renegotiation of those remaining terms of this Franchise materially affected by such courts' ruling.

Section 27. Effective Date. This ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take effect (5) days after passage and publication.

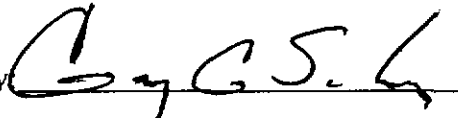
Passed by the City Council of the City of Mountlake Terrace this 5th day of June, 2000, and signed in authentication of its passage this 5th day of June 2000.


MAYOR DAVID GOSSETT

ATTEST:


CITY CLERK

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

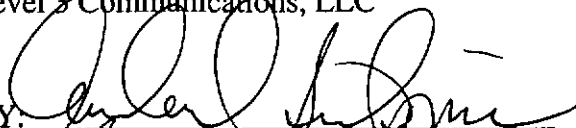
By  6-05-00

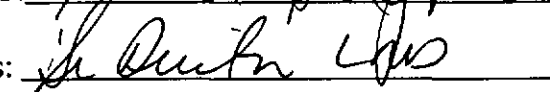
ACCEPTANCE OF FRANCHISE

THE UNDERSIGNED authorized representative of Level 3 Communications, LLC hereby declares on behalf of Level 3 Communications, LLC, the acceptance of the nonexclusive franchise to Level 3 Communications, LLC, approved by the Mountlake Terrace City Council on June 5, 2000, by the adoption of Mountlake Terrace City Ordinance No 2240.

DATED THIS 5 day of June 2000

Level 3 Communications, LLC

BY: 

Its: 

ORDINANCE NO. 2286

AN ORDINANCE OF THE CITY OF MOUNTLAKE TERRACE, WASHINGTON, GRANTING UNTO TIME WARNER TELECOM OF WASHINGTON, LLC, ("Time Warner Telecom"), A DELAWARE LIMITED LIABILITY CORPORATION, ITS SUCCESSORS AND ASSIGNS, FOR THE RIGHT, PRIVILEGE, AUTHORITY AND NONEXCLUSIVE FRANCHISE FOR TEN YEARS, TO CONSTRUCT, MAINTAIN, OPERATE, REPLACE AND REPAIR A TELECOMMUNICATIONS SYSTEM IN, ACROSS, OVER, ALONG, UNDER, THROUGH AND BELOW CERTAIN DESIGNATED PUBLIC RIGHTS-OF-WAY OF THE CITY OF MOUNTLAKE TERRACE, WASHINGTON.

WHEREAS Time Warner Telecom of Washington, LLC ("Time Warner Telecom") has requested that the City Council grant it a nonexclusive franchise, and

WHEREAS, the City Council has the authority to grant franchises for the use of its streets and other public properties (RCW 35A.47.040),

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

Section 1. Franchise Granted. Pursuant to RCW 35A.47.040, the City of MOUNTLAKE TERRACE, a Washington municipal corporation (hereinafter the "City"), hereby grants to Time Warner Telecom, its heirs, successors, legal representatives and assigns, subject to the terms and conditions hereinafter set forth, a franchise for a period often (10) years, beginning on the effective date of this ordinance, set forth in Section 27 herein (this "Franchise"). This Franchise shall grant Time Warner Telecom the right, privilege and authority to construct, operate, maintain, replace, use, acquire, lease and sell all necessary facilities for a telecommunications system, in, under, on, across, over, through, along or below the public rights-of-way located in the City, as approved under City permits issued pursuant to this Franchise. Time Warner Telecom agrees that upon its decision to provide service within the City of Mountlake Terrace, that they shall provide reasonable notice to the City and it is understood and agreed that Time Warner Telecom shall be subject to Article IV of Chapter 12.20, Mountlake Terrace Municipal Code, and any other applicable provision relating to nonrestrictive franchise agreements. Public "rights-of-way" as used herein means all public streets, roads, alleys and highways of the City as now or hereafter laid out, platted, dedicated or improved. "Facilities" as used herein means a fiber-optic cable system, with all necessary cables, wires, conduits, ducts, pedestals, antennae, electronics, and other necessary appurtenances, within the public rights-of-way of the City; provided that new utility poles for overhead wires or cabling are specifically excluded. Equipment enclosures with air conditioning or other noise generating equipment are also excluded from permitted "Facilities."

Section 2. Non-exclusive Franchise Grant. This Franchise is granted upon the express condition that it shall not in any manner prevent the City from granting other or further franchises in, along, over, through, under, below or across any of said tight-of-ways. Such

franchise shall in no way prevent or prohibit the City from using any of said road, streets or other public properties or affect its jurisdiction over them or any part of them, and the City shall retain power to make all necessary changes, relocations, repairs, maintenance, establishment, improvement, dedication of same as the City may deem fit, including the dedication, establishment, maintenance, and improvement of all new rights-of-ways, thoroughfares and other public properties of every type and description.

Section 3. Location of Initial Telecommunication Facilities. Time Warner Telecom is creating a fiber optic network, consisting partially of facilities within the City. Without limiting Time Warner Telecom's right to expand the Facilities without amending this Franchise, the initial route will be located along, or generally along, 212th Street, SW, as shown on Exhibit 1 attached hereto.

Section 4. Relocation of Fiber-Optics Telecommunications System Facilities.

4.1 Time Warner Telecom agrees and covenants at its sole cost and expense, to protect, support, temporarily disconnect, relocate or remove from any street any of its installations when so required by the City by reason of traffic conditions or public safety, dedications of new rights-of-way and the establishment and improvement thereof, widening and improvement of existing rights-of-way, street vacations, freeway construction, change or establishment of street grade, or the construction of any public improvement or structure by any government agency acting in a governmental capacity, provided that Time Warner Telecom shall in all such cases have the privilege to temporarily bypass, in the authorized portion of the same street upon approval by the City, any section of cable required to be temporarily disconnected or removed.

4.2 Any condition or requirement imposed by the City upon any person or entities (including, without limitation, any condition or requirement imposed by the City pursuant to any contract or in conjunction with approvals for permit for zoning, land use, construction or development) which reasonably necessitates the relocation of Time Warner Telecom's Facilities within the franchise area shall be a required relocation for purposes of subsection 4.1 above so long as said condition is being imposed for the benefit of the City and not for the sole benefit of said person or entity.

4.3 If the City determines that the project necessitates the relocation of Time Warner Telecom's then existing Facilities, the City shall:

A. At least ninety (90) days prior to the commencement of such improvement project, provide Time Warner Telecom with written notice requesting such relocation; and

B. Provide Time Warner Telecom with copies of pertinent portions of the plans and specifications for such improvement project and a proposed location for Time Warner Telecom's Facilities so that Time Warner Telecom may relocate its Facilities in other City right-of-way in order to accommodate such improvement project.

C. After receipt of such notice and such plans and specifications, Time Warner Telecom shall complete relocation of its Facilities at least ten (10) days prior to commencement of the City's project at no charge or expense to the City. Relocation shall be accomplished in such a manner as to accommodate the City's project.

4.4 Time Warner Telecom may, after receipt of written notice requesting a relocation of its Facilities, submit to the City written alternatives to such relocation. The City shall evaluate such alternatives and advise Time Warner Telecom in writing as soon as practicable if one or more of the alternatives is suitable to accommodate the work which would otherwise necessitate relocation of the Facilities. If so requested by the City, Time Warner Telecom shall submit at its sole cost and expense additional information to reasonably assist the City in making such evaluation. The City shall give each alternative proposed by Time Warner Telecom full and fair consideration and within a reasonable time so as to allow for relocation work to be performed in a timely manner. In the event the City ultimately determines that there is no other reasonable and feasible alternative, Time Warner Telecom shall relocate its Facilities as otherwise provided in this Section. In no event shall Time Warner Telecom be responsible for any more than the pro rata cost of relocating Time Warner Telecom's Facilities. The provisions of this Section shall survive the expiration or termination of this Franchise agreement.

