SEATTLE CITY COUNCIL

Parks, Public Utilities, and Technology Committee

Agenda

Wednesday, August 13, 2025

2:00 PM

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

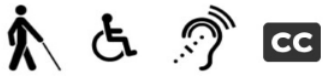
Joy Hollingsworth, Chair
Sara Nelson, Vice-Chair
Robert Kettle, Member
Maritza Rivera, Member
Dan Strauss, Member

Chair Info: 206-684-8803; Joy.Hollingsworth@seattle.gov

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SEATTLE CITY COUNCIL

Parks, Public Utilities, and Technology Committee Agenda August 13, 2025 - 2:00 PM

Meeting Location:
Council Chamber, City Hall , 600 4th Avenue , Seattle, WA 98104

Committee Website:
https://www.seattle.gov/council/committees/parks-public-utilities-and-technology-x154106

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business. Pursuant to Council Rule VI.C.10, members of the public providing public comment in Chambers will be broadcast via Seattle Channel.

Members of the public may register for remote or in-person Public Comment to address the Council. Speakers must be registered in order to be recognized by the Chair. Details on how to register for Public Comment are listed below:

Remote Public Comment - Register online to speak during the Public Comment period at the meeting at https://www.seattle.gov/council/committees/public-comment. Online registration to speak will begin one hour before the meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting.

In-Person Public Comment - Register to speak on the public comment sign-up sheet located inside Council Chambers at least 15 minutes prior to the meeting start time. Registration will end at the conclusion of the Public Comment period during the meeting.

Please submit written comments no later than four business hours prior to the start of the meeting to ensure that they are distributed to Councilmembers prior to the meeting. Comments may be submitted at Council@seattle.gov or at Seattle City Hall, Attn: Council Public Comment, 600 4th Ave., Floor 2, Seattle, WA 98104. Business hours are considered 8 a.m. - 5 p.m. Comments received after that time will be distributed after the meeting to Councilmembers and included as part of the public record.

Please Note: Times listed are estimated

A. Call To Order

B. Approval of the Agenda

C. Public Comment

D. Items of Business

1. CB 121036 **AN ORDINANCE relating to Seattle Parks and Recreation; authorizing the Superintendent of Parks and Recreation to execute for and on behalf of The City of Seattle a concession agreement granting The Kite Cafe LLC the right to exclusive use and occupancy of the Golden Gardens Bathhouse Concession Premises for the purpose of providing food and concessions for park patrons at Golden Gardens Park.**

Attachments: Att A – Golden Gardens Concession Agreement

Supporting Documents:
Summary and Fiscal Note
Summary Att A - Map and Photos
Presentation (8/13/25)
Amendment 1
Amendment 2
Amendment 3

Briefing, Discussion, and Possible Vote

Presenters: AP Diaz, Superintendent, Kathleen Gantz, and JoAnn Gunter, Seattle Parks and Recreation

2. CB 121056 **AN ORDINANCE authorizing the Superintendent of Seattle Parks and Recreation to enter into a Concession Agreement with Magnuson Brewing, LLC, to occupy and use a portion of the North Shore Recreation Area at Warren G. Magnuson Park to provide food and beverage concessions.**

Attachments:
- Att 1 – SPR Magnuson Cafe and Brewery 2025 Concession Agreement
- Att 1 Ex A - Point Deed - USA to City 1999
- Att 1 Ex B - Magnuson Brewery Legal Description
- Att 1 Ex C - Interior Floorplan
- Att 1 Ex D - Gross Receipts Definition
- Att 1 Ex E - Outdoor Premises
- Att 1 Ex F - Public Benefits Plan

Supporting Documents:
- Summary and Fiscal Note
- Summary Att A - Property Map and Floor Plan
- Presentation

Briefing, Discussion, and Possible Vote

Presenters: AP Diaz, Superintendent, and Joanne Orsucci, Seattle Parks and Recreation

3. CB 121057 **AN ORDINANCE relating to Seattle Parks and Recreation; authorizing the Superintendent of Parks and Recreation to accept, for and on behalf of the City, certain donated improvements from the Seattle Parks Foundation for Westlake Park, identified as King County parcel number 197570-0175 at 401 Pine Street; and ratifying and confirming certain prior acts.**

Supporting Documents:
Summary and Fiscal Note
Summary Att 1 - Westlake Park Improvement Project - Design
Summary Att 2 - Development Agreement
Summary Att 3 - Property Map
Presentation

Briefing, Discussion, and Possible Vote

Presenters: AP Diaz, Superintendent, Andy Sheffer, and Benjamin Handziak, Seattle Parks and Recreation

4. CB 121005 **AN ORDINANCE relating to land use and zoning; updating and clarifying requirements for solid waste storage, staging areas, and access for residential, commercial, and industrial development; adding new requirements for Neighborhood Residential and industrial zones; updating provisions for alternative arrangements to meet requirements; and amending Sections 23.49.025, 23.54.040, and 23.84A.036 of the Seattle Municipal Code.**

Supporting Documents:
Summary and Fiscal Note
Presentation (7/23/25)

Briefing, Discussion, and Possible Vote

Presenters: Andrew Lee, General Manager and CEO, and Angela Wallis, Seattle Public Utilities; Gordon Clowers, Seattle Department of Construction and Inspections

5. Appt 03270 **Appointment of Jeremy Febus as member, Seattle Public Utilities Customer Review Panel, for a term to July 31, 2028.**

Attachments: Appointment Packet

Supporting Documents: Presentation

Briefing, Discussion, and Possible Vote

Presenters: Andrew Lee, General Manager and CEO, and Justin Chan, Seattle Public Utilities

6. Appt 03271 **Reappointment of Ebony Rose Frazier as member, Seattle Public Utilities Customer Review Panel, for a term to July 31, 2028.**

Attachments: Appointment Packet

Briefing, Discussion, and Possible Vote

Presenters: Andrew Lee, General Manager and CEO, and Justin Chan, Seattle Public Utilities

7. Appt 03272 **Appointment of Rita Howard as member, Seattle Public Utilities Customer Review Panel, for a term to July 31, 2028.**

Attachments: Appointment Packet

Briefing, Discussion, and Possible Vote

Presenters: Andrew Lee, General Manager and CEO, and Justin Chan, Seattle Public Utilities

8. Appt 03273 **Reappointment of Raj Kumar as member, Seattle Public Utilities Customer Review Panel, for a term to July 31, 2028.**

Attachments: Appointment Packet

Briefing, Discussion, and Possible Vote

Presenters: Andrew Lee, General Manager and CEO, and Justin Chan, Seattle Public Utilities

9. Appt 03274 **Reappointment of Amanda Richer as member, Seattle Public Utilities Customer Review Panel, for a term to July 31, 2028.**

Attachments: Appointment Packet

Briefing, Discussion, and Possible Vote

Presenters: Andrew Lee, General Manager and CEO, and Justin Chan, Seattle Public Utilities

10. Appt 03275 **Reappointment of Robin Schwartz as member, Seattle Public Utilities Customer Review Panel, for a term to July 31, 2028.**

Attachments: Appointment Packet

Briefing, Discussion, and Possible Vote

Presenters: Andrew Lee, General Manager and CEO, and Justin Chan, Seattle Public Utilities

11. CB 121051 **AN ORDINANCE relating to the solid waste system of Seattle Public Utilities; revising rates and charges for solid waste services; revising credits to low-income customers for solid waste services; adding solid waste service categories; and amending Sections 21.36.010, 21.36.012, 21.36.016, 21.40.050, 21.40.060, 21.40.070, 21.40.080, 21.40.085, and 21.76.040 of the Seattle Municipal Code.**

Supporting Documents: Summary and Fiscal Note
Summary Ex A - 2026-2028 Solid Waste Rate Study
Presentation

Briefing and Discussion

Presenters: Andrew Lee, General Manager and CEO, and Maria Coe, Seattle Public Utilities

12. CB 121043

AN ORDINANCE relating to the Harbor Island Superfund Site; authorizing Seattle Public Utilities and Seattle City Light to agree to orders issued by the United States Environmental Protection Agency regarding remediation of contamination at the East Waterway Operable Unit of the Harbor Island Superfund Site; and authorizing Seattle Public Utilities and Seattle City Light to enter into agreements with other parties to implement and share the costs of implementing those orders, including making commitments to expend funds not contemplated in the annual budget, consistent with RCW 35.32A.070.

Supporting Documents:

Summary and Fiscal Note
Summary Ex A – Administrative Settlement Agreement and Order on Consent for Remedial Design
Presentation

Briefing, Discussion, and Possible Vote

Presenters: Andrew Lee, General Manager and CEO, and Dave Schuchardt, Seattle Public Utilities; Laura Wishik, City Attorney's Office

13. CB 121050 **AN ORDINANCE relating to Seattle Public Utilities; authorizing the General Manager/Chief Executive Officer of Seattle Public Utilities to execute the First Amended and Restated Contract between The City of Seattle and its long-term, full and partial requirements contract holders for the supply of water; authorizing the withdrawal of funds from the Water Fund Revenue Stabilization Subfund; providing budget authority to use such funds to provide payments to Water Utilities as required under the proposed contracts; amending Ordinance 127156, which adopted the 2025 Budget, including the 2025-2030 Capital Improvement Program; changing appropriations to various departments and budget control levels, and from various funds in the Budget; imposing a proviso; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.**

Attachments: Att A - First Amended and Restated Contract

Supporting Documents: Summary and Fiscal Note
Presentation

Briefing, Discussion, and Possible Vote

Presenters: Andrew Lee, General Manager and CEO, and Alex Chen, Seattle Public Utilities

14. CB 121037 **AN ORDINANCE relating to Seattle Public Utilities; updating side sewer regulations to conform to current standards, clarify existing requirements, allow side sewer fees to be created by Director's Rule, and update definitions; renumbering existing subsections 21.16.240.B and 21.16.240.C of the Seattle Municipal Code as Section 21.16.241 and further amending the section; amending Sections 21.16.030, 21.16.040, 21.16.070, 21.16.077, 21.16.140, 21.16.240, and 21.16.270 of the Seattle Municipal Code; renumbering existing and repealing Sections 21.16.071 and 21.16.350 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.**

Supporting Documents:

Summary and Fiscal Note v2
Central Staff Memo
Presentation

Briefing, Discussion, and Possible Vote

Presenters: Andrew Lee, General Manager and CEO, and Kevin Burrell, Seattle Public Utilities

E. Adjournment

File #: CB 121036, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to Seattle Parks and Recreation; authorizing the Superintendent of Parks and Recreation to execute for and on behalf of The City of Seattle a concession agreement granting The Kite Cafe LLC the right to exclusive use and occupancy of the Golden Gardens Bathhouse Concession Premises for the purpose of providing food and concessions for park patrons at Golden Gardens Park.

WHEREAS, The City of Seattle owns land totaling 88 acres at Golden Gardens Park, including the Golden Gardens Park Bathhouse (Bathhouse) comprised of approximately 5,700 square feet, consisting of approximately 500 square feet of concession premises; and

WHEREAS, Seattle Parks and Recreation (SPR) has, since 2006, provided food service at Golden Gardens Park through long-term concession agreements to the public from the south area of the Bathhouse; and

WHEREAS, in September 2023, SPR began a publicly advertised request for proposal process to find a vendor to operate the food concession at the Bathhouse; and

WHEREAS, following a thorough review process of the submitted proposals, a panel of SPR staff and community members recommended to the Superintendent of Parks and Recreation ("Superintendent") The Kite Cafe LLC, who submitted the strongest proposal; and

WHEREAS, in 2024, the Superintendent, based on the recommendation, awarded a one-year contract to The Kite Cafe LLC; and

WHEREAS, SPR desires to continue to offer food services to park patrons at Golden Gardens Park; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Superintendent of Parks and Recreation ("Superintendent"), or the Superintendent's designee, is authorized on behalf of The City of Seattle to execute a five-year Concession Agreement, substantially in the form of Attachment 1 to this ordinance, with The Kite Cafe LLC. The Concession Agreement further authorizes the Superintendent to extend the term of the Concession Agreement for up to one five-year period.

Section 2. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the _____ day of _____, 2025, and signed by me in open session in authentication of its passage this _____ day of _____, 2025.

_____

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2025.

_____

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2025.

_____

Scheereen Dedman, City Clerk

(Seal)

Attachments:
Attachment A - Golden Gardens Bathhouse Concession Agreement between The City of Seattle Parks and Recreation and The Kite Cafe LLC

**GOLDEN GARDENS BATHHOUSE CONCESSIONS AGREEMENT
BETWEEN
THE CITY OF SEATTLE PARKS AND RECREATION
AND
THE KITE CAFE LLC**

CONTRACT ID: PR0PC25-1466

THIS CONCESSION AGREEMENT ("Agreement") is entered into upon execution (the "Effective Date") by and between THE CITY OF SEATTLE, a municipal corporation of the State of Washington ("City"), by and through Seattle Parks and Recreation and its Superintendent ("SPR" and "Superintendent", respectively) ("Superintendent" herein includes the Superintendent's designee), and THE KITE CAFE LLC, dba The Kite Cafe, a Washington limited liability company ("Concessionaire"). The City, SPR, and Concessionaire are known herein as the "Parties" or individually as a "Party."

1. CONCESSION PREMISES AND ADJACENT AREA

1.1 Description. As used in this Agreement, the "Concession Premises" means the following portions of City-owned property referred to as Golden Gardens Bathhouse located at 8498 Seaview Place N.W., Seattle, King County, Washington 98117 ("Building"):

The rentable area of 480 square feet located at the south end of the Building as outlined in the floor plan of the Building attached as Exhibit A ("Floor Plan") to this Agreement. The rentable storage area of approximately 20 square feet is located at the north end of the Building as outlined in the floor plan of the Building attached as Exhibit A ("Storage Space") to this Agreement, subject to the terms and conditions herein.

1.2 Grant of Right to Use the Concession Premises AS-IS. Throughout the Term, the Concessionaire shall have the right to exclusive use and occupancy of the Concession Premises for the purpose of operating the Concession granted under this Agreement as further set out in Section 3. Concessionaire accepts Concession Premises in an AS-IS condition as of the Effective Date, and the City makes no representation about the fitness of the Concession Premises for the intended purpose.

1.3 Grants of Right to use Patio Area. Throughout the Term, Concessionaire shall have the rights to use the patio area to the south of the Concession Premises ("Patio Area") to place tables, chairs, and potted plants. Signage may be placed with a Certificate of Approval from the Department of Neighborhoods. Any item that Concessionaire would like to use in the Patio Area must be approved by SPR in writing in advance and Concessionaire assumes all liability for any damage or loss.

In addition, during Food Service Hours Thursdays through Sundays and on any legal holidays, Concessionaire shall have the exclusive right to use the Patio Area to place a 12' by 6' jeep ("Jeep") for creation and sales of handspun milkshakes and hand dipped ice cream. While Concessionaire is using the Patio Area to vend with the Jeep, the Patio Area, as identified on Exhibit A, shall be considered part of the "Concession Premises" such that all obligations and restrictions placed on the use of the Concession Premises throughout the Agreement shall apply

to the use of the Jeep in the Patio Area. The Jeep must remain under the patio awning and not extend beyond the footprint of the awning onto the park walkways. Concessionaire is permitted to have a small folding table and a cooler outside the vehicle and under the awning. Only the Kite Cafe Jeep is permitted; Concessionaire may not use another vehicle, kiosk, or method of vending milkshakes, ice cream, or other food items in the Patio Area. No third-party vending will be permitted. This right is subject to the same restrictions listed in Section 2 of the Agreement, specifically, that SPR may grant to a third party a temporary food concession right along with the use of the park through a Special Event Permit at Golden Gardens Park periodically during the term of this Agreement.

1.4 Grants of Right to use Parking Space. Throughout the Term, Concessionaire shall have the rights to use one (1) designated parking space north of the recycling area, with an approved SPR parking pass. All other parking is first-come, first-served. If designated parking space is taken by another park user, Concessionaire should contact the Dispatch Desk at 206-684-7250.

2. GRANT OF CONCESSION RIGHTS

SPR hereby grants to the Concessionaire, subject to the terms herein, the exclusive right and privilege to operate a year-round restaurant food and beverage business at the Concession Premises during the Term of this Agreement in a manner that is compatible with this Agreement and SPR's purpose and use of Golden Gardens. No other food concessions will be granted by SPR to a third party during the term of this Agreement; EXCEPT, SPR may grant to third party a temporary food concession right along with the use of the Park through a Special Event Permit at Golden Gardens Park periodically during the term of this Agreement. Concessionaire has permission to sell merchandise as appropriate and approved by SPR; however, there is no exclusivity to merchandise sales at Golden Gardens Park.

3. TERM OF AGREEMENT

3.1 Initial Term. This Agreement shall be effective upon execution ("Effective Date") and shall be for an initial term of five (5) years legislated through City Council. This contract shall expire five years from the Effective Date.

3.2 Extended Term. At the Superintendent's discretion, this Agreement may be extended for one additional term of up to five (5) years on such terms and conditions as the Superintendent may determine. Concessionaire shall give SPR written notice of its intention to extend or not extend at least six (6) months prior to the expiration of the initial Term. SPR superintendent shall have sixty (60) days following the date of Concessionaire's request to extend their term for an additional five (5) years. When used in this Agreement, the word "Term" includes both the Initial and the Extended Terms unless the context clearly indicates otherwise.

4. CONSIDERATION

4.1 SPR grants the Concession rights herein in exchange for the Concessionaire's performance of the following:

a. Timely payments of the monthly Concession Base Fee in Section 5.1.

b. Provision of all equipment and services to operate the Concession in the manner required under Section 7.

c. Obtaining and maintaining all required King County health permits and City of Seattle business licenses.

d. Operations of Concessions Premises for the required minimum service hours listed in Section 7.1.

5. CONCESSION BASE FEE

5.1 Monthly Concession Base Fee and Leasehold Excise Tax.
Concessionaire shall commence paying annual concession base fee of $16,300, and concession base fee shall be paid by installments every month for the duration of the Term. This is equal to the appraised value done in March 2023. On or before the 5th day of each month, Concessionaire shall pay to City of Seattle at the address and to the account specified by the City, without notice or demand of any setoff or deduction whatsoever, in lawful money of the United States the following:

a. An installment of the annual concession base fee in the amount of $1,358.34 monthly. If Commencement date does not occur at the start of the calendar month, Concessionaire shall pay prorated amount for first month no later than five days after commencement.
b. Monthly amount of applicable Leasehold Excise Tax required under Section 10.

5.2 Annual Gross Receipts: Gross Receipts means total revenue and income received by Concessionaire from conducting business in and from the Concession Premises, less retail sales tax. Should annual gross sales receipts exceed one-million dollars ($1,000,000), concessionaire will pay 1% of gross sales receipts above $1,000,000. Annual sales reporting shall be per calendar year and submitted no later than January 15th of the following year.

5.3 Place and Manner of Payment.
All payments to the City shall be mailed to:

City of Seattle
Treasury Department Accounts Receivable
PO Box 94626
Seattle WA 98124-6926

Concessionaire may also pay in person at:
Seattle Municipal Tower
700 Fifth Ave, Fourth Floor
Seattle, WA, 98104

All Concession Fee payments shall have the invoice number issued by Parks accounting written on the check.

5.4 Adjustments to Concession Base Fee: Beginning on the anniversary of the Effective Date and annually thereafter, the concession base fee will be adjusted upward based on CPI, but no more than four percent (4%) annually on the first day of the following month and on each anniversary of that date thereafter until this Agreement terminates.