4.5 The provisions of this Section shall in no manner preclude or restrict Time Warner Telecom from making any arrangements it may deem appropriate when responding to a request for relocation of its Facilities by any person or entity other than the City, where the Facilities to be constructed by said person or entity are not or will not become City-owned, operated or maintained Facilities, provided that such arrangements do not unduly delay a City construction project.

Section 5. Undergrounding of Facilities. Except as specifically authorized by permit of the City, Time Warner Telecom shall not be permitted to erect poles or to run or suspend wires, cables or other facilities thereon, but shall lay such wires, cables or other facilities underground in the manner required by City ordinance. Time Warner Telecom acknowledges and agrees that if the City does not require the undergrounding of its Facilities at the time of permit application, the City may, at any time in the future, in accordance with City ordinance, require the conversion of Time Warner Telecom's aerial Facilities to underground installation at Time Warner Telecom's expense.

Whenever the City may require the undergrounding of all aerial utilities in any area of the City, Time Warner Telecom shall underground its aerial Facilities in the manner specified by the City code, concurrently with and in the area of the other affected utilities. Where other utilities are present and involved in the undergrounding project, Time Warner Telecom shall only be required to pay its fair share of common costs borne by all utilities, in addition to the costs specifically attributable to the undergrounding of Time Warner Telecom's own Facilities. "Common costs" shall include necessary costs not specifically attributable to the undergrounding of any particular facility, such as costs for common trenching and utility vaults. "Fair share" shall be determined for a project on the basis of the number and size of Time Warner Telecom's Facilities being undergrounded in comparison to the total number and size of all other utility facilities being undergrounded.

Section 6. Maps and Records. After construction is complete, and as a condition of this Franchise, Time Warner Telecom shall provide to the City upon request and at no cost, a copy of all as-built plans, maps and records revealing the final location and condition of its Facilities within the public right-of-ways and public places.

Section 7. Excavations. During any period of relocation, construction or maintenance, all work performed by Time Warner Telecom or its contractors shall be accomplished in a safe and workmanlike manner, so as to minimize interference with the free passage of traffic and the free use of adjoining property, whether public or private. Time Warner Telecom shall at all times post and maintain proper barricades and comply with all applicable safety regulations during such period of construction as required by the ordinances of the City or the laws of the State of Washington, including RCW 39.04.180 for the construction of trench safety systems.

Whenever Time Warner Telecom shall excavate in any public right-of-way for the purpose of installation, construction, repair, maintenance or relocation of its cable or equipment, it shall apply to the City for a permit to do so and, in addition, shall give the City at least five (5) working days prior notice of its intent to commence work in the public right-of-way. In no case shall any work commence within any public right-of-way without a permit, except as otherwise provided in this franchise ordinance.

If either the City or Time Warner Telecom shall at any time plan to make excavations in any area covered by this Franchise and as described in this Section, the party planning such excavation shall afford the other, upon receipt of written request to do so, an opportunity to share such excavation, PROVIDED THAT:

- A. Such joint use shall not unreasonably delay the work of the party causing the excavation to be made;
- B. such joint use shall be arranged and accomplished on terms and conditions satisfactory to both parties; and
- C. either party may deny such request for safety reasons or if the intended uses of the trench are deemed to be incompatible by the party causing the excavation to be made.

The provisions of this Section shall survive the expiration or termination of this Franchise agreement.

Section 8. Restoration after Construction. Time Warner Telecom shall, after abandonment approved under Section 15 herein, or installation, construction, relocation, maintenance or repair of its Facilities within the franchise area, restore the surface of the right-of-way to the same condition the property was in immediately prior to any such installation, construction, relocation, maintenance or repair, ordinary wear and tear excepted and damage not caused by Time Warner Telecom excepted. All concrete encased monuments which have been disturbed or displaced by

such work shall be restored pursuant to all federal, state and local standards and specifications. Time Warner Telecom agrees to promptly complete all restoration work and to promptly repair any damage caused by such work to the franchise area at its sole cost and expense. All work performed by Time Warner Telecom and discretion exercised by the City under this Section shall be in accordance with the City Municipal Code and the City's Design and Construction standards. The provisions of this Section shall survive the expiration, revocation or termination by other means of this Franchise.

Section 9. Emergency Work - Permit Waiver. In the event of any emergency in which any of Time Warner Telecom's Facilities located in or under any street breaks, becomes damaged, or if Time Warner Telecom's construction area is otherwise in such a condition as to immediately endanger the property, life, health or safety of any individual, Time Warner Telecom shall immediately take the proper emergency measures to repair its Facilities, to cure or remedy the dangerous conditions for the protection of property, life, health or safety of individuals without first applying for and obtaining a permit as required by this Franchise. However, this shall not relieve Time Warner Telecom from the requirement of obtaining any permits necessary for this purpose, and Time Warner Telecom shall apply for all such permits not later than the next succeeding day during which the Mountlake Terrace City Hall is open for business.

Section 10. Dangerous Conditions, Authority for City to Abate. Whenever the construction, installation or excavation of facilities authorized by this Franchise has caused or materially contributed to a condition that appears to substantially impair the lateral support of the adjoining street or public place, or endanger the public, an adjoining public place, street utilities or City property, the Community Development Director may direct Time Warner Telecom, at Time Warner Telecom's own expense, to take actions to protect the public, adjacent public places, City property or street utilities, and such action may include compliance within a prescribed time.

In the event that Time Warner Telecom fails or refuses to promptly take the written actions directed by the City, or fails to fully comply with such directions, or if emergency conditions exist which require immediate action, before the City can timely contact Time Warner Telecom to request Time Warner Telecom affect the immediate repair, the City may enter upon the property and take such actions as are necessary to protect the public, the adjacent streets, or street utilities, or to maintain the lateral support thereof, or actions regarded as necessary safety precautions, and Time Warner Telecom shall be liable to the City for the reasonable and documented costs thereof. The provisions of this Section shall survive the expiration, revocation or termination of this Franchise.

Section 11. Recovery of Costs. Time Warner Telecom shall pay a filing fee for the City's administrative costs in drafting and processing this Franchise agreement and all work related thereto. Time Warner Telecom shall further be subject to all lawful permit fees associated with activities undertaken by Time Warner Telecom through the authority granted in this franchise ordinance or under the laws of the City. Where the City incurs costs and expenses for review, inspection or supervision of activities undertaken through the authority granted in this Franchise or any ordinances relating to the subject for which a permit fee is not established, Time Warner Telecom shall pay such reasonable costs and expenses directly to the City within 60 days of

submittal by the City of an itemized billing by project of such costs. In addition to the above, Time Warner Telecom shall promptly reimburse the City for any and all costs the City reasonably incurs in response to any emergency involving Time Warner Telecom's cable and Facilities within 60 days of submittal by the City of an itemized billing by project of such costs. All City reimbursable fees and costs shall be in accordance with RCW 35.21.860, as long as Time Warner Telecom remains a telephone business as defined in RCW 82.04.065.

Section 12. Parties' Reservation of Rights. Pursuant to Section 35.21.860 of the Revised Code of Washington (RCW), the City is precluded from imposing a franchise fee on a telephone business as defined in RCW 82.04.065, except for administrative expenses or any tax authorized by RCW 35.21.865. Time Warner Telecom hereby warrants that its operations as authorized under this Franchise are those of a telephone business as defined in RCW 82.04.065. As a result, the City will not impose a franchise fee under the terms of this ordinance, other than as described herein.

However, the City hereby reserves its right to impose a franchise fee on Time Warner Telecom for purposes other than to recover its administrative expenses, if Time Warner Telecom's operations as authorized by this Franchise change so that not all uses of the Franchise are those of a "telephone business" as defined in RCW 82.04.065; or, if statutory prohibitions on the imposition of such fees are removed. In either instance, the City also reserves its right to require that Time Warner Telecom obtain a separate franchise for its change in use, which franchise may include provisions intended to regulate Time Warner Telecom's operations, as allowed under applicable law. Time Warner Telecom reserves the right to contest on the basis of federal, state, or municipal law the City's imposition of a fee on Time Warner Telecom or the requirement that Time Warner Telecom obtain a separate franchise.

The parties further understand that Time Warner Telecom may in the future provide service to customers within the City of Mountlake Terrace. The parties understand that RCW 35.21.870 currently limits the rate of city tax upon telephone business activities to six percent (6%) of gross receipts, unless a higher rate is approved by a vote of the people. The parties agree however that nothing in this Franchise shall limit the City's power of taxation as may now or hereafter exist. Time Warner Telecom stipulates and agrees that should its business activities be subject to taxation that Time Warner Telecom shall pay to the City the rate then applicable to such services under the City's telephone business tax ordinance; provided, however, that in the event Time Warner Telecom leases all or a part of its Facilities to another entity whose business operations are subject to taxation, Time Warner Telecom shall have no obligation to collect or remit any taxes imposed on such business operations. This provision does not limit the City's power to amend the telephone business tax ordinance as may be permitted by law.

Section 13. Indemnification. Time Warner Telecom hereby releases and covenants not to bring suit with respect to, and agrees to indemnify, defend and hold harmless the City, its officers, employees, agents and representatives from, any and all claims, costs, judgments, awards or liability to any person, including claims by Time Warner Telecom's own employees for which Time Warner Telecom might otherwise be immune under Title 51 RCW, for injury or death of any person or damage to property caused by or arising out of the negligent acts or omissions of Time Warner Telecom, its agents, servants, officers or employees in the performance of this

Franchise, and any rights granted hereunder, except to the extent such claims, costs, judgments, awards or liability were caused by the negligence of the City, its officers, employees, agents or representatives; provided that in the event any claim herein indemnified against be presented to or filed with the City, the City shall promptly notify Time Warner Telecom thereof and Time Warner Telecom shall have the right, at its election and at its sole cost and expense to settle and compromise such claim, and provided further that if any suit or action is filed against the City based on any such claim, the City shall likewise promptly notify Time Warner Telecom thereof, and Time Warner Telecom shall have the right, at its election and at its sole cost and expense to settle and compromise such claim, or defend the same at its sole cost and expense, by attorneys of its own election. This indemnification shall not apply in the event of any claim otherwise indemnified against is caused by the willful, malicious or criminal act of the City, its officers, employees, agents or representatives.

Inspection or acceptance by the City of any work performed by Time Warner Telecom at the time of completion of construction shall not be grounds for avoidance by Time Warner Telecom of any of its obligations under this Section. Said indemnification obligations shall extend to claims which are not reduced to a suit and any claims which may be compromised prior to the culmination of any litigation or the institution of any litigation.

In the event that Time Warner Telecom refuses the tender of defense in any suit or any claim, said tender having been made pursuant to the indemnification provision contained herein, and said refusal is subsequently determined by a Court having jurisdiction (or such other tribunal that the parties shall agree to decide the matter), to have been a wrongful refusal on the part of Time Warner Telecom, then Time Warner Telecom shall pay all of the City's reasonable and documented costs for defense of the action, including all expert witness fees, costs, and attorney's fees, including costs and fees incurred in recovering under this indemnification provision.

Notwithstanding the foregoing, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of Time Warner Telecom and the City, its officers, employees and agents, Time Warner Telecom's liability hereunder, including liability for costs of defense, shall be only to the extent of Time Warner Telecom's negligence. It is further specifically and expressly understood that the indemnification provision provided herein constitutes Time Warner Telecom's waiver of immunity under Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this Section shall survive the expiration or termination of this Franchise agreement.

Section 14. Insurance. Time Warner Telecom shall procure and maintain for the duration of the franchise, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the exercise of the rights, privileges and authority granted hereunder to Time Warner Telecom, its agents, representative or employees. Time Warner Telecom shall provide a copy of a Certificate of Insurance to the City for its inspection prior to the adoption of this franchise ordinance, and such insurance certificate shall evidence a policy of insurance that includes:

- A. Automobile Liability insurance with limits no less than \$1,000,000 Combined Single Limit per occurrence for bodily injury and property damage; and
- B. Commercial General Liability insurance, written on an occurrence basis with limits no less than \$1,000,000 combined single limit per occurrence and \$2,000,000 aggregate for personal injury, bodily injury and property damage. Coverage shall include but not be limited to: blanket contractual; products and completed operations; broad form property damage; explosion, collapse and underground (XCU); and employer's liability (maximum \$500,000 each accident).

Any self-insured retentions must be declared to and approved by the City. Payment of deductibles or self-insured retentions shall be the sole responsibility of Time Warner Telecom. The insurance policies obtained by Time Warner Telecom shall name the City (its officers, employees and volunteers) as an additional insured with regard to activities performed by or on behalf of Time Warner Telecom. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees or volunteers. In addition, the insurance policy shall contain a clause stating that coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. Time Warner Telecom's insurance shall be primary insurance as respects the City, its officers, employees, agents, and volunteers. Any insurance maintained by the City, its officers, employees, agents or volunteers shall be excess of Time Warner Telecom's insurance and shall not contribute with it. The insurance policy or policies required by this clause shall be endorsed to state that coverage shall not be suspended, voided, or canceled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City. In addition, Time Warner Telecom shall provide the City with at least thirty (30) days prior written notice of any reduction in coverage or limits below the levels required herein.

Section 15. Abandonment No cable, section of cable or other equipment laid in the street by Time Warner Telecom may be abandoned by Time Warner Telecom without the express written consent of the City. Any plan for abandonment or removal of Time Warner Telecom's cable Facilities must be first approved by the Community Development Director, and all necessary permits must be obtained prior to such work. The provisions of this Section shall survive the expiration, revocation or termination of this franchise agreement.

Section 16. Bonds. Before undertaking any of the work, installation, improvements, construction, repair, relocation or maintenance authorized by this Franchise, Time Warner Telecom shall furnish such bonds executed by Time Warner Telecom and a corporate surety authorized to do a surety business in the State of Washington, in a sum to be set and approved by the Community Development Director, as are required under the City's Design and Construction Standards, Mountlake Terrace Municipal Code Chapter 12.20, as amended, and other applicable permit requirements.

Section 17. Modification. The City and Time Warner Telecom hereby reserve the right to alter, amend or modify the terms and conditions of this Franchise upon written agreement of both parties to such alteration, amendment or modification.

Section 18. Forfeiture and Revocation. If, within thirty (30) days after written notice and a hearing, the City Council finds that Time Warner Telecom has failed to cure a willful violation of any of the material provisions of this Franchise, or through willful misconduct or gross negligence failed to heed or comply with any notice given Time Warner Telecom by the City under the provisions of this Franchise, then the Council may revoke or annul all rights conferred to Time Warner Telecom under this Franchise. Nothing in this provision in any way limits, alters or revokes Time Warner Telecom's right to challenge findings of the Council or otherwise enforce its rights in a court of competent jurisdiction.