5.5 Late and Refused Payments

5.5.1 Monthly interest rate of one percent (1%) per month will be applied to past due items, based on Ordinance 117969. After the due date, interest is assessed on unpaid amounts. Interest is calculated beginning on the invoice date and accrued every 30 days until the bill is paid.

5.5.2 Returned checks for insufficient funds may incur a reasonable handling fee for each instrument including payment of interest, collection costs, and attorney's fees, based on RCW 62A.3-301.

6. FINANCIAL RECORDS/ AUDIT

6.1 Concessionaire's Records. The Concessionaire shall maintain at the Concession Premises a clear and documented set of books, records, documents, and other evidence reflecting all business activity conducted at the Concession Premises, including cash register tapes, credit card charge records, and any other data relating to the determination of Gross Receipts and the calculation of the Concession Fee.

6.2 Audit. Concessionaire shall permit its records to be inspected by the City, with five (5) business days' notice, and Concessionaire's records shall be subject to copying and audit by SPR, the City, the Office of the State Auditor, and other officials so authorized by law, rule, regulation, or contract. The Concessionaire shall not be required to staff the City's audit of Concessionaire's financial records, and the City shall solely bear the costs associated with its inspection of Concessionaire's financial activity under this Agreement except as qualified below. If any audit reveals a miscalculation of Gross Receipts, the Concessionaire shall pay any additional amounts owing in Concession Fees. If an audit inspection or examination pursuant to this section discloses significant under reporting of Gross Receipts by Concessionaire SPR may seek reimbursement of the actual and reasonable costs of the audit as a claim against Concessionaire.

6.3 Retention. The Concessionaire shall retain all financial books, records, documents, register rolls, credit card records and other material relevant to the financial activity under this Agreement for six (6) years after the expiration or termination of any calendar year under the Agreement. The obligations in Section 5 shall survive termination or expiration of the Agreement for the applicable duration of any statute of limitations.

6.4 Cash Register. The Concessionaire shall enter all sales on a Point of Sale ("POS") System that records and identifies the date, type of sale, and the amount of each transaction and that is equipped with a cumulative, non-alterable accounting control mechanism.

6.5 Record Keeping Subject to Approval. Concessionaire shall not change record keeping methods or change or discontinue use of the POS System without the Superintendent's written authorization.

7. OPERATION AND SERVICES

7.1 Minimum Service Hours. Unless otherwise approved by the Superintendent, Concessionaire shall be open for business year-round and will provide service for the minimum number of hours as shown in the Chart below during the following months:

Minimum hours of operation of the Premises are as follows

Month	Minimum total required hours of operation Saturday-Sunday	Minimum total required hours of operation Monday-Friday
January thru February	4 hours	No Requirements
March	8 hours	No Requirements
April	8 hours	4 hours
May	12 hours	16 hours
June Thru August	16 hours	40 hours
September	12 hours	16 hours
October	8 hours	8 hours
November	8 hours	No Requirements
December	4 hours	No Requirements

All City holidays are at Concessionaire's discretion to open. No minimum holiday hours required.

If Golden Gardens Park remains open but access to concession stand is fully restricted due to a natural catastrophe, SPR may consider concession base fee adjustment.

7.2 Park Hours: 4:00 AM – 10:30 PM Memorial Day through Labor Day.
4:00 AM – 11:30 PM Fall through Spring.
Hours are subject to change.

7.3 Food Service Hours: Operator can be open for the minimum hours during those windows or, if desired, any additional times during all park open hours.

7.4 Hours of Operation Signage: Concessionaire shall post its hours of operation in writing at a conspicuous place in the vicinity of the public entry on the Golden Gardens Bathhouse, visible from the outside.

7.5 Reporting of Gross Receipts: Concessionaire shall report on an annual basis the total income from conducting business at the concession premises and patio area, the proceeds from all retail and wholesale sales of food, beverages, merchandise, and services, as indicated in Section 5.2.

7.6 Reporting Hours Required: Concessionaire shall report on a monthly basis the number of operating hours on the report form approved by the Superintendent. See Exhibit C for required form.

7.7 Prohibited Products: Concessionaire is prohibited from selling alcohol, cigarettes/nicotine, or marijuana products including CBD. Concessionaire shall sell nothing in a glass container. See Sections 11 and 13 for additional requirements.

8. PRICE LIST

A copy of the Concessionaire's current price list for each item of service, food, or merchandise offered for sale or rent at the Concession Premises shall be conspicuously displayed in full view from the public at all times on the Concession Premises. Concessionaire shall provide menu items and healthy options to patrons that are consistent with the menu and prices shown on Exhibit B that has been approved by SPR, and which may be amended by mutual agreement of both parties in writing. The location of points of sale, methods of sale, and prices charged for goods and services sold or business transacted on the Concession Premises shall at all times be subject to the approval of the Superintendent. Should Concessionaire choose to change menu prices, a list with updated fees is due to SPR at least 30 days prior to anticipated price changes.

9. ACCOUNTING MONTHS AND YEAR

The Concessionaire shall utilize calendar year accounting for the business operated at the Concession Premises.

10. TAXES

The Concessionaire shall pay before delinquency, all taxes, levies, and assessments of any nature and kind whatsoever arising as a result of this Agreement. The Concessionaire shall pay the Washington State Leasehold Taxes due as a result of this Agreement, directly to Parks, along with any monthly concession base fee payment owed to SPR. Washington State Leasehold Excise Tax (LET) is over and above any Concession Fees paid by the Concessionaire to SPR and shall be separately listed on all monthly documentation sent by the Concessionaire to SPR. LET is currently at 12.84%.

11. UTILITIES AND SERVICES

11.1 Utilities. The Concessionaire shall obtain separate accounts for and shall pay before delinquency, all charges for utilities that are separately metered at the Concession Premises. If any utility services are furnished to the Concession Premises in combination with utility services provided to adjacent SPR property the Concessionaire shall reimburse SPR for the

Concessionaire's pro rata share of any consolidated charge paid by the SPR within thirty (30) days of invoice by SPR. The Concessionaire shall pay all charges for utility connections, installations, and disconnections, and for service calls for any utility serving the Concession Premises. Concessionaire shall be solely responsible for and shall pay when due and directly to the appropriate company all bills for propane, electricity, telephone and communication services due to its occupancy and use of the premises. All other utilities to the Premises shall be paid for by SPR. Utilities paid by SPR are water, sewer, electricity, heat, air conditioning, natural gas, and landscape maintenance. SPR shall not be liable to Concessionaire for failure or interruption of any utility services. The Concessionaire shall obtain a business telephone having at least one telephone line, the telephone number for which shall be publicly displayed at the Concession Premises and shall be the same number published in all promotional advertising and telephone listings.

11.2 Refuse Collection. Concessionaire shall provide at the Concession Premises and Patio Area a minimum of two 50-gallon trash cans for use by Concessionaire's customers. Concessionaire shall each day remove and dispose of the contents of all Concessionaires' trash cans in a legal manner and at its sole cost and expense. SPR may on occasion, but is not obligated to, provide dumpsters into which Concessionaire may empty its trash cans. On any day that SPR provides dumpsters, SPR will on that day remove the contents of the dumpsters at its sole cost. Should Concessionaire need additional dumpsters, this will be provided by Concessionaire at its sole cost and coordinated with SPR.

11.3 Recycling. Concessionaire shall provide its customers with recycling receptacles. Concessionaire, at no cost to SPR, shall collect, sort and separate into such categories as may be legally required, all solid waste products on the Premises, and recycle all such products that are locally accepted for recycling. Each separately sorted category of waste products shall be placed in separate receptacles reasonably approved by SPR, which receptacles shall be dumped or removed from the Premises at such minimum frequency as shall be specified by SPR.

11.4 Compostables. Concessionaire shall abide by the local laws, including SMC 21.36.084 through SMC 21.36.086, as amended from time to time, regarding the requirement to use recyclable or compostable food service ware as well as provide for the collection and delivery of such food service ware to the appropriate facilities.

11.5 Security Systems. SPR may supply the Building with a security system operated by a company of its choosing. In such event, SPR shall provide Concessionaire with the security code to access the Premises, and Concessionaire shall arm the system at the close of business each day if they are the last person to exit the Building. SPR shall not be responsible for any failure of the security system.

12. ENTIRE AGREEMENT

This Agreement, including all exhibits, represents the entire agreement between the parties with respect to the subject matter herein. No other understanding, oral or otherwise, may modify the text or an attachment to this Agreement except by signed Amendment. The following exhibits are hereby incorporated and made a part of this agreement:

Exhibit A - Golden Gardens Park Map and Bathhouse Floor Plan

Exhibit B - Approved Menu
Exhibit C - Concession Monthly Report of Open Hours Form
Exhibit D - Insurance Requirements
Exhibit E - Concessionaire Equipment List

The Parties to this Agreement acknowledge that it is a negotiated agreement, that they have the opportunity to have this Agreement reviewed by their respective legal counsel, and that the terms and conditions of this Agreement are not to be construed against any Party on the basis of such Party's draftsmanship thereof.

13. CARE OF CONCESSION PREMISES

13.1 General Obligation. The Concessionaire shall at its own expense keep the Concession Premises and adjacent areas in a neat, clean, safe, and sanitary condition acceptable to the Superintendent. Concessionaire shall reimburse City for all damage done to the Concession Premises that results from any act or omission of Concessionaire or its contractors, agents, invitees, licensees, or employees.

13.2 Hazardous Substances. Concessionaire shall not, without the Superintendent's prior written consent, keep on or about the Concession Premises any substance designated as, or containing any component now or hereafter designated as hazardous, dangerous, toxic or harmful, and/or subject to regulation under any federal, state, or local law, regulation, or ordinance ("Hazardous Substances"), except customary office, kitchen, cleaning, and other related supplies in normal quantities handled in compliance with applicable laws. With respect to any Hazardous Substances stored with Superintendent's consent, Concessionaire shall comply with all governmental rules, regulations, and requirements regarding the proper and lawful use, sale, transportation, generation, treatment, and disposal of Hazardous Substances, including but not limited to all governmental requirements for reporting and record keeping. Concessionaire shall submit to City true and correct copies of all reports, manifests, and identification numbers at the same time as they are required to be and/or are submitted to the appropriate governmental authorities; and within five (5) days after City's request, therefore, provide evidence satisfactory to City of Concessionaire's compliance with all applicable governmental rules, regulations and requirements. Any and all costs incurred by City and associated with City's inspections of the Concession Premises and City's monitoring of compliance with this Section 16.2, including City's attorneys' fees and costs, shall be due and payable by Concessionaire within ten (10) days after City's demand. Concessionaire shall be fully and completely liable to City for any and all cleanup costs and expenses and any and all other charges, expenses, fees, fines, penalties (both, civil and criminal) and costs imposed with respect to Concessionaire's use, disposal, transportation, generation' and/or sale of Hazardous Substances in or about the Concession Premises.

13.3 Prohibited Equipment. No gas, coal, charcoal, or similar portable cooking equipment is permitted inside or outside the Concession Premises unless prior written approval is obtained from the Superintendent of Parks and Recreation, and unless all required permits are obtained by Concessionaire. Vending machines are prohibited on or about the Concession Premises.

13.4 Prohibition Against Installation or Integration of Any Work of Visual Art Without City's Consent. Concessionaire shall not install or integrate into the Concession Premises any "work of

visual art," as that term is defined in the Visual Artists Rights Act of 1990, as now existing or as later amended, without the prior written approval of the Superintendent, which approval may be conditioned or withheld in the Superintendent's sole discretion.

13.5 Routine and Major Maintenance Obligation. During the Term, Concessionaire shall be responsible for all routine maintenance and repair of the Concession Premises, including but not limited to maintenance and routine repairs of any improvements, minor plumbing and electrical repairs (replacing light bulbs, wall sockets, faucets, sink drainpipes, and valves), custodial care, and regular interior painting. The foregoing sentence does not extend to maintenance occasioned by an act or omission of City or its officers, agents, employees, or contractors, for which City shall be responsible. If City provides Concessionaire with written notice of Concessionaire's failure to comply with this Section and Concessionaire fails to take good care of the Concession Premises as provided in the notice, City, may, but is not required to, make such repairs and Concessionaire shall pay within thirty (30) days of invoice the entire actual and reasonable cost thereof. City shall have the right to enter the Premises for such purposes, and City shall not be liable for interference with light, air, or view. Except in the event of City's gross negligence or intentional misconduct, there shall be no abatement or reduction of Rent arising by reason of City's making of repairs, alterations, or improvements to the Concession Premises.

13.6 City Maintenance:: The City shall be responsible for major maintenance of the infrastructure of the Concession Premises during the Term of this Agreement, including structural maintenance, masonry maintenance, roof, electrical, plumbing system, and HVAC system repair and replacement; provided that City's obligation for major maintenance shall not extend to any maintenance or repair necessitated by an act or omission of Concessionaire, or its officers, agents, employees, sub-concessionaires, contractors, licensees, or invitees. The City shall maintain the parking areas and Park common areas to the standard typical of other, similar park properties.

13.7 Security Cameras. Concessionaire may install cameras on the Premises for the sole purpose of monitoring and surveilling the Premises for safety and security as well as aiding law enforcement, provided Concessionaire complies with the following:

a. The cameras' location will be selected in coordination with SPR and shall not be in a place where there is a reasonable expectation of privacy, such as restrooms.
b. Concessionaire shall post notices in conspicuous places informing its employees and customers that security cameras are operating.
c. Such cameras shall provide video surveillance only, not audio.
d. The camera footage will be used only for security, safety, and aiding law enforcement.
e. Concessionaire shall have full responsibility for the operation of such cameras and any maintenance of camera footage.

13.8 Fire Suppression System and Extinguishers. Concessionaire is responsible for scheduling and maintaining the fire suppression hood system every six months and will provide the system test reports to SPR. The fire extinguishers will be maintained by SPR, and concessionaire will provide access to the vendor for maintenance.

13.9 No Grease or Propane in Patio Area: Concessionaire is not allowed to use products containing grease or use propane or generator for power to the Jeep in the Patio Area. Concessionaires will use the battery and inverter system on the Jeep for power. If needed, an

electrical cord is permitted to run through the window and plugged into the outlet below the window.

13.10 Fire Oil/Fluids Spill Abatement: . Concessionaire will use a drip pan and cleanup materials to ensure the Patio Area remains clean. Concessionaire warrants that the Jeeps' engine and transmission were new and has no leaks as of May 2025. Should a leak occur, The Kite Cafe is solely responsible for immediate cleanup and the Jeep must be removed immediately from the patio.

13.11 Jeep Entering and Exiting Park: The Jeep used to vend in the Patio Area shall enter and exit the Park using a curb ramp. A spotter will be used to guide the Jeep in and out and the Jeep will travel at no more than five (5) mph. The route will be the most direct at the south end of the main parking lot in front of the Building and directly south of the playground. The vehicle will not remain in the park overnight.

14. EQUIPMENT

All equipment not attached to the Building structure and other personal property used by the Concessionaire at the Concession Premises shall remain the property of the Concessionaire. All equipment and personal property of Concessionaire that is kept at the Concession Premises or Patio Area shall be at the sole risk of Concessionaire and Concessionaire hereby releases City from any liability or responsibility for loss or damage thereto. Unless the need for repair or maintenance is caused by Concessionaire, any equipment or personal property belonging to the City in the building of the Concession Premises that has malfunctioned or requires major repair and maintenance is the responsibility of the City. A list describing the Concessionaire's equipment is attached and incorporated as Exhibit E and should be updated as new equipment is acquired by the Concessionaire.

15. COMPLIANCE WITH LAWS; NONDISCRIMINATION; EQUALITY OF TREATMENT

15.1 General Obligation. Concessionaire shall not use or permit the Concession Premises or any part thereof to be used for any purpose in violation of any municipal, county, state, or federal law, ordinance or regulation, or for any purpose offensive to the standards of the local community. Concessionaire shall promptly comply, at its sole cost and expense, with all laws, ordinances, and regulations now in force or hereafter adopted relating to or affecting the condition, use, or occupancy of the Concession Premises and operation of the Concession granted under this Agreement, including obtaining all required food handling certificates and any required public health clearances.

15.2 Nondiscrimination. Without limiting the generality of Section 15.1, Concessionaire agrees to and shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and The City of Seattle, including but not limited to Chapters 14.04, 14.10, and 20.42 of the Seattle Municipal Code, as they may be amended from time to time, and rules, regulations, orders, and directives of the associated administrative agencies and their officers. Failure to comply with any of the terms of these provisions shall be a material breach of the Agreement.

15.3 Equality of treatment. Concessionaire shall conduct its business in a manner which assures fair, equal and non-discriminatory treatment at all times in all respects to all persons without regard to race, color, religion, sex, age, or national origin. No person shall be refused service, be given discriminatory treatment, or be denied any privilege, use of facilities, or participation in activities on the Premises on account of race, color, religion, sex, age, marital status, political ideology or national origin. Failure to comply with any of the terms of this provision shall be a material breach of this Agreement.

16. INDEMNIFICATION

The Concessionaire shall defend, indemnify, and hold the City, its elected officials, and employees harmless from any and all liabilities, claims, demands, losses, and costs (including reasonable attorney's fees) arising from (i) Concessionaire's operation of the Concession, including operation of Concession services by any sub concessionaire, (ii) the use and occupancy of the Concession Premises by Concessionaire, or any of its employees, agents, licensees, invitees, contractors, and sub concessionaires, or (iii) any breach of this Agreement by the Concessionaire or any sub concessionaire. If any suit is brought against the City, Concessionaire shall appear and defend the same, and shall satisfy any judgment that may be rendered against the City. Notwithstanding the foregoing, the City reserves the right to appear and defend any action without impairing the City's right to indemnification under this Section where the City determines that it is in the best interest of the City. Concessionaire's obligation to defend and indemnify shall not include any claims arising as a result of the sole negligence of the City, its employees and agents. The foregoing indemnity is specifically and expressly intended to constitute a waiver of Concessionaire's immunity under Washington's Industrial Insurance Act, RCW Title 51, but only as to the City and to the extent necessary to provide City with a full and complete indemnity from claims made by Concessionaire's employees. Concessionaire shall promptly notify City of casualties or accidents occurring in or about the Concession Premises. Concessionaire's obligations under Section 16 shall survive termination or expiration of this Agreement for the statute of limitations applicable to any claim or liability to which this section applies.

City and Concessionaire acknowledge that they mutually negotiated and agreed upon the indemnification provision in this Section.

INITIALS: _____ City of Seattle Representative
_____ Concessionaire Representative

17. INSURANCE

Insurance to be secured by Concessionaire. Prior to the commencement of any activity, including development, on the Premises under this Agreement, Concessionaire shall secure and maintain, at no expense to City, a policy or policies of insurance as described in Exhibit D.

18. IMPROVEMENTS AND ALTERATIONS

18.1 Concessionaire's Responsibilities. Except for cosmetic, non-structural alterations made by Concessionaire in connection with its repair and maintenance obligations under Section 13.5 above, Concessionaire shall not make any improvements, alterations, or modifications to the Concession Premises without obtaining the Superintendent's prior written approval. Concessionaire covenants that it will cause all alterations, additions, and improvements to the Concession Premises to be completed at Concessionaire's sole cost and expense by a contractor approved by the Superintendent and in a manner that (a) is consistent with the Superintendent approved plans and specifications; (b) is in conformity with first-class, commercial standards; (c) includes acceptable insurance coverage for City's benefit; (d) does not affect the structural integrity of the Building where the Concession Premises are located or any of the Building's systems; and (e) does not invalidate or otherwise affect the construction or any system warranty then in effect with respect to the Building. Concessionaire shall secure all governmental permits and approvals required for the work; shall comply with all other applicable governmental requirements and restrictions, including but not limited to applicable building codes and the Americans with Disabilities Act; and reimburse City for any and all expenses incurred in connection therewith.

18.2 Prevailing Wages. In any contract for improvements, Concessionaire shall require its contractors to pay a wage commensurate with prevailing wages as described in RCW 39.12.

18.3 Liens. The Concessionaire shall keep the Concession Premises free and clear of, and shall indemnify, defend, and hold City harmless from, any and all liens and encumbrances arising or growing out of any act or omission, or breach of this Agreement or Concessionaire's use, improvement, or occupancy of the Concession Premises, or any of its principals, officers, employees, contractors, agents, or sub concessionaires. If any lien is so filed against the Concession Premises, Concessionaire shall either cause the same to be fully discharged and released of record within ten (10) days after City's written demand therefore or, within such period, provide City with cash or other security acceptable to City in an amount equal to one and one-half (1 ½) times the amount of the claimed lien as security for its prompt removal. City shall have the right to disburse such security to cause the removal of the lien if City deems such necessary, in City's sole discretion.

19. SUBCONTRACTING, SUBCONCESSIONS, AND ASSIGNMENT OF AGREEMENT

The Concessionaire shall not subcontract, assign or transfer this Agreement, in whole or in part, or otherwise convey any concession right or privilege granted hereunder or any part of the Premises without the prior written approval of the Superintendent, which may be granted, withheld, or conditioned in the Superintendent's sole discretion. The Superintendent's approval of any subcontract, sub concession, or assignment shall not relieve Concessionaire from any of the requirements of this Agreement.

20. STANDARDS

The Concessionaire, its agents and employees, shall render courteous service to the public with a view of adding to the public use and enjoyment of the Concession Premises. The Concessionaire shall operate and conduct the facilities on the Concession Premises in a

businesslike manner, and will not permit any acts or conduct on the part of the Concessionaire's employees that would be detrimental to the operation of the Concession Premises.

21. TEMPORARY CLOSURE OF CONCESSION PREMISES

SPR reserves the right to temporarily close the Concession Premises and suspend Concessionaire's operation of any portion thereof without liability for making of repairs or the convenience of the SPR upon a twenty-one (21) day notice to the Concessionaire and to close the Concession Premises or any portion thereof without notice to meet any emergency as determined by the Superintendent. In the event of any temporary SPR required closure, SPR shall post a sign notifying the public of the impending or effective closure. For any SPR designated closure SPR will prorate any minimum concession payment due.

22. ENTRY and KEY POLICIES

22.1 Entry. The City and its agents may enter the Concession Premises at all reasonable times for the purpose of inspecting or repairing the same, but this right shall impose no obligation upon the City to make inspections to ascertain the condition of the Concession Premises or to make repairs.

22.2 Keys. Access through keycards and keys is granted to Concessionaire for City owned and managed property and facilities. The City oversees access for the security and safety of the Building. The SPR facilities access and security systems unit designates management and can terminate access, or request the return of City property including, but not limited to keycard, keys, electronic keys (CyberKey), etc., with notice. Upon request to surrender city issued keys and/or badges, Concessionaire must return those items to an approved Contracts Administration & Support Office (CASO) designee or directly to the SPR Access Control unit.
Each key must be assigned and checked out by the Concessionaire for whom they will be issued. All costs associated with replacing any keys for Golden Gardens Bathhouse will be the responsibility of the Concessionaire including if SPR deems lock core replacement necessary. Alarm code will be provided by SPR and can only be given to concessionaire's staff.

22.3 Key Audits. The City may request key audits at any time, without notice. A response is required within seventy-two (72) hours of a key audit request. Audits initiated by the city may be performed on site or scheduled with Access Controls, determined by Access Controls. SPR will provide instruction at the time of a Concessionaire-initiated audit.

22.4 Lost or Stolen Keys/Electronic Keys/Keycards
If a key is lost or stolen, Concessionaire must notify the SPR Access Control team immediately. Concessionaire will be billed for the cost of rekeying the door(s) in an amount to be determined by SPR. The current cost for replacement of keys and keycards is fifty dollars ($50.00) each, and two hundred and fifty dollars ($250.00) for electronic keys (CyberKey). All keys, electronic keys, and keycards remain the property of the City and **Duplication is Strictly Prohibited.** Access Control number is 206-684-4021 or email @ accesscontrols.parks@seattle.gov.

23. NOTICES

Unless otherwise directed in writing, notices, and reports shall be delivered to SPR at the following address:

Department of Parks and Recreation
Contracts Administration and Support Office
Attention: JoAnn Gunter, Parks Concessions Coordinator
300 Elliott Ave W, Suite 100
Seattle, WA 98119
(206) 858-0277
joann.gunter@seattle.gov

And to the Concessionaire at the following address:

The Kite Cafe
Attn: Matthew Kelly and Anthony Meyer
5847 6th Ave NW
Seattle WA 98107
206-422-8071
info@thekitecafe.com

Either Party may change its address for receipt of reports, notices, or payments by giving the other written notice of such change.

24. DEFAULT

24.1 Definition. The following shall be a default ("Default") by Concessionaire:

24.1.1. Concessionaire's failure to pay the Concession Fee or any additional charge herein within ten (10) days of the date required by this Agreement;

24.1.2. Concessionaire's breach of any obligation under this Agreement or failure to keep or perform any term, covenant, or obligation herein; or

24.1.3. Concessionaire's filing of a petition in bankruptcy, or if a trustee or receiver is appointed for Concessionaire's assets or if Concessionaire makes an assignment for the benefit of creditors, or is adjudicated insolvent, or becomes subject to any proceeding under any bankruptcy or insolvency law whether domestic or foreign, or is liquidated, voluntarily or otherwise; or

24.1.4. Concessionaire's receipt of two or more notices of Default under Section 24.2, whether or not remedied in the time period allowed.

24.2 SPR Remedies. If Concessionaire has defaulted and such Default continues or has not been remedied to the reasonable satisfaction of the Superintendent within ten (10) days of demand for any monetary payment due or within thirty (30) days after written notice of any other

Default, then SPR shall have the following nonexclusive rights and remedies at its option: (i) to cure the Default on Concessionaire's behalf and to charge Concessionaire for all actual and reasonable costs and expenses incurred by SPR in effecting such cure; (ii) to re-take the Concession Premises and grant the Concession rights herein to another party; (iii) to exercise any other right or remedy allowed at law or equity. However, if the nature of Concessionaire's obligation is such that more than thirty (30) days is required for performance, then Concessionaire shall not be in Default if it commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion; provided, that the foregoing extended cure period shall not apply to Concessionaire's Default relating to monetary obligations or Concessionaire's vacation or abandonment of the Concession Premises.

24.3 SPR Default and Concessionaire Remedies. SPR shall be in default if SPR fails to perform its obligations under this Agreement within thirty (30) days after its receipt of notice of nonperformance from Concessionaire; provided, that if the default cannot reasonably be cured within the thirty (30) day period, City shall not be in default if City commences the cure within the thirty (30) day period and thereafter diligently pursues such cure to completion. Upon City's default, Concessionaire may terminate the Agreement without further liability to Concessionaire, although it has an obligation to leave the Premises in acceptable condition.

25. TERMINATION FOR CONVENIENCE

In addition to termination for cause and termination on expiration of the term hereof, this Agreement may be terminated by either Party for convenience, by the giving of advance written notice to the other Party. No such termination shall be effective earlier than sixty (60) days after the receipt of the termination notice by the receiving Party. Termination under this provision shall not relieve either Party of any duty or obligation owed under the terms of this Agreement prior to the termination date.

26. FORCE MAJEURE

Neither Party shall be deemed in default hereof nor liable for damages arising from its failure to perform its duties or obligations hereunder if and for such time period that the failure is due to any cause beyond a Party's reasonable control, including, but not limited to an act of nature, act of civil or military authority, fire, flood, windstorm, earthquake, strike or labor disturbance, civil commotion, delay in transportation, governmental delay, pandemic, or war.

27. TIME

If the last day for the performance of any obligation under this Agreement falls upon a non-City business day, including Saturday, Sunday, or official City legal holiday, the final day for performance shall be the City's next business day.

28. WAIVER

Absent a specific written waiver signed by the Superintendent, SPR shall not be deemed to have waived any right SPR has under the terms of this Agreement or by operation of law with respect to any breach or default by Concessionaire. Such a written waiver shall be confined to its specific terms. Waiver of any obligation arising under the Agreement shall not be deemed a waiver of any other provision of the Agreement or of the Concessionaire's full compliance with the terms and conditions of the Agreement. No waiver will be implied from any knowledge that SPR may have of any breach, default, or non-compliance by Concessionaire. SPR's failure to enforce any provision of this Agreement shall not be deemed a waiver or consent.

29. CAPTIONS

Captions are for convenient reference only, and do not limit or amplify the language of the paragraph(s) following.

30. SIGNS AND ADVERTISING

The City's written approval shall be required for all signs and advertisements on the Concession Premises; and such approval must be obtained prior to posting of any signs. Concessionaire shall be solely responsible for obtaining any permit required under the laws of the City of Seattle, for any sign or advertising erected at the Concession Premises. Per Ordinance 121716, all signage must be approved first by the Department of Neighborhoods due to Historical Landmarks Preservation Ordinance under chapter 25.12.

31. CHANGES AND MODIFICATIONS

The Parties reserve the right to amend this Agreement from time to time by mutual agreement in writing. No amendment shall be effective unless in writing and signed by an authorized representative of each of the parties.

32. APPROVALS BY THE CITY OR SUPERINTENDENT

The granting of approval or consent by the Superintendent to any action of Concessionaire does not constitute the taking of any official action, including the granting of approval, by any other City department or official, where other departments or officials' action is required by law, ordinance, resolution, or rule or regulation.

33. SEVERABILITY

Should any term, provision, condition or other portion of this Agreement or any provision of any document incorporated by reference be held invalid, such invalidity shall not affect the other

provisions of this Agreement which can be given effect without the invalid provision, and to this end, the remainder shall continue in full force and effect.

34. SUCCESSORS IN INTEREST

Unless otherwise provided, the terms, covenants, and conditions in this Agreement shall apply to and bind the Concessionaire and any and all heirs, successors, executors, administrators, and assigns of the Concessionaire, all of whom shall be jointly and severally liable with the signatory to this Agreement.

35. NO RELATIONSHIP ESTABLISHED

SPR shall in no event be construed to be a partner, associate, or joint venturer of the Concessionaire or any Party associated with the Concessionaire. The Concessionaire shall not create any obligation or responsibility on behalf of the City or bind the City in any manner.

36. CONSENT

Any time consent is required of a Party to this Agreement, unless otherwise specifically stated, such consent shall not be unreasonably withheld, conditioned, or delayed.

37. BACKGROUND CHECKS AND IMMIGRATION STATUS

The City may require background checks for some or all of the Contractors and their employees and contracted workers who may perform work under this Agreement. The City reserves the right to require such background checks at any time. The City has strict policies regarding the use of background checks, criminal checks, and immigrant status for contract workers. The policies are incorporated into this Agreement and available for viewing on-line at http://www.seattle.gov/purchasing-and-contracting/social-equity/background-checks.

Federal Immigration Enforcement Notification Requirements

A. This Section applies to Contractors and their employees and contracted workers who (i) are working at City facilities and properties, or (ii) have access to City records, databases, technology, or information systems.

B. As used in this Section, “Federal Immigration Authority” means an employee or agent of any federal immigration agency, including the Immigration and Customs Enforcement (ICE), the U.S. Department of Homeland Security (DHS), Homeland Security Investigations (HSI), Enforcement Removal Operations (ERO) Customs and Border Protection (CBP), and U.S.

Citizenship and Immigration Services (USCIS) or any other federal agency representative seeking to enforce immigration law.

C. Prior to responding to any requests from a Federal Immigration Authority for access to City property or City information provided to Contractors through this Agreement, the Contractor shall notify the Project Manager immediately.

Such requests may include:

a. requests for access to non-public areas in City buildings and venues (i.e., areas not open to the public such as staff work areas that require card key access and other areas designated as “private” or “employee only”); or

b. requests for City records, databases, technology or information (written or oral).

D. Access to non-public areas or information shall not be provided without prior review and consent of the City. The Contractor shall request that the Federal Immigration Authority wait until the Project Manager is able to verify the credentials and authority of the Federal Immigration Authority and direct the Contractor on how to proceed.

E. Contractor shall inform its employees and subcontractors of the requirements of this Section and shall include the requirements in this Section in all subcontracts for work under this Agreement.

F. The requirements in this Section are intended to enable the City to verify that access to non-public City facilities, property, and information complies with federal and local law. Nothing in this Section shall be construed to require any City employee, the Contractor its employees, or its subcontractors to obstruct, interfere with, or otherwise fail to comply with requirements of federal and local law.

To memorialize the agreements made, both parties hereby have caused this Concession Agreement to be executed by their respective representative(s) by signing below:

CONCESSIONAIRE, THE KITE CAFE LLC

By: _____ Date: _____
Matthew Kelly, Co-Owner

_____ Date: _____
Anthony Meyer, Co-Owner

SEATTLE PARKS AND RECREATION

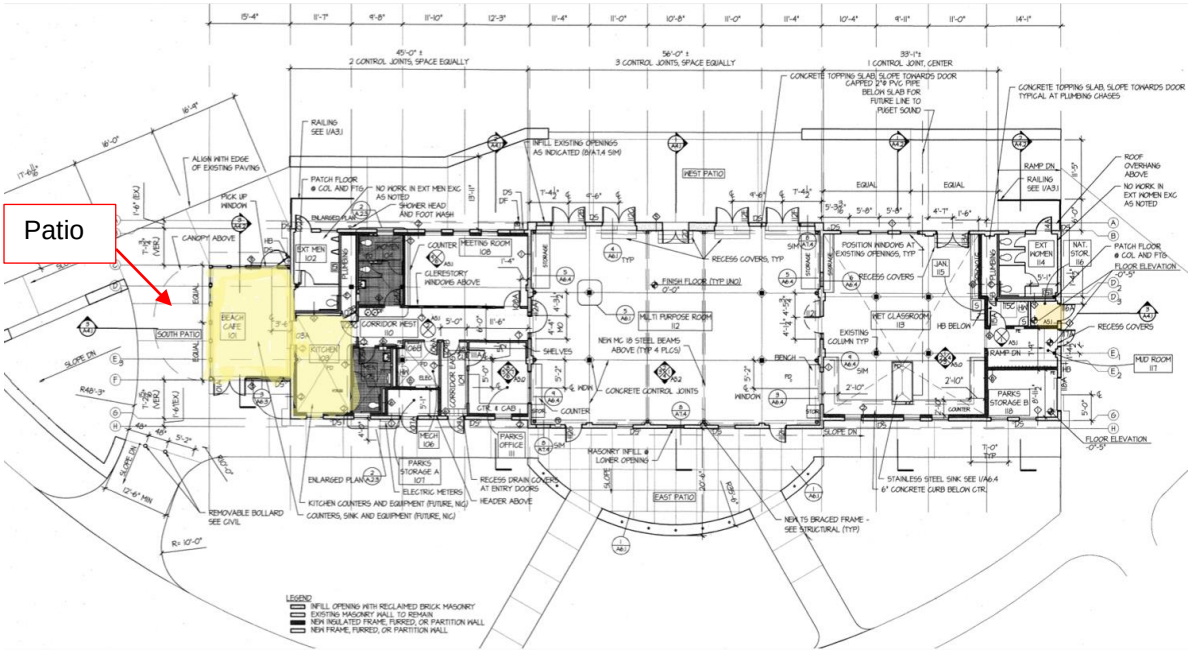
By: _____ Date:_____
Anthony-Paul (AP) Diaz, Esq., Superintendent

Golden Gardens Concession Agreement

EXHIBIT A – Golden Gardens Park Map and Bathhouse Floor Plan



Golden Gardens Concession Agreement
EXHIBIT A CONTINUED - Golden Gardens Park Map and Bathhouse Floor Plan and Storage Area





South End Concession Stand & Patio Awning North End Storage Area

Golden Gardens Concession Agreement

EXHIBIT B - Approved Menu and Pricing

Item Name	Categories	Price
Chex Mix	Chips	1.50
Cracker Jacks	Chips	1.50
Dot's Pretzels	Chips	1.50
Goldfish Cheddar	Chips	1.00
Mini Pretzels	Chips	1.50
Pirate S Booty Baked Puffs White Cheddar Oz	Chips	1.25
Pirate's Booty Aged White Cheddar	Chips	1.25
Skinny Pop	Chips	1.50
Skinny Pop Original Popcorn	Chips	1.50
SkinnyPop Popcorn, Sweet and Salty	Chips	1.50
SkinnyPop Popcorn, White Cheddar	Chips	1.50
Skinnypop Original Popcorn	Chips	1.50
Toasted Corn	Chips	2.00
Veggie Straws, Sea Salt	Chips	1.50
Hawaiian Hulapeno	Chips	1.50
Hawaiian Luau BBQ Potato Chips	Chips	1.50
Hawaiian Original	Chips	1.50
Hawaiian Sweet Maui Onion	Chips	1.50
Tim's Potato Chips, Honey BBQ	Chips	1.50
Tim's Potato Chips, Jalapeno	Chips	1.50
Tim's Potato Chips, Original	Chips	1.50
Tim's Potato Chips, Salt and Vinegar	Chips	1.50
Americano	Coffee & Tea	4.50
Cappuccino	Coffee & Tea	5.50
Cappuccino	Coffee & Tea	5.75
Chai Latte	Coffee & Tea	6.50
Chai Latte	Coffee & Tea	6.75
Cold Brew	Coffee & Tea	4.50
Cold Brew	Coffee & Tea	5.00
Drip Coffee	Coffee & Tea	3.50
Drip Coffee	Coffee & Tea	4.00
Espresso	Coffee & Tea	3.75
Extra Shot	Coffee & Tea	1.25
Flat White	Coffee & Tea	5.50
Latte	Coffee & Tea	5.50

Latte	Coffee & Tea	5.75
Strawberry Watermelon Lemonade	Coffee & Tea	3.50
Strawberry Watermelon Lemonade	Coffee & Tea	4.00
Iced Mocha	Coffee & Tea	6.00
Iced Mocha	Coffee & Tea	6.25
Hot Cocoa	Coffee & Tea	4.75
Hot Cocoa	Coffee & Tea	5.00
Mocha	Coffee & Tea	6.00
Mocha	Coffee & Tea	6.25
Arnold Palmer	Coffee & Tea	3.50
Arnold Palmer	Coffee & Tea	4.00
Iced Americano	Coffee & Tea	4.50
Iced Latte	Coffee & Tea	5.50
Iced Latte	Coffee & Tea	5.75
Lemonade	Coffee & Tea	3.50
Lemonade	Coffee & Tea	4.00
Mango Lemonade	Coffee & Tea	3.50
Mango Lemonade	Coffee & Tea	4.00
Iced Tea	Coffee & Tea	3.50
Iced Tea	Coffee & Tea	4.00
Cortado	Coffee & Tea	5.50
Steamer	Coffee & Tea	3.50
London Fog	Coffee & Tea	5.75
London Fog	Coffee & Tea	6.00
Hot Tea	Coffee & Tea	4.00
Aquafina 16.9oz Bottle	Drinks	2.00
Aquafina 20oz	Drinks	2.50
Celsius Energy Drink Peach Vibe	Drinks	3.98
Coca-Cola 20oz bottle	Drinks	3.58
Coca-Cola Zero Sugar 20oz Bottle	Drinks	2.99
Crush Orange 20oz bottle	Drinks	2.99
Diet Coke Bottle 20oz Bottle	Drinks	2.99
Diet Dr. Pepper 20oz bottle	Drinks	2.99
Diet Pepsi 20oz bottle	Drinks	2.99
Dole Apple Juice 15.2oz bottle	Drinks	3.00
Dole Orange Juice 15.2oz bottle	Drinks	3.00
Dr Pepper 20oz bottle	Drinks	2.99
Gatorade Cherry 20oz bottle	Drinks	3.58
Gatorade Cool Blue 20oz bottle	Drinks	3.58