Section 19. Remedies to Enforce Compliance. The City may elect, in lieu of the above and without any prejudice to any of its other legal rights and remedies, to obtain an order from the superior court having jurisdiction compelling Time Warner Telecom to comply with the provisions of this Ordinance and to recover damages and reasonable costs incurred by the City by reason of Time Warner Telecom's failure to comply. In addition to any other remedy provided herein, the City reserves the right to pursue any remedy to compel or force Time Warner Telecom and/or its successors and assigns to comply with the terms hereof, and the pursuit of any right or remedy by the City shall not prevent the City from thereafter declaring a forfeiture or revocation for breach of the conditions herein.

Section 20. City Ordinances and Regulations. Nothing herein shall be deemed to restrict the City's ability to adopt and enforce all necessary and appropriate ordinances regulating the performance of the conditions of this Franchise, including any valid ordinance made in the exercise of its police powers in the interest of public safety and for the welfare of the public. The City shall have the authority at all times to control by appropriate City ordinance regulations the location, elevation, manner of construction and maintenance of any fiber optic cable or cable Facilities by Time Warner Telecom, and Time Warner Telecom shall promptly conform with all such regulations, unless compliance would cause Time Warner Telecom to violate other requirements of law. Notwithstanding the above, said regulations shall not require that Time Warner Telecom alter the location, elevation or manner of construction of its' Facilities after proper installation of its Facilities unless otherwise required to do so under the terms of this Franchise. In the event of a conflict between the provisions of this Franchise and any other ordinance(s) enacted under the City's police power authority, such other ordinance(s) shall take precedence over the provisions set forth herein. Further, both parties agree to comply with all federal, state, county and municipal laws and ordinances or regulations in performance of this Franchise.

Section 21. Cost of Publication. The cost of the publication of this Ordinance shall be borne by Time Warner Telecom.

Section 22. Acceptance. Within sixty days after the passage and approval of this Ordinance, this Franchise may be accepted by Time Warner Telecom by its filing with the City Clerk a written

acceptance thereof. Failure of Time Warner Telecom to so accept this Franchise within said period of time shall be deemed a rejection thereof by Time Warner Telecom, and the rights and privileges herein granted shall, after the expiration of the sixty-day period, absolutely cease, unless the time period is extended by ordinance duly passed for that purpose.

Section 23. Survival. All of the provisions, conditions and requirements of Sections 3, Relocation of Telecommunication Facilities; 4, Undergrounding of Facilities; 6, Excavation; 7, Restoration after Construction; 9, Dangerous Conditions; 12, Indemnification; and 14, Abandonment of Time Warner Telecom's Facilities, of this Franchise shall be in addition to any and all other obligations and liabilities Time Warner Telecom may have to the City at common law, by statute, or by contract, and shall survive the City's franchise to Time Warner Telecom for the use of the areas mentioned in Section 1 herein, and any renewals or extensions thereof. All of the provisions, conditions, regulations and requirements contained in this franchise Ordinance shall further be binding upon the heirs, successors, executors, administrators, legal representatives and assigns of Time Warner Telecom and all privileges, as well as all obligations and liabilities of Time Warner Telecom shall inure to its heirs, successors and assigns equally as if they were specifically mentioned wherever Time Warner Telecom is named herein.

Section 24. Assignment; Notice of Acquisition or Sale. This agreement may not be assigned or transferred without the written approval of the City, except Time Warner Telecom may freely assign this Agreement in whole or in part to a parent, subsidiary, or affiliated corporation or as part of any corporate financing, reorganization or refinancing. In the case of transfer or assignment as security by mortgage or other security instrument in whole or in part to secure indebtedness, such consent shall not be required unless and until the secured party elects to realize upon the collateral. Time Warner Telecom shall provide prompt, written notice to the City of any such assignment.

Notwithstanding any other provisions in this Section 24, Time Warner Telecom may, without the prior written consent of the City (i) lease the Facilities, or any portion thereof, to another entity or individual; (ii) grant an indefeasible right of user interest in the Facilities, or any portion thereof, to another entity or individual; or (iii) offer or provide capacity or bandwidth from the Facilities to another entity or individual; PROVIDED THAT Time Warner Telecom at all times retains exclusive control over the Facilities and remains responsible for locating, maintaining, repairing, relocating, and removing its Facilities pursuant to the terms and conditions of this Ordinance. In the case of transfer or assignment as security by mortgage or other security instrument, in whole or in part, to secure indebtedness, consent shall not be required unless and until the secured party elects to realize upon the collateral, and shall not be unreasonably withheld. Time Warner Telecom shall provide written notice to the City within thirty (30) days after any such assignment for security.

Time Warner Telecom shall notify City within thirty (30) days after any acquisition by Time Warner Telecom of ownership of additional Facilities, and after any sale by Time Warner Telecom of any Facilities.

Section 25. Notice. Any notice or information required or permitted to be given to the parties under this franchise agreement shall be sent to the following addresses unless otherwise specified:

City Clerk City of Mountlake Terrace 23204 - 58th Ave. W Mountlake Terrace, WA 98043-4629	Vice President - Regulatory Time Warner Telecom of Washington, LLC 520 SW Sixth Avenue, Suite 300 Portland, OR 97204
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Section 26. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance, unless such invalidity or unconstitutionality materially alters the rights, privileges, duties or obligations hereunder, in which event either party may request renegotiation of those remaining terms of this Franchise materially affected by such courts' ruling.

Section 27. Effective Date. This ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take effect (5) days after passage and publication.

Passed by the City Council of the City of Mountlake Terrace this 18th day of June, 2001, and signed in authentication of its passage this 18th day of June, 2001.

David Gossett
MAYOR DAVID GOSSETT

ATTEST:

Mavis L. Fey
CITY CLERK

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

By: [Signature]
6-19-01

ACCEPTANCE OF FRANCHISE

THE UNDERSIGNED authorized representative of Time Warner Telecom of Washington, LLC, (Time Warner Telecom) hereby declares on behalf of Time Warner Telecom, the acceptance of the nonexclusive franchise to Time Warner Telecom, approved by the Mountlake Terrace City Council on June 18, 2001, by the adoption of Mountlake Terrace City Ordinance No 2286.

DATED THIS ___ day of _____ 2001

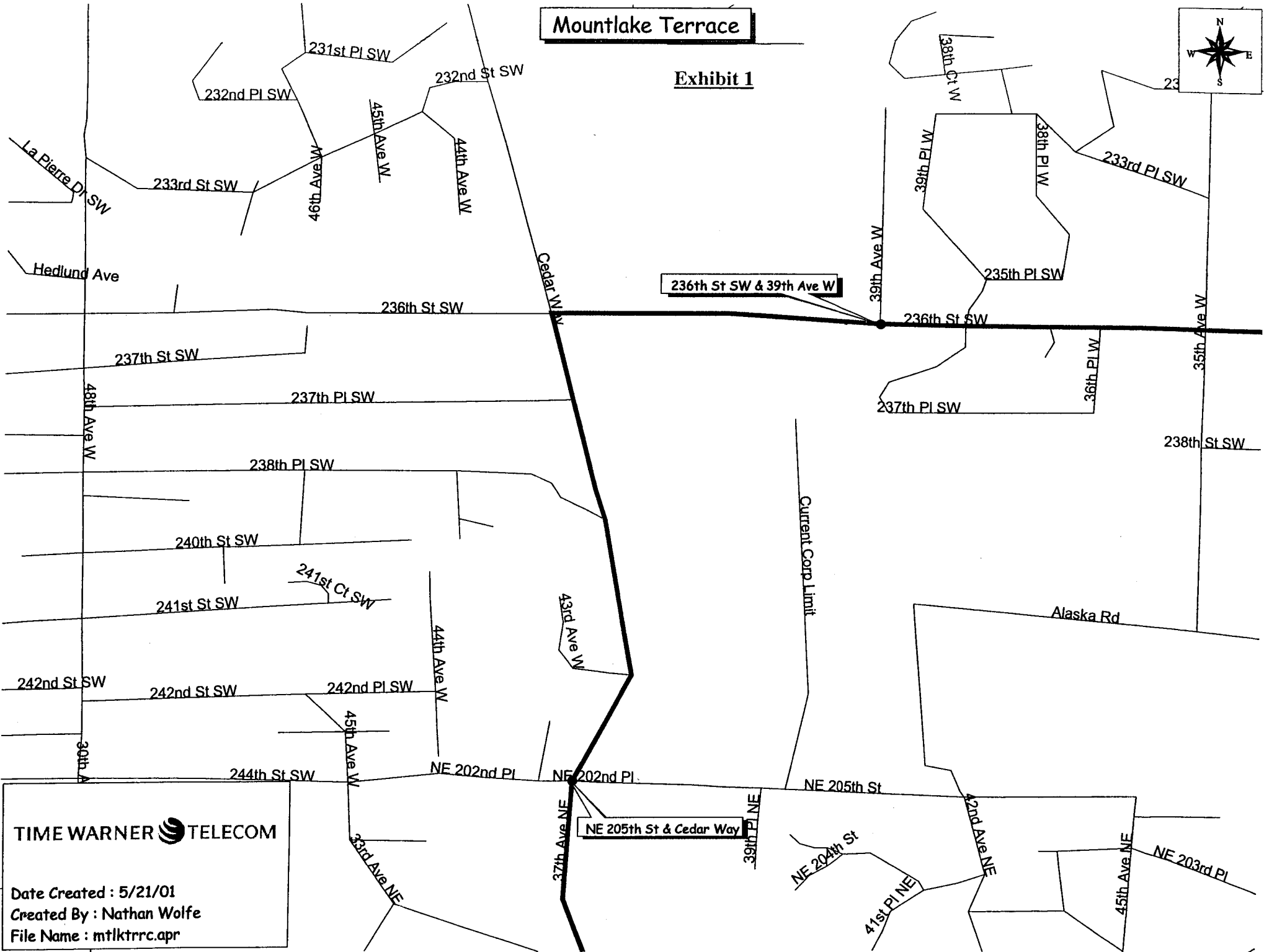
Time Warner Telecom of Washington, LLC

BY: [Signature]

Its: VP- REGULATORY

Mountlake Terrace

Exhibit 1



TIME WARNER TELECOM

Date Created : 5/21/01
Created By : Nathan Wolfe
File Name : mtlktrrc.apr

CITY OF MOUNTLAKE TERRACE

ORDINANCE NO. 2591

AN ORDINANCE OF THE CITY OF MOUNTLAKE TERRACE, WASHINGTON, GRANTING UNTO tw telecom of washington llc ("tw telecom"), which was formerly known as "Time Warner Telecom of Washington, LLC", A DELAWARE LIMITED LIABILITY COMPANY, ITS SUCCESSORS AND ASSIGNS, FOR THE RIGHT, PRIVILEGE, AUTHORITY AND NONEXCLUSIVE FRANCHISE FOR TEN YEARS, TO CONSTRUCT, MAINTAIN, OPERATE, REPLACE AND REPAIR A TELECOMMUNICATIONS SYSTEM IN, ACROSS, OVER, ALONG, UNDER, THROUGH AND BELOW CERTAIN DESIGNATED PUBLIC RIGHTS-OF-WAY OF THE CITY OF MOUNTLAKE TERRACE, WASHINGTON.

WHEREAS, Time Warner Telecom of Washington, LLC ("Time Warner Telecom") was granted a non-exclusive franchise on or about June 23, 2001; and

WHEREAS, Time Warner Telecom's Franchise expired on or about June 23, 2011; and

WHEREAS, Time Warner Telecom of Washington, LLC changed its name to tw telecom of washington llc ("tw telecom"); and

WHEREAS, on July 21, 2011, tw telecom entered into a Consent to be Bound Letter which obligated tw telecom to comply with the terms and conditions of the expired Franchise with Time Warner Telecom; and

WHEREAS, tw telecom has applied for a new Franchise requesting that the City Council grant it a non-exclusive franchise; and

WHEREAS, the City Council has the authority to grant franchises for the use of its streets and other public properties (RCW 35A.47.040).

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

Section 1. Franchise Granted. Pursuant to RCW 35A.47.040, the City of MOUNTLAKE TERRACE, a Washington municipal corporation (hereinafter the "City"), hereby grants to tw telecom, its heirs, successors, legal representatives and assigns, subject to the terms and conditions hereinafter set forth, a franchise for a period of ten (10) years, beginning on the effective date of this ordinance, set forth in Section 27 herein (this "Franchise"). This Franchise shall grant tw telecom, the right, privilege and authority to construct, operate, maintain, replace, use, acquire, lease and sell all necessary facilities for a telecommunications system, in, under, on, across, over, through, along or below the public rights-of-way located in the City, as approved under City permits issued pursuant to this Franchise. tw telecom agrees that upon its decision to provide service within the City of Mountlake Terrace, that they shall endeavor to provide reasonable notice to the City. tw telecom agrees that it shall be subject to Chapter 12.20,

Mountlake Terrace Municipal Code, and any other applicable provision relating to franchise agreements. Public "rights-of-way" as used herein means all public streets, roads, alleys and highways of the City as now or hereafter laid out, platted, dedicated or improved. "Facilities" as used herein means a fiber-optic cable system, with all necessary cables, wires, conduits, ducts, pedestals, electronics, and other necessary appurtenances, within the public rights-of-way of the City; provided that new utility poles for overhead wires or cabling are specifically excluded. Equipment enclosures with air conditioning or other noise generating equipment are also excluded from permitted "Facilities."

Section 2. Non-exclusive Franchise Grant. This Franchise is granted upon the express condition that it shall not in any manner prevent the City from granting other or further franchises in, along, over, through, under, below or across any of said right-of-ways. Such franchise shall in no way prevent or prohibit the City from using any of said road, streets or other public properties or affect its jurisdiction over them or any part of them, and the City shall retain power to make all necessary changes, relocations, repairs, maintenance, establishment, improvement, dedication of same as the City may deem fit, including the dedication, establishment, maintenance, and improvement of all new rights-of-ways, thoroughfares and other public properties of every type and description.

Section 3. Location of Telecommunication Facilities. tw telecom constructed a fiber optic network, consisting partially of facilities within the City. Without limiting tw telecom's right to expand the Facilities without amending this Franchise, tw telecom will be expanding its initial route by installing Facilities located along, or generally along, 212th Street, SW, as shown on Exhibit 1 attached hereto.

Section 4. Relocation of Fiber-Optics Telecommunications System Facilities.

4.1 tw telecom agrees and covenants at its sole cost and expense, to protect, support, temporarily disconnect, relocate or remove from any street any of its installations when so required by the City by reason of traffic conditions or public safety, dedications of new rights-of-way and the establishment and improvement thereof, widening and improvement of existing rights-of-way, street vacations, freeway construction, change or establishment of street grade, or the construction of any public improvement or structure by any government agency acting in a governmental capacity, provided that tw telecom shall in all such cases have the privilege to temporarily bypass, in the authorized portion of the same street upon approval by the City, any section of cable required to be temporarily disconnected or removed.

4.2 Any condition or requirement imposed by the City upon any person or entities (including, without limitation, any condition or requirement imposed by the City pursuant to any contract or in conjunction with approvals for permit for zoning, land use, construction or development) which reasonably necessitates the relocation of tw telecom's Facilities within the franchise area shall be a required relocation for purposes of subsection 4.1 above so long as said condition is being imposed for the benefit of the City and not for the sole benefit of said person or entity.