Gatorade Frost Arctic Blitz	Drinks	3.58
Gatorade Fruit Punch 20oz bottle	Drinks	3.58
Gatorade Glacier Freeze 20oz bottle	Drinks	3.58
Gatorade Lemon Lime 20oz bottle	Drinks	3.58
Gatorade Orange 20oz bottle	Drinks	3.58
La Croix Sparkling Water Lemon	Drinks	1.36
La Croix Sparkling Water Pamplemousse	Drinks	1.36
Lacroix Lime Sparkling Water	Drinks	1.36
LifEWTR Enhanced Water	Drinks	3.25
Mtn Dew 20oz bottle	Drinks	3.58
Mtn Dew Baja Blast 20oz bottle	Drinks	3.58
Naked Juice Power C Machine 15.2oz	Drinks	5.00
Naked Juice Smoothie berry blast 10ounce	Drinks	2.59
Naked Mighty Mango 10oz	Drinks	2.59
Naked Strawberry Banana 10oz	Drinks	2.59
Naked, Blue Machine 10oz	Drinks	2.59
Naked, Juice Green Machine 15.2oz	Drinks	4.49
Naked, Juice Strawberry Banana 15.2oz	Drinks	4.49
Naked, Mighty Mango 20 oz	Drinks	5.00
Ocean Spray Cranberry 15.2oz	Drinks	3.50
Pepsi 20oz Bottle	Drinks	3.58
Proud Source Sparkling Water	Drinks	2.93
Proud Source Water	Drinks	2.93
Rishi Sparkling - Black Lemon	Drinks	4.05
Rishi Sparkling - Dandelion Ginger	Drinks	4.05
Rishi Sparkling - Grapefruit Quince	Drinks	4.05
Something & Nothing, Cucumber Soda	Drinks	4.05
Something & Nothing, Yuzu Soda	Drinks	4.05
Sprite Bottle 20oz bottle	Drinks	3.58
Starry 20 oz bottle	Drinks	3.58
Talking Rain, Sparkling Artesian Water Natural	Drinks	1.36
Topo Chico Mineral Water	Drinks	3.17
Tree Top Apple Juice	Drinks	2.25
Tree Top Cranberry	Drinks	2.25
Tree Top Orange Juice	Drinks	2.25
Yachak Organic Organic Passion Fruit Yerba Mate	Drinks	4.73
Yachak Organic Yerba Mate Blackberry	Drinks	4.73
Yachak Organic Yerba Mate Ultimate Mint	Drinks	4.73
Pepsi Zero Sugar Cola 12 Fluid Ounce Aluminum Can	Drinks	2.00

CELSIUS Fantasy Vibe 12oz can	Drinks	3.98
CELSIUS Sparkling Arctic Vibe 12oz can	Drinks	3.98
CELSIUS Sparkling Lemon Lime 12oz can	Drinks	3.98
CELSIUS Sparkling Tropical Vibe 12oz can	Drinks	3.98
Canada Dry Ginger Ale 12oz can	Drinks	2.25
Coca Cola 12oz can	Drinks	2.25
Coke Zero Sugar 12oz Can	Drinks	2.00
Crush Orange 12oz Can	Drinks	2.00
Diet Coke Can 12oz Can	Drinks	2.00
Diet Dr Pepper 12oz can	Drinks	2.00
Diet Pepsi 12oz can	Drinks	2.00
Dr. Pepper 12oz Can	Drinks	2.00
Mug Root Beer 12oz can	Drinks	2.25
Pepsi 12oz Can	Drinks	2.25
Red Bull Energy Drink 12oz can	Drinks	4.49
Sprite 12 oz can	Drinks	2.25
Starry 12oz can	Drinks	2.25
Big Bopper Sandwich	Ice Cream	5.00
Blue Raspberry Icee	Ice Cream	1.80
Breyers Mrs. Fields Ice Cream Cookie Sandwich	Ice Cream	4.53
Chips Galore	Ice Cream	4.25
Cookies N' Cream Ice Cream Bar	Ice Cream	3.50
Cookies n Cream Ice Cream Sandwich	Ice Cream	5.00
Fudge Bar	Ice Cream	2.00
Giant King Cone	Ice Cream	4.53
Good Humor, Strawberry Shortcake Dessert Bar	Ice Cream	3.25
Hersheys Smores Icecream Bar	Ice Cream	3.25
Ice Cream Sandwich	Ice Cream	2.00
Italian Ice-Lemon	Ice Cream	2.25
Italian Ice-Strawberry	Ice Cream	2.25
Klondike Bar	Ice Cream	3.40
Klondike Cookies and Creme	Ice Cream	4.45
Mississippi Mud Ice Cream Sandwich	Ice Cream	3.50
Orange Dream Bar	Ice Cream	3.00
Original Bomb Pop	Ice Cream	4.00
Popsicle, Nickelodeon, Spongebob Squarepants	Ice Cream	3.50
Reeses Icecream Stick	Ice Cream	3.25
Ruby Jewel Lemon Cookies	Ice Cream	4.53
RubyJewell Vanilla Bean Ice Cream Sandwich	Ice Cream	4.53

Seattle Pops	Ice Cream	6.00
Sherbert cup	Ice Cream	2.00
Strawberry Shortcake	Ice Cream	2.50
Twist Cone	Ice Cream	5.00
Vanilla Crunch Bar	Ice Cream	3.00
Strawberry Banana Seattle Pop	Ice Cream	6.00
3D Jet Kite - Blue Angel	Kites	66.00
56 in. Delta Kite - Electromagnetic Rainbow	Kites	27.50
56 in. Delta Kite - Warm Orbit	Kites	27.50
56 in. Stream Delta Kite - Rainbow Orbit	Kites	31.90
Gyro Delta Kite - Rainbow	Kites	40.70
Hot Cut Streamer Kite Tails - Neon	Kites	3.00
Kid's 28in Fringe Delta: Purple Dragon	Kites	15.95
Kid's 28in Fringe Delta: Sea turtle	Kites	15.95
Kid's 28in Fringe Delta: T-Rex	Kites	15.95
Kid's Diamond Kite: Butterflys	Kites	22.00
Kid's Diamond Kite: Fierce Shark	Kites	22.00
Kid's Diamond Kite: Premier Kite Sold Here	Kites	22.00
Kid's Diamond Kite: Skull and Crossbones	Kites	22.00
Lg. Easy Flyer Kite - Macaw	Kites	38.50
Lg. Easy Flyer Kite - Mandala	Kites	33.00
Mini Diamond Kites: Butterfly	Kites	10.00
Mini Diamond Kites: Sonicfox	Kites	10.00
Mini Diamond Kites: Trex	Kites	10.00
Mini Dino Backpack Kite	Kites	10.00
Mini Rechargeable Fan	Kites	12.00
MiniSled Kite: Jolly Roger	Kites	12.00
MiniSled Kite: Tie Dye	Kites	12.00
MiniSled Kite: Wavy Gradient	Kites	12.00
Pocket Flyer Single Line Kite Electric	Kites	24.95
Pocket Flyer Single Line Kite Inferno	Kites	24.95
Pocket Flyer Single Line Kite Ultraviolet	Kites	24.95
Prism Kite Technology Sinewave Ultraviolet Mesmerizing Parafoil Kite Ready to Fly with 200 Foot Line and Removable 20 Foot Tail	Kites	40.00
Rainbow Bird Kite	Kites	33.00
Sinewave Aurora	Kites	40.00
Sinewave Plasma	Kites	40.00
Thunderbird Kite - 60 in. Phoenix	Kites	27.50
Thunderbird Kite - 60 in. Rainbow Geometric	Kites	27.50

Thunderbird Kite - 60 in. Rainbow Stars	Kites	27.50
Thunderbird Kite - 90 in. Rainbow Geometric	Kites	40.70
Vertex Aurora	Kites	32.95
Vertex Infrared	Kites	32.95
Vertex Ultraviolet	Kites	32.95
Zenith 5 Aurora	Kites	39.95
Zenith 5 Infrared	Kites	39.95
Zenith 5 Ultraviolet	Kites	39.95
Zippy Flow Tail Delta Kite: Mermaid Unicorn	Kites	16.95
Chelan Cherry Vanilla	Milkshakes	9.00
Chelan Cherry and Chocolate Shake	Milkshakes	9.00
Chelan Cherry and Chocolate Shake (VEGAN)	Milkshakes	10.00
Chocolate Shake	Milkshakes	9.00
Chocolate Shake (VEGAN)	Milkshakes	10.00
Cold Brew and Cookies Shake	Milkshakes	9.00
Cold Brew and Cookies Shake (VEGAN)	Milkshakes	10.00
Cookies and Cream Milkshake	Milkshakes	9.00
Cookies and Cream Shake (Vegan)	Milkshakes	10.00
Strawberries n Cream Shake	Milkshakes	9.00
Strawberries n Cream Vegan	Milkshakes	10.00
Strawberry Shake	Milkshakes	9.00
Strawberry Shake (VEGAN)	Milkshakes	10.00
Vanilla Shake	Milkshakes	9.00
Vanilla Shake (VEGAN)	Milkshakes	10.00
Chapstick Moisturizer Original Lip Balm Tube	Non-food Retail	4.00
Banana Boat Sunscreen Packet	Non-food Retail	2.00
Banana Boat Ultra Sport Sunscreen Lotion SPF 30 oz	Non-food Retail	6.00
Beach Ball	Non-food Retail	2.00
Camping Hammock	Non-food Retail	25.00
Carmex Lip Balm	Non-food Retail	3.50
ChapStick	Non-food Retail	4.00
Coppertone Sport Sunscreen Spray	Non-food Retail	16.00
Coppertone sunscreen	Non-food Retail	10.00

Cough Drops	Non-food Retail	4.00
Foam Balls	Non-food Retail	1.00
Foam Spiral Football	Non-food Retail	5.00
Frisbee / Disc	Non-food Retail	12.00
Grey Towels	Non-food Retail	15.00
Sunglasses	Non-food Retail	15.00
Tennis Ball Set	Non-food Retail	10.00
Tums	Non-food Retail	5.00
Volleyball	Non-food Retail	20.00
Hat	Non-food Retail	25.00
Tote Bag	Non-food Retail	25.00
BRM Brown Sugar Oatmeal	Nuts, Seeds and Protein Bars	4.00
Bobo's Oat Bars - All Natural Bar Lemon Poppyseed	Nuts, Seeds and Protein Bars	3.25
Bobos Oat Apple Pie Oat Bite	Nuts, Seeds and Protein Bars	1.50
Bobos Oat Strawberry Oat Bite	Nuts, Seeds and Protein Bars	1.50
CLIF Chocolate Chip	Nuts, Seeds and Protein Bars	2.50
CLIF Peanut Butter	Nuts, Seeds and Protein Bars	2.50
Protein Puck Mighty Moxie Peanut Butter Bar	Nuts, Seeds and Protein Bars	3.25
Sun Butter, Coconut, Puck	Nuts, Seeds and Protein Bars	3.25

Think Jerky	Nuts, Seeds and Protein Bars	4.00
Trail Mix	Nuts, Seeds and Protein Bars	1.00
Cinnamon Roll	Pastries	6.00
Sticky Bun	Pastries	6.00
Apple	Picnic Snacks	2.00
Charcuterie Box	Picnic Snacks	9.50
Mama Lil's Peppers	Picnic Snacks	1.00
Orange	Picnic Snacks	0.91
Overnight Oats	Picnic Snacks	6.00
Pickle	Picnic Snacks	1.50
Pickle Chip Cup	Picnic Snacks	2.50
Muffin	Picnic Snacks	3.25
The Bainbridge	Salads	14.00
The Whidbey	Salads	14.00
Montlake	Salads	13.00
The Alki	Salads	13.00
The Carkeek	Salads	12.00
Loyal Heights (Nut Butter and Jelly - no peanuts!)	Sandwiches	6.00
Magnolia (Grilled Cheese)	Sandwiches	6.00
The Crown Hill	Sandwiches	16.50
The Greenwood	Sandwiches	15.50
The Shilshole	Sandwiches	16.50
The Sunset	Sandwiches	17.50
5 Gum	Sweets	4.00
Bubba Bubba Watermelon	Sweets	4.00
Fruit Snacks	Sweets	1.00
GoGo SqueeZ, AppleApple	Sweets	1.50
GoGo SqueeZ, AppleCinnamon	Sweets	1.50
GoGo SqueeZ, ApplePeach	Sweets	1.50
GoGo SqueeZ, AppleStrawberry	Sweets	1.50
Gummy Bears	Sweets	2.50
Hubba Bubba Gum	Sweets	4.00
M&M Peanut	Sweets	2.50
Moon Pie Double Decker Chocolate Marshmallow Sandwich oz	Sweets	1.00
Nerds Gummy Clusters very Berry Candy oz Bag	Sweets	3.00
Peeps Marshmallow Chicks	Sweets	0.91

Sour Patch Kids	Sweets	3.00
Sour Patch Kids Watermelon	Sweets	2.50
Tootsie Roll Pops	Sweets	0.45
Wrigley's Doublemint Chewing Gum	Sweets	0.45
Blow Pop	Sweets	0.45
Sour Skittles	Sweets	2.50
Haribo, Gold-Bears, Gummi Candy	Sweets	3.50
Nerds Gummy Clusters 3 oz. Share Pack	Sweets	3.00
Skittles	Sweets	2.50
Starburst	Sweets	2.50
3 Musketeers	Sweets	3.00
Hershey's Chocolate	Sweets	2.50
Hershey's Chocolate with Almonds	Sweets	2.50
Kit Kat	Sweets	2.50
M&Ms	Sweets	2.50
Milky Way	Sweets	2.50
Reese's Cup	Sweets	3.00
Snickers	Sweets	3.00
Twix	Sweets	3.00
Grandma's Cookies	Sweets	2.00
That’s it Mini Fruit Bars, Blueberry	Sweets	1.00
That’s it Mini Fruit Bars, Mango	Sweets	1.00
That’s it Mini Fruit Bars, Strawberry	Sweets	1.00
10 " Beamo Disk	Toys	7.00
Castle Mold Assortment	Toys	1.81
Sand Bucket 4 Piece	Toys	5.44
Sand Claw	Toys	1.81
Wooden Shovel	Toys	6.80
Pinky Hi- Bounce Balls: 2.25 Inch Party Favor Multi-Colored	Toys	3.62

Golden Gardens Concession Agreement

EXHIBIT C - Concession Monthly Report of Open Hours Form

OPEN HOURS			
The Kite Café			
Month/Year:			Date:
Day of Month	Time Open (Ex: 8:30 AM)	Time Closed (Ex: 6:45 PM)	# of Hours
1			0.00
2			0.00
3			0.00
4			0.00
5			0.00
6			0.00
7			0.00
8			0.00
9			0.00
10			0.00
11			0.00
12			0.00
13			0.00
14			0.00
15			0.00
16			0.00
17			0.00
18			0.00
19			0.00
20			0.00
21			0.00
22			0.00
23			0.00
24			0.00
25			0.00
26			0.00
27			0.00
28			0.00
29			0.00
30			0.00
31			0.00
			0.00
			Total Hours

Golden Gardens Concession Agreement

EXHIBIT D - Insurance Requirement

1. Furnished Coverages and Limits of Liability: Concessionaire shall, at no expense to the City, maintain, and cause its subconcessionaire(s), if any, to maintain in full force and effect the following minimum limits of insurance, and adhere to all terms and conditions below, at all times beginning on the Commencement Date and ending on the Expiration Date of this Concessionaire Agreement:.

A. Commercial General Liability (CGL) written on an occurrence form at least as broad as ISO CG 00 01, with Minimum Limits of Liability:

$2,000,000 per Occurrence (combination of CGL and excess or umbrella limits are acceptable)
$2,000,000 General Aggregate
$2,000,000 Products/Completed Operations Aggregate
$1,000,000 Personal/Advertising Injury Liability
$1,000,000 Damage to Premises Rented to You

Employers Liability / Washington Stop
$1,000,000 Each Accident / Each Disease / Policy Limit

Alternatively, may be evidenced as Employer's Liability insurance under Part B of a Workers Compensation insurance policy.

Coverage shall include: Premises and Operations; Broad Form Property Damage (Including Completed Operations); Liability assumed under an Insured Contract (including tort liability of another assumed in a business contract); Personal Injury and Advertising Liability; Independent Contractors; Severability of Interest Clause; Waiver of Subrogation endorsement in favor of Owner as required by contract; General Aggregate Limits of Insurance shall apply separately; "Claims Made" and "Modified Occurrence" policy forms are not acceptable.

The limits of liability described above are minimum limits of liability only. Regardless of provisions to the contrary under the terms of any insurance policy maintained by Concessionaire, the specification of any such minimum limits shall neither be (1) intended to establish a maximum limit of liability to be maintained by Concessionaire regarding this Agreement, nor (2) construed as limiting the liability of any of Concessionaire's insurers, which must continue to be governed by the stated limits of liability of the relevant insurance policies.

B. Automobile Liability insurance at least as broad as ISO CA 00 01 including coverage for owned, non-owned, leased or hired vehicles as applicable, with a minimum limit of $1,000,000 each accident for bodily injury and property damage.

C. Workers' Compensation insurance securing Concessionaire's liability for industrial injury to its employees in accordance with the provisions of Title 51 of the Revised Code of Washington.

D. Property Insurance under which the Concessionaire's furniture, trade fixtures, equipment and inventory ("Business Personal Property") and all alterations, additions and improvements that Concessionaire makes to the Premises are insured throughout the Term of this Agreement in an amount not less than the replacement cost new thereof, against the following hazards: (i) loss from the perils of fire and other risks of direct physical loss (earthquake optional), not less broad than provided by the insurance industry standard "Causes of Loss - Special Form" (ISO form CP 1030 or equivalent); (ii) loss or damage from water leakage or Sprinkler systems now or hereafter installed in or on the Premises; (iii) loss or damage by explosion of steam boilers, pressure vessels, or above-ground oil or gasoline storage tanks or similar apparatus now or hereafter installed on the Premises; (iv) loss from business interruption or extra expense, with sufficient coverage to provide for the payment of Rent and Additional Charge and other fixed costs during any interruption of Concessionaire's business. Coverage shall contain a waiver of coinsurance or agreed amount endorsement(s). City shall be named as a loss payee, as its interest may appear, as respects property insurance covering the alterations, additions and improvements under such policy.

E. In the event that the City deems insurance to be inadequate to protect Concessionaire and the City, Concessionaire shall increase coverages and/or liability limits as the City shall deem reasonably adequate within sixty (60) days after the date of written notice.

2. Terms and Conditions for Concessionaire's Insurance.

A. The City of Seattle as Additional Insured: The CGL insurance and, in addition, Excess and/or Umbrella liability insurance, if any, shall include "The City of Seattle, its officers, officials, employees, agents and volunteers" as additional insureds. Concessionaire's insurance shall be primary and non-contributory to any insurance maintained by or available to the City. The term "insurance" in this paragraph shall include insurance, self-insurance (whether funded or unfunded), alternative risk transfer techniques, capital market solutions or any other form of risk financing.

B. Required Separation of Insured Provision; Cross-Liability Exclusion and other Endorsements Prohibited: Concessionaire's insurance policy shall include a "separation of insureds" or "severability" clause that applies coverage separately to each insured and additional insured, except with respect to the limits of the insurer's liability. Concessionaire's insurance policy shall not contain any provision, exclusion or endorsement that limits, bars, or effectively precludes the City of Seattle from coverage or asserting a claim under the Concessionaire's insurance policy on the basis that the coverage or claim is brought by an insured or additional insured against an insured or additional insured under the policy. Concessionaire's CGL policy shall NOT include any of the following Endorsements (or their equivalent endorsement or exclusions): (a) Contractual Liability Limitation, (CGL Form 21 39 or equivalent), b) Amendment Of Insured Contract Definition, (CGL Form 24 26 or equivalent), (c) Limitation of Coverage

to Designated Premises or Project, (CGL Form 21 44 or equivalent), (d) any endorsement modifying or deleting the exception to the Employer's Liability exclusion, (e) any "Insured vs. Insured" or "cross-liability" exclusion, and (f) any type of punitive, exemplary or multiplied damages exclusion. Concessionaire's failure to comply with any of the requisite insurance provisions shall be a material breach of, and grounds for, the immediate termination of the Agreement with the City of Seattle; or if applicable, and at the discretion of the City of Seattle, shall serve as grounds for the City to procure or renew insurance coverage with any related costs of premiums to be repaid by Concessionaire or reduced and/or offset against the Agreement.

C. Cancellation Notice: Coverage shall not be cancelled without forty-five (45) day written notice of such cancellation, except ten (10) day written notice as respects cancellation for non-payment of premium, to the City at its notice address except as may otherwise be specified in Revised Code of Washington (RCW) 48.18.290 (Cancellation by insurer.). The City and the Concessionaire mutually agree that for the purpose of RCW 48.18.290 (1) (b), for both liability and property insurance the City is deemed to be a "mortgagee, pledge, or other person shown by (the required insurance policies) to have an interest in any loss which may occur thereunder."

D. Minimum Security Requirements: Each insurance policy required hereunder shall be (1) subject to reasonable approval by City that it conforms with the requirements of this Section, and (2) be issued by an insurer rated A–:VIII or higher in the then-current A. M. Best's Key Rating Guide and licensed to do business in the State of Washington unless procured under the provisions of chapter 48.15 RCW (Unauthorized insurers).

E. Deductible or Self-Insured Retention: Any deductible or self-insured retention ("S.I.R.") must be disclosed to, and shall be subject to reasonable approval by, the City. Concessionaire shall cooperate to provide such information as the City may reasonably deem to be necessary to assess the risk bearing capacity of the Concessionaire to sustain such deductible or S.I.R. The cost of any claim falling within a deductible or S.I.R. shall be the responsibility of Concessionaire. If a deductible or S.I.R. for CGL or equivalent insurance is not "fronted" by an insurer but is funded and/or administered by Concessionaire or a contracted third party claims administrator, Concessionaire agrees to defend and indemnify the City to the same extent as the City would be protected as an additional insured for primary and non-contributory limits of liability as required herein by an insurer.

3. City's Property Insurance Coverage and Limits.

A. City will maintain at its expense Property Insurance or self-insurance under which the Premises, excluding Concessionaire's Business Personal Property and Improvements, are insured throughout the Term in an amount not less than the replacement cost new thereof, against the following hazards: (i) loss from the perils of fire and other risks of direct physical loss (including earthquake), not less broad than provided by the insurance industry standard "Causes of Loss - Special Form (ISO form CP 1030 or equivalent); (ii) loss or damage from water leakage or SPR sprinkler systems now or hereafter installed in or on the Premises; (iii) loss or damage by explosion of steam boilers, pressure vessels, or above-ground oil or gasoline storage tanks or similar apparatus now or hereafter installed on the Premises. City's Property Insurance currently is subject to a $250,000 deductible for most claims for which Concessionaire shall be responsible only to the proportional extent to which the loss or damage is attributable to Concessionaire's negligent acts that are, or should be, covered by Concessionaire's Fire/Concessionaire Legal Liability insurance.

B. During such time as Concessionaire is engaged in the performance of the Improvements or other renovation of the Premises, the Concessionaire shall maintain in full force and effect "All Risks" Builder's Risk Property insurance or equivalent for the portion of the Premises under renovation, including fire and flood, on a replacement cost new basis subject to a deductible of no more than $50,000 each loss. In the event of a claim under the builder's risk policy, Concessionaire or its contractor(s) shall be responsible for paying any deductible under the policy if Concessionaire or any of its agents, employees, or contractors is responsible for the loss or damage. It shall be Concessionaire's responsibility to properly coordinate with the City's Risk Management Division the placement of Builder's Risk Property insurance prior to any new construction on, or structural alteration of, the Premises.

The City may change the terms of its insurance in Sections 3.A. and 3.B. at any time based on market conditions, with no compensation due to the Concessionaire.

4. Waiver of Subrogation. Unless such waiver would void the property insurance coverage to be provided pursuant to this section, the City and Concessionaire waive all subrogation rights each may have against the other, or any subconcessionaire, for damages caused by fire or other perils to the extent covered by property insurance obtained pursuant to this section or other property insurance applicable to the Premises, except such rights as they have to proceeds of such insurance held by the City or the Concessionaire or both as fiduciary. This waiver of subrogation shall be effective to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, whether or not the person or entity paid the insurance premium directly or indirectly, and whether or not the person or entity has an insurable interest in the property damaged.

5. Evidence of Insurance. On or before the Commencement Date, and thereafter not later than the last business day prior to the expiration date of each such policy, the following documents must be delivered to City at its notice address as evidence of the insurance coverage required to be maintained by Concessionaire:

A. Certification of insurance documenting compliance with the coverage, minimum limits and general requirements specified herein; and

B. A copy of the policy's declarations pages, showing the insuring company, policy effective dates, limits of liability and the Schedule of Forms and Endorsements specifying all endorsements listed on the policy including any company-specific or manuscript endorsements;

C. A copy of the CGL insurance policy provision(s) and endorsements expressly including the City of Seattle and its officers, elected officials, employees, agents and volunteers as additional insureds (whether on ISO Form CG 20 26 or an equivalent additional insured or blanket additional insured policy wording), showing the policy number, and the original signature and printed name of the representative of the insurance company authorized to sign such endorsement;

D. Pending receipt of the documentation specified in this Exhibit D – Insurance Requirements. Concessionaire may provide a copy of a current complete binder. An ACORD certificate of insurance will not be accepted in lieu thereof.

Evidence of Insurance as set forth above, shall be issued to:

The certificate holder shall be:
The City of Seattle c/o Seattle Parks and Recreation
Contracts Administration and Support Office
300 Elliott Ave W, Suite 100
Seattle, WA 98119

with an electronic copy to joann.gunter@seattle.gov

6. Assumption of Property Risk. The placement and storage of Concessionaire's Business Personal Property in or about the Premises shall be the responsibility, and at the sole risk, of Concessionaire.

7. Adjustments of Claims: The Concessionaire shall provide for the prompt and efficient handling of all claims for bodily injury, property damage or theft arising out of the activities of the Concessionaire under this Agreement.

8. Concessionaire's Responsibility: The procuring of the policies of insurance required by this Agreement shall not be construed to limit the Concessionaire's liability hereunder. Notwithstanding said insurance, the Concessionaire shall be obligated for the full and total amount of any damage, injury or loss caused by negligence of the Concessionaire, or any of its agents, officers and employees or through use or occupancy of the Premises.

Golden Gardens Concession Agreement

EXHIBIT E - Concessionaire Equipment List

Square Point of Sale
Cash Register
JBL Speaker
Deli Case
Retail Freezer 3x
Freezer 2x
Beverage Dispenser
Coffee Grinder
LaSpaziale 2 Group Espresso Machine
Ice Machine
Square receipt printer
Square Ticket Printer
Gatorade Merchandiser Sliding Door Cooler
Induction Burner x2
Panini Press
Drip Coffee Machine
Katana Sandwich 27" refrigerator
Katana Sandwich 48" refrigerator
Katana 2 door Reach-in refrigerator
Deli Slicer
Food Processor
Underbar Dishwasher (Rental)

Phone/Device Chargers
Internet Modem
Ring Camera
Microwave
Various small countertop appliances
60” Doorway Air Curtain Fan
Large Fans x3
Janitorial Chemical Dispenser (Rental)
Handwashing Sink Soap Dispenser (Rental)
3-Compartment Sink Chemical Dispenser (rental)
Temporary flagpoles with mounts x6
24”x24” Safe
Various racking & shelving
Installed Custom Cabinetry
Installed Custom dining bar
Counter stools x6
Retail Chip Racks x2
Various retail gridwall, hooks and other fixtures
Track Lighting
Coffee Brewer
Counter Top Barista Pitcher Sink

END OF AGREEMENT

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Seattle Parks and Recreation	Kathleen Gantz	Alex Rouse

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to Seattle Parks and Recreation; authorizing the Superintendent of Parks and Recreation to execute for and on behalf of The City of Seattle a concession agreement granting The Kite Cafe LLC the right to exclusive use and occupancy of the Golden Gardens Bathhouse Concession Premises for the purpose of providing food and concessions for park patrons at Golden Gardens Park.

Summary and Background of the Legislation: The proposed legislation authorizes Seattle Parks and Recreation (SPR) to enter into a five-year, long-term concession agreement with The Kite Cafe LLC ("The Kite Cafe") to manage and operate the food concessions located at Golden Gardens Bathhouse ("Bathhouse"). The proposed agreement includes one five-year term with an option to extend for an additional five-years for a total of ten years.

The 2023 fair market appraisal of the Golden Gardens concession stand and storage unit are $32.61/square foot/year. The Kite Cafe will occupy a total of 500 square feet in the Bathhouse and the annual concession base fee will be $16,305 with an annual inflation-based increase capped at no more than 4%. Should sales exceed one million dollars ($1,000,000) per calendar year, concessionaire will also pay SPR 1% of gross receipts on revenue above one million dollars ($1,000,000). The agreement also allows the concessionaire to have an ice cream Jeep (battery powered) fully under the awning at the south end of the building during summer months on Thursday-Sundays.

Background: The original Golden Gardens Bathhouse, constructed in 1929-1930, housed a changing room, storage facility, and a lifeguard station. The Bathhouse was renovated in 2004 with Pro Parks Levy funds to include a separate area for food concessions.

Since that time, SPR has programmed the space through long-term food concession agreements awarded through formal RFP processes. The Kite Cafe is the third long-term concessionaire that was chosen from RFP processes. This most recent RFP process began in 2023 in anticipation of the end of the former concessionaire's contract. The RFP was released in September 2023, with proposals due in October 2023. Four proposals were received and three of them met minimum qualifications and were reviewed by a diverse panel team of three SPR staff and three community representatives. The top two proposals were invited to an in-person interview, and The Kite Cafe was ultimately chosen as the top proposal. The Kite Cafe began a one-year contract on April 15, 2024, while SPR prepared the long-term concession agreement and authorizing legislation.

The Kite Cafe is a local food business owned and managed by local Ballard residents. They operate an ice cream Jeep, catering company, and brick and mortar cafe. They have over 22 years of combined experience in the food industry including front-of-house roles, back-of-house roles, and digital marketing. The Kite Cafe supports locally grown food from producers and offers a diverse menu with cost-conscious, local, and healthy food options. They embrace many of SPR's values of creating warm and welcoming spaces, creating community, providing jobs and training opportunities for youth, and partnering in the care and upkeep of a valued SPR asset.

Note that while this legislation authorizes the concession agreement and subsequent collection of concession fees, it does not result in material financial changes to SPR's 2025 Adopted Budget which already assumes revenues from the long history of concessions at the Bathhouse facility.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ **Yes** ☒ **No**

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the city? ☐ **Yes** ☒ **No**

Notes: SPR does not anticipate that the new concession agreement with The Kite Cafe will have significant financial impacts on the 2025 Adopted Budget beyond those already described, as the budget already assumes concession revenues at this facility.

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.
No.
If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.
N/A

Please describe any financial costs or other impacts of *not* implementing the legislation.

Seattle Parks and Recreation would forgo at least $16,300 annually in revenue over the five years of the lease plus extension. Golden Garden Bathhouse is managed offsite by SPR; therefore, having a concessionaire on-site year-round helps to activate the park positively, enhances park visitors experience by providing healthy food options and provides eyes on the park on a more

continuous basis. If the legislation is not implemented, SPR does not have funding to activate the park or provide healthy concession offerings.

Please describe how this legislation may affect any City departments other than the originating department.

N/A

4. OTHER IMPLICATIONS

Is a public hearing required for this legislation?

No

Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation?

No

Does this legislation affect a piece of property?

Yes, this legislation is for the food concessions area at the south end of the Golden Gardens Bathhouse, and the storage space at the north end of the bathhouse, located at 8498 Seaview Pl NW, Seattle WA 98117. The map is attached as Summary Attachment A.

a. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.

The Kite Cafe continues to include a focus on inexpensive, grab-and-go as well as hot food items designed for families coming from all parts of Puget Sound to recreate at Golden Gardens beach for the day.

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.

N/A

iii. What is the Language Access Plan for any communications to the public?

The Kite Cafe's menu is available in Spanish and their point-of-sale menu includes 8 language options.

b. Climate Change Implications

iv. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.

By using local ingredients, compostable packaging, and electric equipment, The Kite Cafe actively reduces its carbon footprint. The Kite Cafe also sources from the local food system whenever possible, minimizing emissions and impact on the environment from longer supply chain transportation. The Kite Cafe's ice cream Jeep runs on a battery inverter system while in operation, further reducing their reliance on fossil fuels.

v. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.
N/A

If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?
N/A

Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?
No

5. ATTACHMENTS

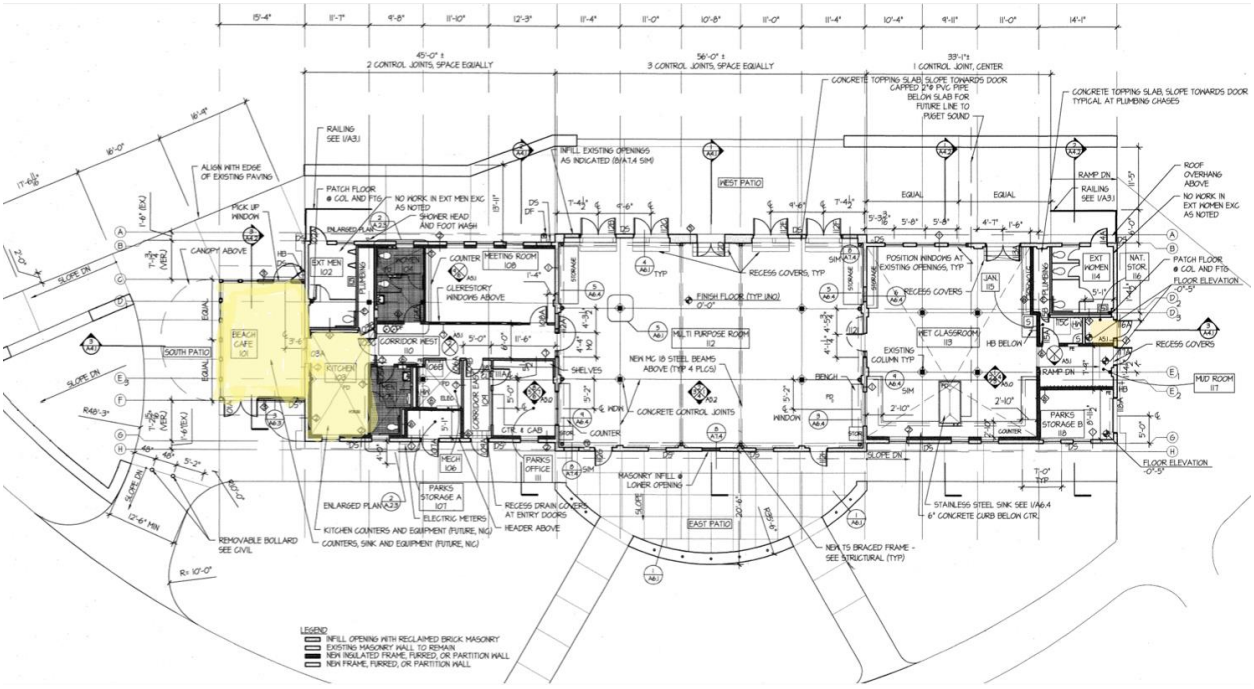
Summary Attachments:
Summary Attachment A – Map and Photos of Golden Gardens Bathhouse Food Concessions and Storage Area

Summary Attachment A: Map and photos of Golden Gardens Bathhouse Food Concessions and Storage area



This map of Golden Gardens Bathhouse is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.

Summary Attachment A Continued: Map and photos of Golden Gardens Bathhouse Food Concessions and Storage area



South end concession stand



North end storage room



Golden Gardens Bathhouse Food Concession

THE KITE CAFE LLC

Long-Term Concessions Agreement

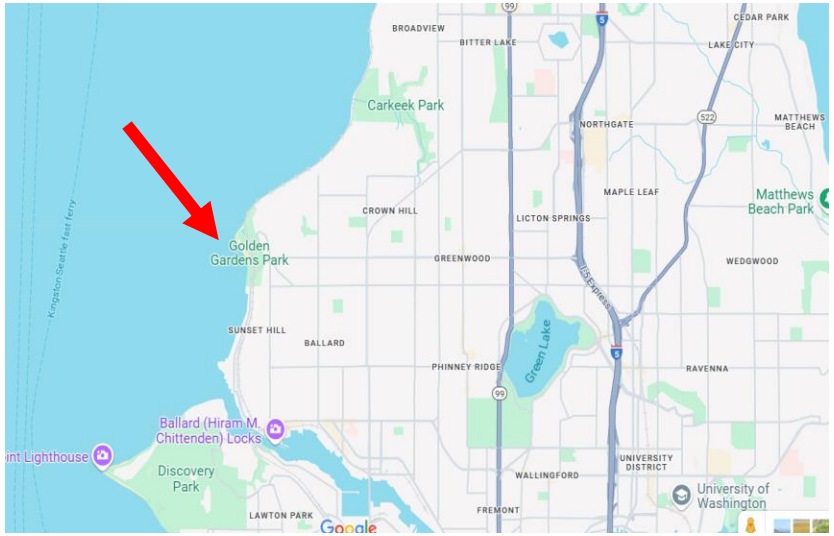
August 13, 2025

Briefing Overview

Purpose: Consideration of an ordinance authorizing the Superintendent of Parks and Recreation to execute a concession agreement granting The Kite Cafe LLC the right to exclusive use and occupancy of the Golden Gardens Bathhouse Concession Premises for the purpose of providing food and concessions for park patrons at Golden Gardens Park.