4.3 If the City determines that the project necessitates the relocation of tw telecom then existing Facilities, the City shall:

- A. At least ninety (90) days prior to the commencement of such improvement project, provide tw telecom with written notice requesting such relocation; and
- B. Provide tw telecom with copies of pertinent portions of the plans and specifications for such improvement project and a proposed location for tw telecom's Facilities in a timely manner so that tw telecom may relocate its Facilities in other City right-of-way in order to accommodate such improvement project.
- C. After receipt of such notice and such plans and specifications, tw telecom shall complete relocation of its Facilities at least ten (10) days prior to commencement of the City's project at no charge or expense to the City. Relocation shall be accomplished in such a manner as to accommodate the City's project.

4.4 tw telecom may, after receipt of written notice requesting a relocation of its Facilities, submit to the City written alternatives to such relocation. The City shall evaluate such alternatives and advise tw telecom in writing as soon as practicable if one or more of the alternatives is suitable to accommodate the work which would otherwise necessitate relocation of the Facilities. If so requested by the City, tw telecom shall submit at its sole cost and expense additional information to reasonably assist the City in making such evaluation. The City shall give each alternative proposed by tw telecom full and fair consideration and within a reasonable time so as to allow for relocation work to be performed in a timely manner. In the event the City ultimately determines that there is no other reasonable and feasible alternative, tw telecom shall relocate its Facilities as otherwise provided in this Section. In no event shall tw telecom be responsible for any more than the pro rata cost of relocating tw telecom's Facilities. The provisions of this Section shall survive the expiration or termination of this Franchise agreement.

4.5 The provisions of this Section shall in no manner preclude or restrict tw telecom from making any arrangements it may deem appropriate when responding to a request for relocation of its Facilities by any person or entity other than the City, where the Facilities to be constructed by said person or entity are not or will not become City-owned, operated or maintained Facilities, provided that such arrangements do not unduly delay a City construction project.

Section 5. Undergrounding of Facilities. Except as specifically authorized by permit of the City, tw telecom shall not be permitted to erect poles or to run or suspend wires, cables or other facilities thereon, but shall lay such wires, cables or other facilities underground in the manner required by City ordinance. tw telecom acknowledges and agrees that if the City does not require the undergrounding of its Facilities at the time of permit application, the City may, at any time in the future, in accordance with City ordinance, require the conversion of tw telecom's aerial Facilities to underground installation at tw telecom's expense.

Whenever the City may require the undergrounding of all aerial utilities in any area of the City, tw telecom shall underground its aerial Facilities in the manner specified by the City code, concurrently with and in the area of the other affected utilities. Where other utilities are present and involved in the undergrounding project, tw telecom shall only be required to pay its fair share of common costs borne by all utilities, in addition to the costs specifically attributable to the undergrounding of tw telecom's own Facilities. "Common costs" shall include necessary

costs not specifically attributable to the undergrounding of any particular facility, such as costs for common trenching and utility vaults. "Fair share" shall be determined for a project on the basis of the number and size of tw telecom's Facilities being undergrounded in comparison to the total number and size of all other utility facilities being undergrounded.

Section 6. Maps and Records. After construction is complete, and as a condition of this Franchise, tw telecom shall provide to the City upon request and at no cost, a copy of all as-built plans, maps and records revealing the final location and condition of its Facilities within the public right-of-ways and public places.

Section 7. Excavations. During any period of relocation, construction or maintenance, all work performed by tw telecom or its contractors shall be accomplished in a safe and workmanlike manner, so as to minimize interference with the free passage of traffic and the free use of adjoining property, whether public or private. tw telecom shall at all times post and maintain proper barricades and comply with all applicable safety regulations during such period of construction as required by the ordinances of the City or the laws of the State of Washington, including RCW 39.04.180 for the construction of trench safety systems.

Whenever tw telecom shall excavate in any public right-of-way for the purpose of installation, construction, repair, maintenance or relocation of its cable or equipment, it shall apply to the City for a permit to do so and, in addition, shall give the City at least five (5) working days prior notice of its intent to commence work in the public right-of-way. In no case shall any work commence within any public right-of-way without a permit, except as otherwise provided in this franchise ordinance.

If either the City or tw telecom shall at any time plan to make excavations in any area covered by this Franchise and as described in this Section, the party planning such excavation shall afford the other, upon receipt of written request to do so, an opportunity to share such excavation, PROVIDED THAT:

- A. Such joint use shall not unreasonably delay the work of the party causing the excavation to be made;
- B. Such joint use shall be arranged and accomplished on terms and conditions satisfactory to both parties; and
- C. Either party may deny such request for safety reasons or if the intended uses of the trench are deemed to be incompatible by the party causing the excavation to be made.

The provisions of this Section shall survive the expiration, revocation or termination of this Franchise agreement.

Section 8. Restoration after Construction. tw telecom shall, after abandonment approved under Section 15 herein, or installation, construction, relocation, maintenance or repair of its Facilities within the franchise area, restore the surface of the right-of-way to the same condition the property was in immediately prior to any such installation, construction, relocation,

maintenance or repair, ordinary wear and tear excepted and damage not caused by tw telecom excepted. All concrete encased monuments which have been disturbed or displaced by such work shall be restored pursuant to all federal, state and local standards and specifications. tw telecom agrees to promptly complete all restoration work and to promptly repair any damage caused by such work to the franchise area at its sole cost and expense. All work performed by tw telecom and discretion exercised by the City under this Section shall be in accordance with the City Municipal Code and the City's Design and Construction standards. The provisions of this Section shall survive the expiration, revocation or termination by other means of this Franchise.

Section 9. Emergency Work - Permit Waiver. In the event of any emergency in which any of tw telecom's Facilities located in or under any street breaks, becomes damaged, or if tw telecom's construction area is otherwise in such a condition as to immediately endanger the property, life, health or safety of any individual, tw telecom shall immediately take the proper emergency measures to repair its Facilities, to cure or remedy the dangerous conditions for the protection of property, life, health or safety of individuals without first applying for and obtaining a permit as required by this Franchise. However, this shall not relieve tw telecom from the requirement of obtaining any permits necessary for this purpose, and tw telecom shall apply for all such permits not later than the next succeeding day during which the Mountlake Terrace City Hall is open for business.

Section 10. Dangerous Conditions, Authority for City to Abate. Whenever the construction, installation or excavation of facilities authorized by this Franchise has caused or materially contributed to a condition that appears to substantially impair the lateral support of the adjoining street or public place, or endanger the public, an adjoining public place, street utilities or City property, the Community Development Director may direct tw telecom, at tw telecom's own expense, to take actions to protect the public, adjacent public places, City property or street utilities, and such action may include compliance within a prescribed time.

In the event that tw telecom fails or refuses to promptly take the written actions directed by the City, or fails to fully comply with such directions, or if emergency conditions exist which require immediate action, before the City can timely contact tw telecom to request tw telecom affect the immediate repair, the City may enter upon the property and take such actions as are necessary to protect the public, the adjacent streets, or street utilities, or to maintain the lateral support thereof, or actions regarded as necessary safety precautions, and tw telecom shall be liable to the City for the reasonable and documented costs thereof. The provisions of this Section shall survive the expiration, revocation or termination of this Franchise.