Agenda:

- Background Information
- Timeline
- Key Terms
- Questions / Discussion





Golden Gardens Bathhouse: Long-Term Agreement Goals

- Activate and maintain the historic bathhouse building
- Enhance the Golden Gardens visitor experience
- Provide park visitors with affordable, healthy snack options
- Enable a small, seasonal business to succeed as a valued part of its community
- Provide “eyes on the park” to enhance a safe and welcoming feeling in the park



Golden Gardens Concession: Timeline



Fall 2023: RFP Process

- Four proposals received were reviewed / scored by 3 SPR staff and 3 community members

January 2024: RFP Awarded

- Kite Cafe selected

Spring 2024: Kite Cafe opens under 1 year agreement

- Negotiations underway for longer term agreement
- Tenant improvements including new paint and electrical upgrades
- Net Revenue to SPR in 2024: $38,300

Summer 2025: Council considers longer term agreement

- Key terms on next slide

Proposed Agreement: Key Terms

Key Term	Description
Premises	Cafe area (500 SF)
Vehicles	Ice cream truck must remain on premises and under awning
Initial Term / Extension	5 years / One 5-year extension with mutual agreement
Annual Concession Fee	$16,300 (inflated by no more than 4%) + utility costs
Total Concession Fee	Initial Term: $81,500 + CPI (5-year extension same)
Additional Percentage Fee	1% fee applies to gross receipts above $1 million/year (level not yet reached)



Owners, Matt Kelly and Tony Meyer



Young Matt playing at Golden Gardens



Young Tony at the Golden Gardens concession food truck

Questions?


THE KITE
CAFE
SANDWICHES • SALADS • PICNIC SNACKS
COFFEE • COLD DRINKS • COOL TREATS

Karina Bull
Parks, Public Utilities, & Technology Committee
August 13, 2025
D1m

Amendment 1 Version 1 to CB 121036 – Golden Gardens Concession Agreement with Kite Cafe

Sponsor: Councilmember Strauss

Expand the use of jeep selling milkshakes and ice cream

Effect: This amendment would allow the concessionaire to expand the use of a jeep selling milkshakes and ice cream beyond the patio area that is currently defined by the footprint of the patio awning at the south end of the Golden Gardens Bathhouse at Golden Gardens Park (Park).

As part of this agreement, the patio area would expand to include the hardscape area that is bordered by several concrete structures. The concessionaire would have automatic right to use the jeep in this area.

Subject to Seattle Parks and Recreation's (SPR's) approval, the concessionaire could also use the jeep in a non-patio area, provided that SPR would not delay, condition, limit, or withhold such use unreasonably. The expanded use in the non-patio area could include placing the jeep in a different stationary location or operating the jeep on a mobile route.

This amendment would expand the concessionaire's vending opportunities and allow the public to use the patio area for shade when the jeep is in other areas of the Park.

Amend Section 1.3 of Attachment A to CB 121036 as follows:

1.3 Grants of Right to use Patio Area and Non-Patio Area of the Park. Throughout the Term, Concessionaire shall have the rights to use the hardscape patio area to the south of the Concession Premises and extending to the concrete structures bordering this area ("Patio Area") ((~~to place tables, chairs, and potted plants~~)). Concessionaire may place tables, chairs, and potted plants in this area. Signage may be placed with a Certificate of Approval from the Department of Neighborhoods. Any item that Concessionaire would like to use in the Patio Area must be approved by SPR in writing in advance and Concessionaire assumes all liability for any damage or loss.

In addition, during Food Service Hours Thursdays through Sundays and on any legal holidays, Concessionaire shall have the exclusive right to use the Patio Area to place a 12' by 6' jeep ("Jeep") for creation and sales of handspun milkshakes and hand dipped ice cream. While Concessionaire is using the Patio Area to vend with the Jeep, the Patio Area, as identified on Exhibit A, shall be considered part of the "Concession Premises" such that all obligations and restrictions placed on the use of the Concession Premises throughout the Agreement shall apply to the use of the Jeep in the Patio Area. ((~~The Jeep must remain under the patio awning and not extend beyond the footprint of the awning onto the park walkways.~~)) Concessionaire is permitted to have a small folding table and a cooler outside the vehicle and under the awning.

Only the Kite Cafe Jeep is permitted; Concessionaire may not use another vehicle, kiosk, or method of vending milkshakes, ice cream, or other food items in the Patio Area. No third-party vending will be permitted.

Concessionaire may also vend with the Jeep in a non-patio area (Non-Patio Area) of the Park, including placing the Jeep in a stationary location or operating the Jeep on a mobile route, without a separate use permit. Concessionaire may vend with the Jeep in a Non-Patio Area as Concessionaire and SPR mutually determine consistent with the purposes of this Agreement. Such use will be subject to SPR's prior approval, which SPR will not delay, condition, limit, or withhold unreasonably.

While Concessionaire is using a Non-Patio Area to vend with the Jeep, the area shall be considered part of the "Concession Premises" such that all obligations and restrictions placed on the use of the Concession Premises throughout the Agreement shall apply to the use of the Jeep in the Non-Patio Area.

((~~This right is~~)) These rights are subject to the same restrictions listed in Section 2 of the Agreement, specifically, that SPR may grant to a third party a temporary food concession right along with the use of the park through a Special Event Permit at Golden Gardens Park periodically during the term of this Agreement.

Amend Section 13.11 of Attachment A to CB 121036 as follows:

13.11 Jeep Entering and Exiting Park: The Jeep used to vend in the Patio Area shall enter and exit the Park using a curb ramp. A spotter will be used to guide the Jeep in and out and the Jeep will travel at no more than five (5) mph. The route will be the most direct at the south end of the main parking lot in front of the Building and directly south of the playground. The Jeep used to vend in a Non-Patio Area of the Park shall enter and exit the Park as approved by SPR. The vehicle will not remain in the park overnight.

(continued on next page)

Karina Bull
Parks, Public Utilities, & Technology Committee
August 13, 2025
D1m

Amend Summary Attachment A to CB 121036 as follows:

(after photos of South end concession stand and North end storage room)

Patio Area



Karina Bull
Parks, Public Utilities, & Technology Committee
August 13, 2025
D1d

Amendment 2 Version 1 to CB 121036 – Golden Gardens Concession Agreement with Kite Cafe

Sponsor: Councilmember Strauss

Reduce minimum hours of operation

Effect: This amendment would reduce the concessionaire's minimum total hours of operation as follows:

- March – Reduce minimum total hours for Saturday through Sunday to four hours.
- October – Reduce minimum total hours for Monday through Friday to four hours
- November – Reduce minimum total hours for Saturday through Sunday to four hours.

This amendment would allow the concessionaire more flexibility in determining their hours of operation during potentially slower times of business.

Amend Section 7.1 of Attachment A to CB 121036 as follows:

7.1 Minimum Service Hours. Unless otherwise approved by the Superintendent, Concessionaire shall be open for business year-round and will provide service for the minimum number of hours as shown in the Chart below during the following months:

Minimum hours of operation of the Premises are as follows

Month	Minimum total required hours of operation Saturday-Sunday	Minimum total required hours of operation Monday-Friday
January thru February	4 hours	No Requirements
March	((~~8 hours~~)) 4 hours	No Requirements
April	8 hours	4 hours
May	12 hours	16 hours
June Thru August	16 hours	40 hours
September	12 hours	16 hours
October	8 hours	((~~8 hours~~)) 4 hours
November	((~~8 hours~~)) 4 hours	No Requirements
December	4 hours	No Requirements

* * *

Karina Bull
Parks, Public Utilities, & Technology Committee
August 13, 2025
D1e

Amendment 3 Version 1 to CB 121036 – Golden Gardens Concession Agreement with Kite Cafe
Sponsor: Councilmember Strauss

Reduce annual concession base fee and remove annual inflationary adjustment

Effect: This amendment would change the concession base fee as follows:

- Reduce the annual fee from $16,300 to $16,000 to align with the amount listed in the 2023 Request for Proposals; and
- Remove the annual inflationary adjustment (i.e., CPI increase of no more than 4%).

Over the course of the five-year agreement, this amendment could decrease the concession base fee by up to $8,300.

Amend Section 5 of Attachment A to CB 121036 as follows and renumber subsequent sections as appropriate:

5. CONCESSION BASE FEE

5.1 Monthly Concession Base Fee and Leasehold Excise Tax.
Concessionaire shall commence paying annual concession base fee of ((~~$16,300~~)) $16,000, and concession base fee shall be paid by installments every month for the duration of the Term. This is equal to the amount listed in the 2023 Request for Proposals and the approximate appraised value done in March 2023. On or before the 5th day of each month, Concessionaire shall pay to City of Seattle at the address and to the account specified by the City, without notice or demand of any setoff or deduction whatsoever, in lawful money of the United States the following:

a. An installment of the annual concession base fee in the amount of ((~~$1,358.34~~)) $1,333.33 monthly. If Commencement date does not occur at the start of the calendar month, Concessionaire shall pay prorated amount for first month no later than five days after commencement.
b. Monthly amount of applicable Leasehold Excise Tax required under Section 10.

* * *

((~~5.4 Adjustments to Concession Base Fee: Beginning on the anniversary of the Effective Date and annually thereafter, the concession base fee will be adjusted upward based on CPI, but no more than four percent (4%) annually on the first day of the following month and on each anniversary of that date thereafter until this Agreement terminates.~~))

* * *

File #: CB 121056, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE authorizing the Superintendent of Seattle Parks and Recreation to enter into a Concession Agreement with Magnuson Brewing, LLC, to occupy and use a portion of the North Shore Recreation Area at Warren G. Magnuson Park to provide food and beverage concessions.

WHEREAS, The City of Seattle owns certain land totaling 309 acres, obtained from the United States Government, known formerly as Naval Air Station Sand Point (now Warren G. Magnuson Park), deeded to Seattle, Washington, on April 29, 1999; and

WHEREAS, Seattle Parks and Recreation (SPR) and Magnuson Brewing, LLC (Concessionaire) desire to provide diverse and high-quality food and beverage concessions within Warren G. Magnuson Park for the consumption by and benefit of the general public; and

WHEREAS, Concessionaire has provided restaurant service to Warren G. Magnuson Park visitors from the entirety of Building 20 and a portion of the first floor of Building 11 at Magnuson Park (Premises) since 2018; and

WHEREAS, Concessionaire and the City have expressed a desire and believe it is in the best interest to continue to have these services available to the community for the long term; and

WHEREAS, it benefits the City and SPR to lease space in Warren G. Magnuson Park's Building 11 and Building 20 to generate revenue to manage its debt service and building renovation expenses; and

WHEREAS, the ongoing activation of Building 11 and Building 20 in Warren G. Magnuson Park supports the overall mission of SPR in providing a safe, healthy, and thriving public space at the North Shore Recreation Area; and

WHEREAS, the City installed a wheelchair lift in 2024 to satisfy compliance with Title II of the Americans with Disabilities Act (ADA) to support Concessionaire's ongoing and future operations in Building 20; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Superintendent of Parks and Recreation ("Superintendent") is authorized to execute, for and on behalf of The City of Seattle, a Concession Agreement in substantially the form of Attachment 1 to this ordinance.

Section 2. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the _____ day of _____, 2025, and signed by me in open session in authentication of its passage this _____ day of _____, 2025.

_____

President _____ of the City Council

Approved / returned unsigned / vetoed this ____day of _____, 2025.

_____

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2025.

_____

Scheereen Dedman, City Clerk

(Seal)

Attachments:
Attachment 1 - Concession Agreement between The City of Seattle and Magnuson Brewery, LLC
Exhibit A - Naval Station Puget Sound (Sand Point) Deed of Conveyance
Exhibit B - Legal Description
Exhibit C - Interior Floorplan
Exhibit D - Gross Receipts Definition
Exhibit E - Outdoor Premises
Exhibit F - Public Benefits Plan

CONCESSION AGREEMENT
between
THE CITY OF SEATTLE
and
MAGNUSON BREWERY, LLC
PR0PC25-1597

THIS CONCESSION AGREEMENT (“Agreement”) is entered into this day _____ by and between THE CITY OF SEATTLE ("City"), a city of the first class of the State of Washington, acting by and through the Seattle Parks and Recreation Department (“SPR”) and the Superintendent thereof (“Superintendent”), and MAGNUSON BREWERY, LLC ("Concessionaire”) a limited liability company organized under the laws of the State of Washington.

RECITALS

WHEREAS, Seattle, Washington, owns certain land totaling 309 acres, obtained from the United States of America (USA) known formerly as Naval Air Station Sand Point (known now as Warren G Magnuson Park), and deeded to Seattle, Washington, on April 29, 1999. Said quitclaim deed is attached and hereinafter referred to as Exhibit A; and

WHEREAS, a covenant of the deed states, “The property shall not be sold, leased, assigned, or otherwise disposed of except to another eligible governmental agency that the Secretary of Interior agrees in writing can assure the continued use and maintenance of the property for public park or public recreation purposes subject to the same terms and conditions in the original instrument of conveyance. However, nothing in this provision shall preclude the Grantee from providing related recreational facilities and service compatible with the approved application, through concession agreements entered into with third parties, provided prior concurrence to such agreements is obtained in writing from the Secretary of the Interior”; and

WHEREAS, the 2012 Warren G. Magnuson Park Strategic Development Plan identified the establishment of restaurants and/or food services within the Park as a key priority; and

WHEREAS, it benefits the City to designate concession space in Magnuson Park Building 11 and Building 20 to generate revenue to manage its debt service and building renovation expenses; and

WHEREAS, the ongoing activation of Magnuson Park Building 11 and Building 20 supports the overall mission of SPR in providing safe, healthy, and thriving public spaces at Magnuson Park’s North Shore Recreation Area; and

WHEREAS, Concessionaire has provided restaurant service to Warren G. Magnuson Park (“Magnuson Park”) visitors from the entirety of Building 20 and a portion of the first floor of Building 11 at Magnuson Park (the “Premises”) since 2018; and

WHEREAS, Concessionaire and City have expressed a desire and believe it is in the best interest to continue to have these services available to the community for the long term; and

WHEREAS, the City performed a Capital Improvement Project (CIP) in 2024 to satisfy compliance with Title II of the Americans with Disabilities Act (ADA) to support Concessionaire's ongoing and future operations in Building 20;

NOW, THEREFORE, in consideration of the mutual promises, terms, conditions, and performances described herein, City and Concessionaire covenant and agree as follows:

AGREEMENT

1. DEFINITIONS AND EXHIBITS

The following terms shall have the following meanings, except as otherwise specifically modified in this Agreement:

1.1. Buildings

The structure containing the formerly separate buildings designated in the Magnuson Park Master Plan as Building 11 and Building 20, located at 7821 62nd Ave NE, Seattle, King County, Washington 98115 and 7801 62nd Ave NE, Seattle, King County, Washington 98115 respectively, situated on a portion of the real property legally described in Exhibit B. Building 11 and Building 20 are connected through architectural features added prior to SPR ownership and are served by a unified set of utility infrastructure. Individually, "Building 11" and "Building 20" refer to portions of the Buildings as depicted in the floorplan attached as Exhibit C and are collectively herein referred to as "Building".

1.2. Premises

A space of approximately 1,680 square feet located on the first floor of the Buildings in the Building 20 area; an outdoor, partially-covered seating area ("Exterior Deck") comprising approximately 2,700 square feet on the east side of the Buildings in the Building 20 area; Room 157A, a space of approximately 1,170 square feet located on the first floor of the Buildings in the Building 11 area; and additional outdoor space of approximately 360 square feet adjacent to the Buildings in the Building 11 area, depicted in Exhibit C.

1.3. Effective Date

The date this Agreement is signed by an authorized representative of each party following an authorizing ordinance of Seattle City Council.

1.4. Commencement Date

The Commencement Date is August 1, 2025, unless the Effective Date is after this date, in which case the Effective Date and Commencement Date shall be the same.

1.5. Expiration Date

This Agreement shall expire on July 31, 2035, unless the parties mutually agree to an Extended Term as described in Section 4.2.

1.6. Fees and Charges

1.6.1. Concession Fee. Concessionaire shall pay to the City a monthly fee ("Concession Fee") as defined in Section 5.1.

1.6.2. Annual Percentage Fee. Concessionaire shall pay to the City a percentage of annual revenue ("Annual Percentage Fee"), if applicable, as defined in Section 5.2.

1.6.3. Additional Charges. Whether or not so designated, all other sums due from Concessionaire under this Agreement shall constitute Additional Charges, payable when specified in this Agreement.

1.7. Tenant Improvement

As used in this agreement, a "Tenant Improvement" shall describe any capital project undertaken by Concessionaire or subcontractor(s) commissioned by Concessionaire within Premises (a) to improve the fair market value of the Premises; (b) to aid in the performance and/or security of Concessionaire's business operations; or (c) both of the foregoing. Such Tenant Improvements shall be undertaken following the procedures set out in Section 10 and will devolve to City ownership upon vacation of Premises by Concessionaire.

1.8. Notice Addresses

To City:

The City of Seattle, Department of Parks and Recreation
Attention: Manager, Warren G. Magnuson Park
6310 NE 74th St. Suite 109E
Seattle, WA 98115

To Concessionaire:

Magnuson Brewery, LLC
Attention: Cody Cluff
6420 NE 60th St.
Seattle, WA 98115

1.9. Delegated Authority

Where used hereafter in this Agreement, the term "Superintendent", when referring to the Superintendent of Seattle Parks and Recreation, shall be understood to include any designee(s) from that Department authorized to exercise delegated authority on behalf of the Superintendent.

1.10. Exhibits

The following Exhibits are made a part of this Agreement:

- Exhibit A – Naval Station Puget Sound (Sand Point) Deed of Conveyance
- Exhibit B – Legal Description
- Exhibit C – Interior Floorplan
- Exhibit D – Gross Receipts Definition

- Exhibit E – Outdoor Premises
- Exhibit F – Public Benefits Plan

2. CONSIDERATION

The City grants the Concession rights set out in Section 3.1 in exchange for the Concessionaire's performance of the following:

- Making timely payments of the Monthly Concession Fee and any applicable Annual Percentage Fee or Additional Charge as described in Section 5.
- Providing all equipment and services to operate the Concession in the manner required in Section 7.
- Completing Tenant Improvements to Parks property in the manner set out in Section 10.
- Providing the public benefit services set out in Section 11 and Exhibit F.

3. USE OF PREMISES

3.1. Grant of Concession

City grants to Concessionaire the right to use and occupy the Premises, defined in Section 1.2 and depicted in Exhibits C and E, for the exclusive purpose of carrying out the Permit Use set out in Section 3.4. Concessionaire shall also have the right to non-exclusive use (but on occupancy) of the Common Areas in the Premises as set out in Section 3.5.

3.2. Condition of Premises

Concessionaire currently occupies the Premises and has inspected same and is aware of the Premises' condition as of the date of this Agreement. Concessionaire accepts the Premises in its "as is" condition with no representation or warranty by the City as to its condition or its suitability or fitness for Concessionaire's proposed activities.

3.3. Parking

No parking rights are associated with this Agreement. Parking at Magnuson Park is available on a first come/first served, unreserved basis, and any areas designated by the Superintendent for parking shall be deemed Common Areas under this Agreement.

3.4. Permitted Use

Concessionaire shall use the Premises for the purposes of running a restaurant and brewery, including the sale of food, beer, wine, and cider, and the manufacturing and wholesale of beer, as well as the necessary clerical, preparatory, and miscellaneous support operations pertaining to that use. Concessionaire may also use the Premises to sell merchandise associated with a restaurant and brewery, subject to approval by the Superintendent. Concessionaire shall not use the Premises for any purpose whatsoever other than the uses specifically permitted herein (collectively, the "Permitted Use"). Subject to the terms and conditions in Section 7.6, Concessionaire may manage and conduct Permitted Uses on an outdoor deck (the "Exterior

Deck"). Concessionaire's use of the Exterior Deck shall be on a non-exclusive basis, with use permitted for the public and Concessionaire's patrons.