Section 11. Recovery of Costs. tw telecom shall pay a filing fee for the City's administrative costs in drafting and processing this Franchise agreement and all work related thereto. tw telecom shall further be subject to all lawful permit fees associated with activities undertaken by tw telecom through the authority granted in this franchise ordinance or under the laws of the City. Where the City incurs costs and expenses for review, inspection or supervision of activities undertaken through the authority granted in this Franchise or any ordinances relating to the subject for which a permit fee is not established, tw telecom shall pay such reasonable costs and expenses directly to the City within sixty (60) days of submittal by the City of an itemized billing by project of such costs; provided, that in the event that the City expects to incur

costs in excess of \$1,000 under this Section 11, it shall provide reasonable prior notice to tw telecom. In addition to the above, tw telecom shall promptly reimburse the City for any and all costs the City reasonably incurs in response to any emergency involving tw telecom 's cable and Facilities within sixty (60) days of submittal by the City of an itemized billing by project of such costs. All City reimbursable fees and costs shall be in accordance with RCW 35.21.860, as long as tw telecom remains a telephone business as defined in RCW 82.04.065.

Section 12. Parties' Reservation of Rights. Pursuant to Section 35.21.860 of the Revised Code of Washington (RCW), the City is precluded from imposing a franchise fee on a telephone business as defined in RCW 82.04.065, except for administrative expenses or any tax authorized by RCW 35.21.865. tw telecom hereby warrants that its operations as authorized under this Franchise are those of a telephone business as defined in RCW 82.04.065. As a result, the City will not impose a franchise fee under the terms of this ordinance, other than as described herein.

However, the City hereby reserves its right to impose a franchise fee on tw telecom for purposes other than to recover its administrative expenses, if tw telecom's operations as authorized by this Franchise change so that not all uses of the Franchise are those of a "telephone business" as defined in RCW 82.04.065; or, if statutory prohibitions on the imposition of such fees are removed. In either instance, the City also reserves its right to require that tw telecom obtain a separate franchise for its change in use, which franchise may include provisions intended to regulate tw telecom's operations, as allowed under applicable law. tw telecom reserves the right to contest on the basis of federal, state, or municipal law, ordinances and regulations the City's imposition of a fee on tw telecom or the requirement that tw telecom obtain a separate franchise.

The parties further understand that tw telecom may in the future provide service to customers within the City of Mountlake Terrace. The parties understand that RCW 35.21.870 currently limits the rate of city tax upon telephone business activities to six percent (6%) of gross receipts, unless a higher rate is approved by a vote of the people. The parties agree however that nothing in this Franchise shall limit the City's power of taxation as may now or hereafter exist. tw telecom stipulates and agrees that should its business activities be subject to taxation that tw telecom shall pay to the City the rate then applicable to such services under the City's telephone business tax ordinance; provided, however, that in the event tw telecom leases all or a part of its Facilities to another entity whose business operations are subject to taxation, tw telecom shall have no obligation to collect or remit any taxes imposed on such business operations. This provision does not limit the City's power to amend the telephone business tax ordinance as may be permitted by law.

Section 13. Indemnification. tw telecom hereby releases and covenants not to bring suit with respect to, and agrees to indemnify, defend and hold harmless the City, its officers, employees, agents and representatives from, any and all claims, costs, judgments, awards or liability to any person, including claims by tw telecom's own employees for which tw telecom might otherwise be immune under Title 51 RCW, for injury or death of any person or damage to property caused by or arising out of the negligent acts or omissions of tw telecom, its agents, servants, officers or employees in the performance of this Franchise, and any rights granted hereunder, except to the extent such claims, costs, judgments, awards or liability were caused by the negligence of the City, its officers, employees, agents or representatives; provided that in the

event any claim herein indemnified against be presented to or filed with the City, the City shall promptly notify tw telecom thereof and tw telecom shall have the right, at its election and at its sole cost and expense to settle and compromise such claim, and provided further that if any suit or action is filed against the City based on any such claim, the City shall likewise promptly notify tw telecom thereof, and tw telecom shall have the right, at its election and at its sole cost and expense to settle and compromise such claim, or defend the same at its sole cost and expense, by attorneys of its own election. This indemnification shall not apply in the event of any claim otherwise indemnified against is caused by the willful, malicious or criminal act of the City, its officers, employees, agents or representatives.

Inspection or acceptance by the City of any work performed by tw telecom at the time of completion of construction shall not be grounds for avoidance by tw telecom of any of its obligations under this Section. Said indemnification obligations shall extend to claims which are not reduced to a suit and any claims which may be compromised prior to the culmination of any litigation or the institution of any litigation.

In the event that tw telecom refuses the tender of defense in any suit or any claim, said tender having been made pursuant to the indemnification provision contained herein, and said refusal is subsequently determined by a Court having jurisdiction (or such other tribunal that the parties shall agree to decide the matter), to have been a wrongful refusal on the part of tw telecom, then tw telecom shall pay all of the City's reasonable and documented costs for defense of the action, including all expert witness fees, costs, and attorney's fees, including costs and fees incurred in recovering under this indemnification provision.

Notwithstanding the foregoing, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of tw telecom and the City, its officers, employees and agents, tw telecom's liability hereunder, including liability for costs of defense, shall be only to the extent of tw telecom's negligence. It is further specifically and expressly understood that the indemnification provision provided herein constitutes tw telecom's waiver of immunity under Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this Section shall survive the expiration or termination of this Franchise agreement.

Section 14. Insurance. tw telecom shall procure and maintain for the duration of the franchise, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the exercise of the rights, privileges and authority granted hereunder to tw telecom, its agents, representative or employees. tw telecom shall provide a copy of a Certificate of Insurance to the City for its inspection prior to the adoption of this franchise ordinance, and such insurance certificate shall evidence a policy of insurance that includes:

- A. Automobile Liability insurance with limits no less than \$1,000,000 Combined Single Limit per occurrence for bodily injury and property damage; and
- B. Commercial General Liability insurance, written on an occurrence basis with limits no less than \$1,000,000 combined single limit per occurrence and \$2,000,000 aggregate for personal injury, bodily injury and property damage. Coverage shall include

but not be limited to: blanket contractual; products and completed operations; broad form property damage; explosion, collapse and underground (XCU); and employer's liability (maximum \$500,000 each accident).

Any self-insured retentions must be declared to and approved by the City. Payment of deductibles or self-insured retentions shall be the sole responsibility of tw telecom. The insurance policies obtained by tw telecom shall name the City (its officers, employees and volunteers) as an additional insured with regard to activities performed by or on behalf of tw telecom. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees or volunteers. In addition, the insurance policy shall contain a clause stating that coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. tw telecom's insurance shall be primary insurance as respects the City, its officers, employees, agents, and volunteers. Any insurance maintained by the City, its officers, employees, agents or volunteers shall be excess of tw telecom's insurance and shall not contribute with it. The insurance policy or policies required by this clause shall be endorsed to state that coverage shall not be voided, or canceled by either party, except after thirty (30) days prior written notice given to the City. In addition, tw telecom shall provide the City with at least thirty (30) days prior written notice of any reduction in coverage or limits below the levels required herein.

Section 15. Abandonment. No cable, section of cable or other equipment laid in the street by tw telecom may be abandoned by tw telecom without the express written consent of the City. Any plan for abandonment or removal of tw telecom's cable Facilities must be first approved by the Community Development Director, and all necessary permits must be obtained prior to such work. The provisions of this Section shall survive the expiration, revocation or termination of this franchise agreement.

Section 16. Bonds. Before undertaking any of the work, installation, improvements, construction, repair, relocation or maintenance authorized by this Franchise, tw telecom shall furnish such bonds executed by tw telecom and a corporate surety authorized to do a surety business in the State of Washington, in a sum to be set and approved by the Community Development Director, as are required under the City's Design and Construction Standards, Mountlake Terrace Municipal Code Chapter 12.20, as amended, and other applicable permit requirements.

Section 17. Modification. The City and tw telecom hereby reserve the right to alter, amend or modify the terms and conditions of this Franchise upon written agreement of both parties to such alteration, amendment or modification.