3.5. Common Areas

During the Term, Concessionaire and its employees, contractors, and invitees shall have the nonexclusive right to use the lobbies, stairs, corridors, restrooms and other public areas of the Building and Magnuson Park (the "Common Areas") in common with City, the general public, and other Building occupants and their respective Concessionaires, invitees, customers, and employees. Use of the Common Areas shall be governed by Park rules as the Superintendent may amend them from time to time, and by those terms set forth in this Agreement. City shall at all times have exclusive control and management of the Common Areas and no diminution thereof shall be deemed a constructive or actual eviction or entitle Concessionaire to compensation or a reduction or abatement of the Concession Fee.

3.6. Special Events

Concessionaire shall not utilize Magnuson Park common areas, either within or outside the Building, for special events unless it has obtained a Park Use Permit from SPR or a Special Events Permit from the City a minimum of ninety (90) days in advance. In addition, recognizing that Magnuson Park has limited capacity to handle multiple events with large attendance, if Concessionaire promotes any event that it reasonably anticipates will draw more than 50 people beyond its normal use and occupancy at one time, Concessionaire shall provide City with no less than ninety (90) days' advance written notice. If the Superintendent determines that the event would unreasonably conflict with other uses of Magnuson Park, the City shall notify the Concessionaire within five (5) business days after receipt of the notice. Upon receipt of such notice the Concessionaire shall reschedule the event or limit attendance at the event to the number of people that can be served within the Premises at one time under all applicable laws and regulations.

3.7. Alterations

City, in its discretion, may increase, decrease, or change the number, locations and dimensions of any hallways, lobby areas, Common Areas and other improvements shown that are not within the Premises. Such an increase, decrease, or change shall not materially interfere with Concessionaire's business as permitted in Section 2.4. City reserves the right from time to time (i) to install, use, maintain, repair, relocate and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to the Premises or to other parts of the Building in areas above the suspended ceiling surfaces, below the floor surfaces, within the walls and elsewhere in the Building; (ii) to alter or expand the Building; and (iii) to alter, relocate or substitute any of the Common Areas.

3.8. Square Footage of Premises

The square footage of the Premises provided in Section 1.2 are based on measurements taken pursuant to Concessionaire's commission of a 2023 market rate analysis and mutually agreed upon between the City and Concessionaire for purposes of calculating the Concession Fee.

These Premises measurements shall not be re-measured after the completion of any building improvements pursuant to Section 10, and Concessionaire shall pay the Concession Fee based upon the measurements provided in Section 1.2 without future adjustment of the square footage measurements.

4. TERM

4.1. Initial Term

This Agreement shall be for a term of ten (10) years (the "Initial Term"), beginning on the date when this Agreement is executed by an authorized representative of both parties (the "Commencement Date") following an authorizing ordinance of Seattle City Council and ending on the Expiration Date specified in Section 1.5, unless the Agreement Term is terminated early in accordance with the provisions of this Agreement.

4.2. Extended Term

City and Concessionaire may mutually agree to extend the term of the Agreement beyond the Initial Term for one (1) extended terms of five (5) years ("Extended Term") to commence immediately after the Initial Term. To exercise its option to extend, Concessionaire must provide the City written notice at least two hundred and seventy (270) days prior to the expiration of the Initial Term. The option for this Extended Term will only be effective when City and Concessionaire agree in writing to such an extension. As a condition precedent for any Extended Term, Concessionaire must not be in Default at the time the written request is provided to City and at the time the written agreement to extend the term is signed. All terms and conditions of this Agreement shall continue in full force and effect during the Extended Term and the Concession Fee shall be adjusted as provided in Section 5.5. As used in this Agreement, any reference to the "Term" means the Initial Term and any and all Extended Term(s) exercised by Concessionaire hereunder.

5. CONCESSION FEE

5.1. Term Concession Fee; Annual Increase Date

Starting on the Effective Date, Concessionaire shall pay the City a fee ("Concession Fee") for Concessionaire's use of the Premises based on the table below.

Year	Annual Fee	Monthly Fee
1	$60,000.00	$5,000.00
2	$65,000.00	$5,416.67
3	$75,000.00	$6,250.00
4	$85,000.00	$7,083.33
5	$90,000.00	$7,500.00
6	$105,000.00	$8,750.00
7	$110,000.00	$9,166.67
8	$120,293.00	$10,024.42
9	$126,307.65	$10,525.64

10	$132,623.03	$11,051.92

The date marking the annual Concession Fee increase shall be August 1 of each year. Therefore, regardless of this Agreement's Effective Date, for purposes of Concession Fee increases the first day of Year 2 shall be August 1, 2026; the first day of Year 3 shall be August 1, 2027; and so on.

5.2. Annual Percent Fee

Concessionaire shall pay to City at the address and to the account specified by City, on or before January 31 of each calendar year during the Term (or any Extended Term), without notice or demand or any offset or deduction whatsoever, 3% of Concessionaire's Gross Receipts, for Restaurant Sales only, above $3,500,000. For example, if Concessionaire's Gross Receipts, for Restaurant Sales only, in year one (1) is $4,000,000 then Concessionaire will pay to City 3% of $500,000 for a total payment of $15,000 ($4,000,000 - $3,500,000 x 3% = $15,000). The definition of Gross Receipts is defined in Exhibit D.

5.3. Time and Manner of Payment

Concessionaire shall pay the annual Concession Fee in twelve (12) equal monthly installments, along with any applicable LET, in advance, on or before the first day of each month during the Term. If the Commencement Date does not occur at the start of a calendar month, the Concessionaire's obligation to pay shall be prorated for the first month. For clarity, if the Commencement Date is August 12th, the Concessionaire would pay a prorated Concession Fee, along with any LET, for the remaining days in August, and then pay eleven (11) equal monthly installments. All payments shall be by check or money order and made payable to the City. All payments shall be delivered to:

City of Seattle Treasury
PO Box 94626
Seattle, WA 98124-6926

or to such other address as SPR may hereafter designate, in writing, or by electronic fund transfer or such other manner of payment as SPR may approve, which approval shall not be unreasonably withheld, conditioned, or delayed.

5.4. Additional Charges

Concessionaire shall pay to the City as and when specified elsewhere in this Agreement Additional Charges; but if not specified, then within ten (10) days after written demand. Proration of Additional Charges for partial months shall be solely at the discretion of the Superintendent.

5.5. Extended Term Fee Increases

Beginning on the Commencement of the Extended Term, if exercised, and annually thereafter on the anniversary of the Commencement Date, Concessionaire's monthly Concession Fee shall increase by 5% over the previous year's total. For example, since the Concession Fee for Year 10 of the Initial Term is $132,623.03, the annual Concession Fee for Year 1 of the

Extended Term will be $139,254.18. The monthly fee for each year of the Extended Term shall be calculated by dividing this annual Concession Fee into twelve (12) equal payments (therefore, for Year 1 of the Extended Term, the monthly fee would be $11,604.52).

5.6. Security Deposit

City acknowledges that Concessionaire has previously provided a total security deposit of **$5,946.00** pursuant to an Amendment to the 2018 Magnuson Park Building 11 Concession Agreement for the Premises. The aforementioned deposit shall be transferred in its entirety to this new Concession Agreement. Within two (2) days of the execution of this Agreement, Concessionaire will provide an additional deposit in the amount of **$2,130.86**. The resulting total deposit amount of **$8,076.86** is equal to the average (mean) monthly fee owed to City by Concessionaire during the Initial Term. The City will hold the Security Deposit for the Term of the Agreement (including any Extended Term) and keep Security Deposit funds separate from other funds associated with this Agreement. All interest earned by the Security Deposit will become the property of the City. If Concessionaire defaults on any of its obligations under this Agreement, the City may, without prior notice to Concessionaire, use this Security Deposit to cure any such default. If the City withdraws all or a portion of the Security Deposit funds to cure Concessionaire's default, the City shall notify the Concessionaire within a reasonable time of the amount of funds withdrawn, the reason the funds were withdrawn, and a general description of how the funds were spent. If the Agreement is not terminated by the default leading to withdrawal of Security Deposit funds, within ten (10) days of receiving the City's notice, Concessionaire shall provide as an additional Security Deposit an amount equal to the amount withdrawn by the City. The City shall pay Concessionaire the balance of the Security Deposit, with no liability for interest earned, within thirty (30) days after the expiration or prior termination of the Term if, and only if, Concessionaire has fully performed all its obligations under this Agreement.

5.7. Late and Refused Payments

If Concessionaire fails to pay any sum when such amount is due to the City, Concessionaire shall pay to the City interest on the unpaid amount at the rate of 12% per annum from the date such amount was due until the date paid. Concessionaire shall pay City a Twenty Dollar ($20.00) charge for each check refused payment for insufficient funds or any other reason.

6. FINANCIAL RECORDS & AUDIT

6.1. Concessionaire's Records

The Concessionaire shall maintain at the Premises a clear and documented set of books, records, documents, financial statements, and other evidence reflecting all business activity conducted at the Premises, including cash register tapes, Point of Sale system reports, credit card charge records and any other data relating to the determination of Gross Receipts and the calculation of the Percent Fee.

6.2. Audit

Concessionaire shall permit its records to be inspected by the City, with reasonable notice, and Concessionaire's records shall be subject to copying and audit by the City, the Office of the State Auditor, and other officials so authorized by law, rule, regulation, or contract. The Concessionaire shall ensure that this right of inspection, audit, and copying is a condition of any sub-concession agreement or other arrangement under which any person or entity other than Concessionaire is permitted to carry on a business activity in, on, or from the Premises. The Concessionaire shall not be required to staff the City's audit of Concessionaire's financial records, and the City shall solely bear the costs associated with its inspection of Concessionaire's financial activity under this Agreement.

6.3. Retention

The Concessionaire shall retain all financial books, records, documents, cash register tapes, credit card records and other material relevant to the financial activity under this Agreement for seven (7) years after the expiration or termination of any calendar year under the Agreement, or longer if required by the relevant local, state, or federal authority.

6.4. Public Disclosure

Concessionaire understands that all documents, correspondence, and records associated with this Agreement may be subject to State and City public disclosure laws. If and when directed by the City, Concessionaire will comply with requests for public disclosure by providing to the City any documents and records requested by the date indicated by the City. In the event Concessionaire fails to timely provide documents and records legally subject to disclosure, Concessionaire will be liable for and will pay on the City's behalf any fines or penalty imposed on the City resulting from Concessionaire's acts or omissions.

6.5. Cash Register

The Concessionaire shall enter all sales on a type of cash register or Point of Sale (POS) System that records and identifies the date, type of sale, and the amount of each transaction, and that is equipped with a cumulative, non-alterable accounting control mechanism.

6.6. Record Keeping Subject to Approval

Concessionaire shall not change record keeping methods or change or discontinue use of the cash register or POS System without the Superintendent's authorization, which will not be unreasonably withheld.

6.7. Annual Report

On or before January 31 of each calendar year during the Term (including any Extended Term), Concessionaire shall submit to Parks annual financial reports, in a form acceptable to the Superintendent. These reports shall at minimum provide details concerning Concessionaire's expenses, revenues, profit and loss, maintenance and operations for the Premises, financial balance sheets, and any other information necessary for City to accurately inspect and audit Concessionaire's financial operations.

6.8. Survival

The obligations in this Section 6 shall survive termination or expiration of the Agreement for the applicable duration of any statute of limitations.

7. CONCESSIONAIRE'S OPERATIONS AND SERVICES

7.1. Use of Premises

Concessionaire shall use the Premises only for the Permitted Use. As City's willingness to enter into this Agreement with Concessionaire was predicated, in part, on the nature of Concessionaire's business, and the compatibility of such business with the use of the remainder of the Building, Concessionaire shall not use or permit the use of the Premises for any other business, or purpose, or under any other name, without City's prior written consent. Concessionaire shall promptly comply, at its sole cost and expense, with such reasonable rules and regulations relating to the use of the Premises, Building, and Common Areas as the City, from time to time, may promulgate. Concessionaire shall maintain the Premises in a clean, orderly, and neat fashion and to a standard reasonably established by the Superintendent for the Building, permitting no objectionable odors to be emitted from the Premises. Concessionaire shall neither commit waste of the Premises nor permit any waste to be committed thereon. Concessionaire shall not permit any accumulation of trash on or about the Premises. Concessionaire shall not create or contribute to the creation of a nuisance in either the Premises or the Building, and Concessionaire shall not engage in or permit any action that will disturb the quiet enjoyment of any other occupant in the Building.

7.1.1. Building 11 Common Area Restrooms Maintenance. Concessionaire and City agree to share maintenance and custodial responsibility of the first-floor common area restrooms adjacent to Concessionaire's premises, as indicated on Exhibit C. SPR will be responsible for cleaning the common area restrooms on a regular basis to SPR standard once daily, prior to Concessionaire's public operating hours. Concessionaire will be responsible for minor maintenance and cleaning of common area restrooms during the operating hours of the restaurant, and at or after daily closing of business, and for prompt reporting of major maintenance issues to SPR's Facilities division. Consumables and cleaning supplies (including paper products, hand soap, and floor cleaner) will be provided by SPR. Maintenance of common area restrooms may be considered as a contribution for Concessionaire's Public Benefit Requirement, provided that proper documentation is submitted pursuant to Section 11.3.

7.2. Products.

7.2.1. All food products used on the Premises shall meet the following minimum requirements. Food used must be United States Department of Agriculture (USDA) inspected or approved as follows:

1. Fish and poultry shall be of a quality equivalent to a number "1" grade cod or halibut.
2. Dairy products shall meet top USDA requirements.
3. Beef shall be of a "choice" or "prime" grade and shall be used as 100% beef only; additives shall not be used as extenders.

4. Canned food products shall carry the "fancy" label.

5. All products with a shelf life indicated by code shall not be used outside the code period unless properly preserved prior to that period ending.

6. At no time shall any meat product be used on a day other than the day upon which it was cooked.

7. At no time shall any “refrozen product” be used on the Premises.

8. Concessionaire shall ensure that all products are stored in properly working refrigeration units, heat units, and dry storage units.

7.2.2. The following shall be excluded from Concessionaire's operation without prior written approval:

1. Cigarette sales.
2. Non-food products unless approved by City.
3. Alcoholic beverages (excluding beer, wine, and cider) unless approved by City.
4. Vending machines unless approved by City.
5. Video games or gambling devices unless approved by City.

7.3. Menu

Concessionaire' s menus may not contain messages the Superintendent deems to include, promote, or encourage racism, profanity, sexual innuendo, or socially irresponsible behavior. Superintendent shall have the right to require Concessionaire to change menu design, artwork, and wording to remove content with the above subject matter at any time. Upon receiving notice from Superintendent by any means (including verbal communication, telephone, email, or written notice) that menu design, artwork, or wording is not acceptable, Concessionaire shall remove the unacceptable content from the menu within five (5) business days. Concessionaire and its employees shall not make or permit any misrepresentation as to kind, quality, weight, or price of food, beverages, or merchandise offered for sale. Excluding employee discounts, Concessionaire and its employees shall not sell any food, beverage, or merchandise at prices different from prices displayed or advertised.

7.4. Mandated Menu Items

7.4.1. Beverages. Subject to agreement between the parties, the City may direct Concessionaire to create no more than two (2) beers bearing a City-associated name, such as “Seattle Parks and Recreation” and “Magnuson Park,” for City marketing purposes. The name and availability of this beer will be subject to agreement between the parties. Concessionaire expressly acknowledges that all rights to the designated City-associated name stated in the agreement will remain strictly with the City notwithstanding any agreement allowing Concessionaire to make use of that name.

7.4.2. Food. Concessionaire shall always provide a minimum of one vegetarian food item on the menu throughout the duration of the Agreement.

7.5. Private Parties/Events

Concessionaire shall secure all required permits, licenses, and any additional insurance coverage that the Superintendent may require for sponsored private parties and special events. Concessionaire may use the Exterior Deck for sponsored private parties and events, subject to the City's use set out in Section 7.6 and to permitting requirements set out in Section 3.7. Concessionaire may not use the Exterior Deck for more than four (4) parties or events per calendar year requiring the exclusion of the public without the prior approval of the Superintendent.

7.6. City Use of Exterior Deck

The City shall have reasonable access to and use of the Exterior Deck for City events, including events that require exclusion of the public or Concessionaire. The City may schedule during business days no more than four (4) such exclusive events of no more than six (6) hours each during any year. Superintendent shall give Concessionaire at least thirty (30) days' notice before any City-hosted event at which Concessionaire will be excluded from the Exterior Deck. Superintendent shall work to reasonably accommodate Concessionaire's use of the Exterior Deck when scheduling City events.

7.7. Concessionaire' s Staff

An experienced on-site manager shall be selected and designated as the Concessionaire's authorized representative who shall oversee all concession operations on the Premises and transmit and receive communications to and from City. This designated manager shall meet twice annually with a representative of City to discuss operational concerns. Concessionaire shall employ competent, courteous, and efficient staff in numbers to adequately serve its patrons. All Concessionaire staff members shall, while on duty, be equipped with any apparatus or clothing that may be required by law, ordinance, or regulation. Concessionaire staff shall not smoke within Magnuson Park. Employees shall behave professionally in all aspects of employment, appearance, professional level, training, and operation. Concessionaire understands agrees that the designation and presence of the on-site manager is a material term of this Agreement. Failure to comply with this provision shall be an event of Default under Section 22.

7.8. Operating Hours & Closure

7.8.1. General. Concessionaire shall keep the Premises open and use them to transact business with the public daily during hours as designated below at a minimum or as otherwise may be mutually agreed to by both parties. If a new schedule for hours of operation cannot be mutually agreed upon by both parties, then the Concessionaire shall keep the Premises open and use them to transact business with the public daily during hours as designated below. Subject to the Superintendent's prior reasonable approval, Concessionaire may, upon posting a written notice to the public of not less than one (1) week in duration prior to any approved closure, closing of the Premises or a portion thereof for a reasonable period for repairs or any approved remodeling, or for taking inventory. Concessionaire shall close to accommodate reasonable operational requirements of City's business, upon thirty (30) days' prior written notice to Concessionaire, and Concessionaire shall immediately close in the case of any

emergency as determined by the Superintendent; provided, however, that if Concessionaire shall close pursuant to this sentence at the direction of City, and if Concessionaire remains closed at the direction of City for more than three (3) days, then Concessionaire's Concession Fee and Additional Charges shall be prorated for the duration of the closure in the proportion that the number of days of the closure bears to the number of days of the month. Concessionaire shall furnish an approved sign at the Premises entrance advising the public of any approved closure, unless closed at the direction of City.

Minimum hours of operation of the business conducted on the Premises are as follows:

- Year-Round Operation: 11:00 AM – 8:00 PM, Seven Days/Week

Holiday Closures:

- Christmas Day
- Thanksgiving Day
- New Year's Day

7.8.2. Additional Closures. Concessionaire may request additional closure dates via formal request to City at least sixty (60) days in advance and subject to Superintendent's approval. If approval for closure is granted, such closure must be announced via public notice in accordance with Section 7.8.1.

7.9. Compliance with Laws; Nondiscrimination.

7.9.1. General Obligation. Concessionaire shall not use or permit the Premises or any part thereof to be used for any purpose in violation of any municipal, county, state or federal law, ordinance, or regulation, or for any purpose offensive to the standards of the community of which the Building is a part. Concessionaire shall promptly comply, at its sole cost and expense, with all laws, ordinances, and regulations now in force or hereafter adopted relating to or affecting the condition, use, or occupancy of the Premises (provided that Concessionaire shall not be responsible for maintaining in compliance with laws those portions of the Building, including the Premises, that are City's responsibility to maintain under terms of this Agreement).