Section 18. Forfeiture and Revocation. If, within thirty (30) days after written notice and a hearing, the City Council finds that tw telecom has failed to cure a willful violation of any of the material provisions of this Franchise, or through willful misconduct or gross negligence failed to heed or comply with any notice given tw telecom by the City under the provisions of this Franchise, then the Council may revoke or annul all rights conferred to tw telecom under this Franchise. Nothing in this provision in any way limits, alters or revokes tw telecom's right to

challenge findings of the Council or otherwise enforce its rights in a court of competent jurisdiction.

Section 19. Remedies to Enforce Compliance. The City may elect, in lieu of the above and without any prejudice to any of its other legal rights and remedies, to obtain an order from the superior court having jurisdiction compelling tw telecom to comply with the provisions of this Ordinance and to recover damages and reasonable costs incurred by the City by reason of tw telecom's failure to comply. In addition to any other remedy provided herein, the City reserves the right to pursue any remedy to compel or force tw telecom and/or its successors and assigns to comply with the terms hereof, and the pursuit of any right or remedy by the City shall not prevent the City from thereafter declaring a forfeiture or revocation for breach of the conditions herein.

Section 20. City Ordinances and Regulations. Nothing herein shall be deemed to restrict the City's ability to adopt and enforce all necessary and appropriate ordinances regulating the performance of the conditions of this Franchise, including any valid ordinance made in the exercise of its police powers in the interest of public safety and for the welfare of the public. The City shall have the authority at all times to control by appropriate City ordinance regulations the location, elevation, manner of construction and maintenance of any fiber optic cable or cable Facilities by tw telecom, and tw telecom shall promptly conform with all such regulations, unless compliance would cause tw telecom to violate other requirements of law. Notwithstanding the above, said regulations shall not require that tw telecom alter the location, elevation or manner of construction of its' Facilities after proper installation of its Facilities unless otherwise required to do so under the terms of this Franchise. In the event of a conflict between the provisions of this Franchise and any other ordinance(s) enacted under the City's police power authority, such other ordinance(s) shall take precedence over the provisions set forth herein. Further, both parties agree to comply with all federal, state, county and municipal laws and ordinances or regulations in performance of this Franchise.

Section 21. Cost of Publication. The cost of the publication of this Ordinance shall be borne by tw telecom.

Section 22. Acceptance. Within sixty (60) days after the passage and approval of this Ordinance, this Franchise may be accepted by tw telecom by its filing with the City Clerk a written acceptance thereof. Failure of tw telecom to so accept this Franchise within said period of time shall be deemed a rejection thereof by tw telecom, and the rights and privileges herein granted shall, after the expiration of the sixty-day period, absolutely cease, unless the time period is extended by ordinance duly passed for that purpose.

Section 23. Survival. All of the provisions, conditions and requirements of Sections 3, Relocation of Telecommunication Facilities; 4, Undergrounding of Facilities; 6, Excavation; 7, Restoration after Construction; 9, Dangerous Conditions; 12, Indemnification; and 14, Abandonment of tw telecom's Facilities, of this Franchise shall be in addition to any and all other obligations and liabilities tw telecom may have to the City at common law, by statute, or by contract, and shall survive the City's franchise to tw telecom for the use of the areas mentioned in Section 1 herein, and any renewals or extensions thereof. All of the provisions, conditions,

regulations and requirements contained in this franchise Ordinance shall further be binding upon the heirs, successors, executors, administrators, legal representatives and assigns of tw telecom and all privileges, as well as all obligations and liabilities of tw telecom shall inure to its heirs, successors and assigns equally as if they were specifically mentioned wherever tw telecom is named herein.

Section 24. Assignment; Notice of Acquisition or Sale. This agreement may not be assigned or transferred without the written approval of the City, except tw telecom may freely assign this Agreement in whole or in part to a parent, subsidiary, or affiliated corporation or as part of any corporate financing, reorganization or refinancing. In the case of transfer or assignment as security by mortgage or other security instrument in whole or in part to secure indebtedness, such consent shall not be required unless and until the secured party elects to realize upon the collateral. tw telecom shall provide prompt, written notice to the City of any such assignment.

Notwithstanding any other provisions in this Section 24, tw telecom may, without the prior written consent of the City (i) lease the Facilities, or any portion thereof, to another entity or individual; (ii) grant an indefeasible right of user interest in the Facilities, or any portion thereof, to another entity or individual; or (iii) offer or provide capacity or bandwidth from the Facilities to another entity or individual; PROVIDED THAT tw telecom at all times retains exclusive control over the Facilities and remains responsible for locating, maintaining, repairing, relocating, and removing its Facilities pursuant to the terms and conditions of this Ordinance. In the case of transfer or assignment as security by mortgage or other security instrument, in whole or in part, to secure indebtedness, consent shall not be required unless and until the secured party elects to realize upon the collateral, and shall not be unreasonably withheld. tw telecom shall provide written notice to the City within thirty (30) days after any such assignment for security.

tw telecom shall notify City within thirty (30) days after any acquisition by tw telecom of ownership of additional Facilities, and after any sale by tw telecom of any Facilities.

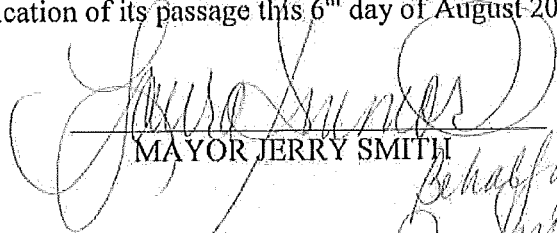
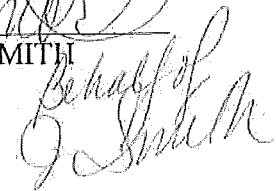
Section 25. Notice. Any notice or information required or permitted to be given to the parties under this franchise agreement shall be sent to the following addresses unless otherwise specified:

City Clerk City of Mountlake Terrace 6100 219 th St. SW, Ste. 200 Mountlake Terrace, WA 98043-4629	Vice President - Regulatory tw telecom of washington llc 9665 Granite Ridge Drive, Suite 500, San Diego, CA 92123 tw telecom inc. SVP and Deputy General Counsel Legal Dept. 10475 Park Meadows Drive Littleton, CO 80124
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Section 26. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance, unless such invalidity or unconstitutionality materially alters the rights, privileges, duties or obligations hereunder, in which event either party may request renegotiation of those remaining terms of this Franchise materially affected by such courts' ruling.

Section 27. Effective Date. This ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take effect (5) days after passage and publication.

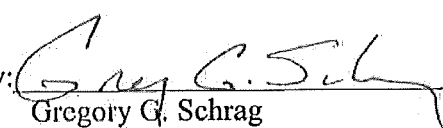
PASSED BY THE CITY COUNCIL OF THE CITY OF MOUNTLAKE TERRACE this 6th day of August, 2012, and signed in authentication of its passage this 6th day of August 2012.


MAYOR JERRY SMITH
Behalf of


ATTEST:


CITY CLERK

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

By: 
Gregory G. Schrag

ACCEPTANCE OF FRANCHISE

THE UNDERSIGNED authorized representative of tw telecom of washington llc, hereby declares on behalf of tw telecom of washington llc, the acceptance of the non-exclusive franchise to tw telecom of washington llc, approved by the Mountlake Terrace City Council on August 6, 2012, by the adoption of Mountlake Terrace City Ordinance No 2591.

DATED THIS 6th day of August 2012.

tw telecom of washington llc
By: tw telecom holdings inc.,
Its sole member

BY: Tim Davis

Its: SVP/Deputy General Counsel