7.9.2. Nondiscrimination. Without limiting the generality of Section 7.9.1, Concessionaire agrees to and shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and The City of Seattle, including but not limited to Chapters 14.04, 14.10 and 20.42 of the Seattle Municipal Code, as they may be amended from time to time, and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

7.10. Liens and Encumbrances

Concessionaire shall keep the Premises and Building free and clear of, and shall indemnify, defend, and hold City harmless from, any and all liens and encumbrances arising or growing out

of any act or omission, or breach of this Agreement or its use, improvement or occupancy of the Premises by Concessionaire or any of its principals, officers, employees or agents or subtenants. If any lien is so filed against the Premises or Building, Concessionaire shall either cause the same to be fully discharged and released of record within ten (10) days after City's written demand therefor or, within such period, provide City with cash or other security acceptable to City in an amount equal to one and one-half (1½) times the amount of the claimed lien as security for its prompt removal. City shall have the right to disburse such security to cause the removal of the lien if City deems such necessary, in City's sole discretion.

7.11. Hazardous Substances

Concessionaire shall not, without City's prior written consent, keep on or about the Premises or Building any substance designated as, or containing any component now or hereafter designated as hazardous, dangerous, toxic, or harmful, and/or subject to regulation under any federal, state or local law, regulation or ordinance ("Hazardous Substances"), except customary office, kitchen, cleaning and other related supplies in normal quantities handled in compliance with applicable laws. With respect to any Hazardous Substances stored with City's consent, Concessionaire shall promptly, timely and completely comply with all governmental requirements for reporting and record keeping; submit to City true and correct copies of all reports, manifests and identification numbers at the same time as they are required to be and/or are submitted to the appropriate governmental authorities; within five (5) days after City's request therefor, provide evidence satisfactory to City of Concessionaire’s compliance with all applicable governmental rules, regulations and requirements; and comply with all governmental rules, regulations and requirements regarding the proper and lawful use, sale, transportation, generation, treatment and disposal of Hazardous Substances. Any and all costs incurred by City and associated with City's inspections of the Premises and City's monitoring of Concessionaire’s compliance with this Section 7.11, including City's attorneys' fees and costs, shall be Additional Charges and shall be due and payable to City within ten (10) days after City's demand therefor, if Concessionaire’s violation of this Section 7.11 is discovered as a result of such inspection or monitoring. Concessionaire shall be fully and completely liable to City for any and all cleanup costs and expenses and any and all other charges, expenses, fees, fines, penalties (both, civil and criminal) and costs imposed with respect to Concessionaire’s use, disposal, transportation, generation and/or sale of Hazardous Substances in or about the Premises or Building. Concessionaire shall indemnify, defend, and hold City harmless from any and all costs, fees, penalties, charges and expenses assessed against, or imposed, upon City (as well as City's attorneys' fees and costs) as a result of Concessionaire’s use, disposal, transportation, generation and/or sale of Hazardous Substances on or about the Premises or Building. The indemnification obligation of this Section shall survive the expiration or early termination of this Agreement.

7.12. Noise

Concessionaire shall use no machine or equipment in or about the Premises that causes noise or vibration that may be transmitted to the structure of the Building or to any space therein, to such a degree as to be objectionable to the City or to any Concessionaire in the Building.

7.13. Wasteful and Dangerous Use

Concessionaire shall not commit or suffer any waste upon the Premises and will not do or permit to be done in or about the Premises or the Building anything that is inconsistent with this Agreement, or the Park Code as now existing or amended, or that will be dangerous to life or limb, or that will increase any insurance rate upon the Building.

8. UTILITIES

8.1. General

So long as Concessionaire is not in default under this Agreement, the City shall furnish and pay for electrical, water, and sewer services to the Premises. City further agrees to furnish and pay for garbage collection consistent with surrounding SPR properties. Concessionaire may, at Concessionaire's sole expense, elect to furnish and provide additional garbage collection services. Concessionaire shall be responsible for the cost of any telecommunications, natural gas service, or any other services not heretofore specified necessary for Concessionaire's Permitted Use of the Premises. Concessionaire shall obtain the Superintendent's prior written consent before installing lights or equipment in the Premises that exceed the Premises standard mechanical loads. The Superintendent may refuse to grant consent unless Concessionaire agrees to pay: (1) the costs incurred by the City for installation of supplementary air conditioning capacity or electrical systems as necessitated by Concessionaire's equipment or lights and (2) in advance, on the first day of each month during the Term, the amount estimated by the Superintendent as the excess cost of furnishing electricity or utility service for the operation of equipment or lights above normal building levels.

8.2. Refuse Collection; Disposal of Waste Materials

Concessionaire shall provide all necessary housekeeping and janitorial services for the Premises, including the exterior deck, to a level consistent with other similar Parks facilities and operations and to the Superintendent's reasonable satisfaction. Concessionaire shall be responsible for proper storage and removal of trash, litter and recycling consistent with City standards, and storage and removal of fats, cooking oil, and grease in accordance with City standards as they are provided by the Superintendent and updated from time to time during the Term. These standards include but are not limited to Chapter 21.16 of the Seattle Municipal Code.

8.3. Interruption

City shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption, or failure of services due to any cause whatsoever, including, but not limited to, electrical surges, or from failure to make any repairs or perform any maintenance. No temporary interruption or failure of such services incident to the making of repairs, alterations, or improvements or due to accident, strike or conditions or events beyond City's reasonable control shall be deemed an eviction of Concessionaire or to relieve Concessionaire from any of Concessionaire's obligations hereunder or to give Concessionaire a right of action against City for damages. Concessionaire acknowledges its understanding that

there may be City-planned utility outages affecting the Premises and that such outages may interfere, from time to time, with Concessionaire's use of the Premises. City shall provide Concessionaire with not less than 48 hours' prior written notice of any City-planned electricity outage on the Premises. City has no obligation to provide emergency or backup power to Concessionaire. The provision of emergency or backup power to the Premises or to enable the equipment therein to properly function shall be the sole responsibility of Concessionaire. If, after the Commencement Date, utilities are interrupted at the Premises so as to render them unfit for their Permitted Uses for longer than a period of three (3) days, then the Monthly Concession Fee for the affected month(s) shall be abated for the duration of the disruption in the proportion that the number of days of the disruption bears to the number of days of the month.

9. LICENSES AND TAXES

9.1. Responsibility

Without any deduction or offset whatsoever, Concessionaire shall be liable for, and shall pay prior to delinquency, all taxes, license and excise fees and occupation taxes covering the business conducted on the Premises and all personal property taxes and other impositions levied with respect to all personal property located at the Premises; Concessionaire shall be responsible for, and shall pay prior to delinquency, all fees, charges, or costs, for any governmental inspections or examinations relating to Concessionaire's use and occupancy of the Premises, and pay all taxes on the leasehold interest created by this Agreement if applicable to Concessionaire, including but not limited to the tax under RCW Ch. 82.29A (Leasehold Excise Tax or "LET"). As of the Commencement Date, the applicable LET rate is 12.84%, which amount is subject to change.

9.2. Contests

Concessionaire shall have the right to contest the amount and validity of any taxes by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving Concessionaire of its covenant to pay any such taxes. City shall not be subjected to any liability or for the payment of any costs or expenses in connection with any such proceeding brought by Concessionaire, and Concessionaire hereby covenants to indemnify and hold City harmless from any such costs or expenses. The indemnification obligation of this Section shall survive the expiration or early termination of this Agreement.

10. IMPROVEMENTS BY CONCESSIONAIRE; TENANT IMPROVEMENT ALLOWANCE

10.1. Improvements – General

All approvals required by the Superintendent under this Section will be granted, conditioned, or withheld in that official's reasonable discretion. Concessionaire shall not make any alterations, additions, or improvements in or to the Premises that change the structural or mechanical systems of Premises or adjacent areas, or that impact the historic features of Premises, or that exceed $25,000 in cost without first submitting to SPR professionally prepared plans and specifications for such work and obtaining the Superintendent's prior written approval thereof. Concessionaire covenants that it will cause all alterations, additions and improvements to the

Premises to be completed at Concessionaire's sole cost and expense by a contractor approved by City and in a manner that (a) is consistent with the City approved plans and specifications and any conditions imposed by City in connection therewith; (b) is in conformity with first–class, commercial standards; (c) includes acceptable insurance coverage for City's benefit; (d) does not affect the structural integrity of the Premises or the Building or any of the Premises' or Building's systems; (e) does not disrupt the business or operations of any other occupant of the Building; and (f) does not invalidate or otherwise affect the construction or any system warranty then in effect with respect to the Premises or the Building. Concessionaire shall secure all governmental permits and approvals required for the work; shall comply with all other applicable governmental requirements and restrictions; and reimburse City for any and all expenses incurred in connection therewith. Concessionaire shall complete design and construction of all improvements and alterations within the Premises in compliance with all applicable building codes and permitting and legal requirements, including but not limited to compliance with applicable building codes and with the Americans with Disabilities Act (ADA). Concessionaire expressly acknowledges that the provisions of the ADA applicable to facilities in public buildings may exceed requirements contained in building codes and other regulations and that such instances, the ADA requirements shall control. All alterations, additions and improvements (expressly including all light fixtures; heating and ventilation units; floor, window and wall coverings; and electrical wiring), except Concessionaire's moveable trade fixtures and appliances and equipment not affixed to the Premises (including without limitation furniture, computers, point of sale systems and registers) shall become the property of City at the expiration or termination of this Agreement without any obligation on its part to pay for any of the same. At City's request, Concessionaire shall execute a deed or bill of sale in favor of City with respect to such alterations and/or improvements. Notwithstanding the foregoing, Concessionaire shall remove all or any portion of such alterations and/or improvements on the expiration or termination of this Agreement if City specifically so directs, in writing, at the time of City's issuance of its approval thereof. Within ninety (90) days after the completion of any alteration, addition or improvement to the Premises, Concessionaire shall deliver to City a full set of "as-built" plans of the Premises showing the details of all alterations, additions and improvements made to the Premises by Concessionaire.

10.2. Required Tenant Improvement

10.2.1. Required Tenant Improvement Scope. Concessionaire covenants that it will complete improvements necessary to comply with City's decarbonization plans for municipal buildings as described in Executive Order #2021-09. Concessionaire and City mutually agree that Concessionaire will undertake a Tenant Improvement project to convert all restaurant, brewery, and any other Premises infrastructure from operations requiring natural gas or any other fossil fuel utility, including propane, to operations requiring electric utility only. Utility usage pursuant to this Tenant Improvement shall follow the guidelines set out in Section 8.

10.2.2. Required Tenant Improvement Timeline. Concessionaire covenants that it will complete the project described in Section 10.2.1 no later than the end of the eighth (8th) year of this Agreement's initial Term (that is, no later than July 31, 2033). If

future instruction from the City or its natural gas utility provider necessitates that this date must change to be sooner, SPR shall provide formal notice to Concessionaire, along with the new completion date, no later than fifteen (15) days after the announcement of this change. Failure to complete the required Tenant Improvement Project by the date specified in this Section 10.2.2 will be an event of Default under Section 22.

10.2.3. Required Tenant Improvement; Acknowledgement of Risk and Indemnification. Concessionaire understands that SPR does not control the timeline for decarbonization of municipal buildings pursuant to Executive Order #2021-09. Concessionaire further understands that the required completion date specified in Section 10.2.2 represents a good-faith and conservative estimate by SPR to provide Concessionaire sufficient time to convert operations from natural gas and electric to electric-only prior to the discontinuing of natural gas service to Premises. If concessionaire fails to complete the Required Tenant Improvement on or before the date specified in Section 10.2.2, or on an earlier date through the process described therein, Concessionaire agrees to indemnify and hold harmless the City for any and all damage or loss to Concessionaire's property or business resulting from a partial or total loss of natural gas service, and Concessionaire shall not be eligible for any Concession Fee offset or abatement in such an event, provided that due notice has been given pursuant to Section 10.2.2.

10.3. Tenant Improvements: Plan and Allowance

10.3.1 Tenant Improvement Plan. Within one (1) year of the planned commencement date of any Tenant Improvement project, including that described in Section 10.2, Concessionaire shall submit to SPR a full and complete overview of the proposed Tenant Improvement (the "Tenant Improvement Plan"). The Tenant Improvement Plan shall include but not be limited to the following components: narrative scope of work; project timeline; anticipated budget; architectural plan and drawings; approved permits from Seattle's Department of Construction and Inspections; SPR Proview approval; planned date of project commencement; and community outreach plans and feedback from any community outreach efforts to date. The decision to approve, deny, or request modifications to the Tenant Improvement Plan shall be made at the Superintendent's sole discretion within sixty (60) days of SPR's receipt of said Plan. If the Tenant Improvement Plan is approved by the Superintendent, Concessionaire shall endeavor to complete the Tenant Improvement project following the terms of said Plan. If any Tenant Improvement Plan is denied or if modifications are requested by Superintendent, that Plan must be resubmitted in full for consideration under the terms of this Section 10.3.1.

10.3.2 The City will allow Concessionaire to offset up to a maximum of $190,000 of the Concession Fee for improvements made to the Premises (the "Allowance"). The Allowance will be in the form of an offset against the annual Concession Fee otherwise due in an amount equal to Concessionaire's actual costs associated with Concessionaire's improvements that have been pre-approved using the process in

Sections 10.1 and 10.3 and are completed in compliance with Section 7. The Allowance shall only be available to offset the cost of improvements actually made under the terms and conditions of this Section 10 and Section 7, and Concessionaire shall not be entitled to any refund or Concession Fee offset for unused portions of the Allowance. The Allowance is solely a fee offset and is not, and shall not be interpreted to be, an offer of payment-in-kind to Concessionaire. If the Agreement terminates before all Concession Fee offsets have been provided, City shall have no obligation to pay Concessionaire for any portion of Concessionaires costs or the value of any improvements to the Premises. Only payments expended for the categories of costs described in Exhibit D are eligible to be applied by Concessionaire towards its Allowance.

10.3.3 Periodic Offsets of Allowance. The City and Concessionaire mutually understand that improvement plans may be implemented intermittently during the Term. So long as Concessionaire has commenced an approved tenant improvement, the Concessionaire may provide SPR an accounting of expenses actually paid to date which are eligible for the Allowance, together with any supporting documentation (receipts or paid invoices) the Superintendent may reasonably require. Within sixty (60) days of receipt of the accounting, SPR shall notify Concessionaire in writing of the amount of the approved offset. Thereafter, City will apply the approved offset to Concessionaire's monthly Concession Fee payment, provided that the offset shall not exceed 50% of the Concession Fee due in any single month. Thereafter, Concessionaire may continue to submit accountings of costs eligible for the Allowance at least annually, and no more frequently than quarterly, for additional Allowance consideration and approval from Superintendent. Concessionaire will notify The City of the planned reporting schedule at the time of the first report submission.

10.3.4 Final Accounting. Not later than six (6) months after Concessionaire completes improvements which the Superintendent approved for the Allowance, Concessionaire shall provide the Superintendent with a final accounting of all Concessionaire's actual costs associated with such capital improvements together with such supporting documentation (receipts of paid invoices) as the Superintendent may reasonably request. The Superintendent shall approve the final amount of costs expended by Concessionaire in connection with such improvements and this amount shall constitute the amount of the eligible Concession Fee offset up to the full Allowance (less any portion of the Allowance previously applied pursuant to Sections 10.3.1 and 10.3.2). Concessionaire shall remain solely responsible for all costs that exceed the Allowance and for all costs that are not approved by the Superintendent. Once the Superintendent approves the final amount of the Allowance, Concessionaire may apply the approved offset by stating in its monthly Concession Fee payment the amount of Concession Fee being offset; provided that the offset shall not exceed 50% of the Concession Fee due in any single month and that the offset has not been previously provided via the terms outlined in Sections 10.3.1 and 10.3.2. For example, if the monthly installment of the Concession Fee due is $10,525.64, then the maximum offset amount is $5,262.82. This Allowance shall not carry over into the

Extended Term of this Agreement if the total Offset amount has not yet been attained by the initial Termination Date. If mandatory tenant improvement is not completed by end of Year 8 as specified in Section 10.2, any fee offsets theretofore granted are subject to repayment by Concessionaire to City.

10.4. Prevailing Wage

As a condition of any costs for construction, alterations, or improvements to the Premises or surrounding areas being eligible for the Allowance as an offset against any part of the Concession Fee, Concessionaire shall comply with any applicable state or federal public works requirements and shall require its contractor to pay prevailing wages in accordance with Washington's Prevailing Wage Statute, chapter 39.12 RCW.

10.5. Improvements to Become the City's Property

Unless otherwise provided in the Superintendent's approval, upon expiration or termination of this Agreement, title to all capital improvements to the Premises shall automatically transfer to the City. All improvements to the Premises shall be completed as required under this Section 10. Nothing in this Section shall be construed to limit Concessionaire's general obligations to care for the Premises as provided under Sections 7 and 12.

10.6. SPR Project Liaison Expenses

Concessionaire will pay City a Project Liaison Fee of $114.28 per hour for a SPR Project Liaison to guide tenant improvement plans and designs through review by Seattle Department of Construction and Inspections (SDCI), SPR ProView and ProView Tech, Landmark Preservation Board, and any other required agency or body. Concessionaire and City mutually acknowledge that this hourly fee is set for 2025 and will increase annually in parallel with the annual Consumer Price Index (CPI) for the US West Region, measured from the period of January through December of the previous year. Concessionaire will remain responsible for funding, leading, and implementing all tenant improvements of Premises according to terms set out in this Section 10. All permitting decisions shall be made by SDCI in their sole discretion as regulator. This Agreement, and in particular any SPR assistance by the SPR Project Liaison, does not constitute a promise of timely review, approval, or any other action by SDCI. For purposes of clarity, the SDCI review is separate and in addition to any SPR design review, review required by the City's Landmarks Preservation Board, and as may otherwise be required by the Superintendent. Within thirty (30) business days of any written request from Concessionaire, City agrees to provide the Concessionaire with an estimate of the number of hours of SPR Project Liaison anticipated on all projects prior to incurring any expenses that the Concessionaire will be liable for. This estimate will be based on the total budget for each proposed phase of development. SPR Project Liaison and MCB staff work collaborate to budget necessary Project Liaison expenses.

10.7. Improvements – Indemnification

Except as provided in Section 15 with regard to concurrent negligence, Concessionaire shall indemnify, defend and hold City harmless from and against all losses, liabilities, damages, liens,

costs, penalties and expenses (including attorneys' fees, but without waiver of the duty to hold harmless) arising from or out of Concessionaire's performance of such alterations, additions and improvements, including, but not limited to, all which arise from or out of Concessionaire's breach of its obligations under terms of this Section 10.

11. PUBLIC BENEFIT REQUIREMENT

11.1. Required Public Benefits

City's willingness to enter into this Agreement is conditioned, in part, on Concessionaire's commitment to provide Public Benefits at Magnuson Park. Each year during the Term, Concessionaire shall provide a level of Public Benefits that are consistent with those described in Exhibit F (the "Public Benefits Plan"). Concessionaire shall not be eligible for a fee offset pursuant to the performance of Public Benefits during the Term, including any Extended Term.

11.2. Public Benefit Plan

Concessionaire shall submit to the Superintendent a Public Benefits Plan proposal with measurable performance objectives it intends to provide during each year of the Agreement, to be included herein as Exhibit F. The proposal shall include an estimate of the value based on factors such as the estimated cost to Concessionaire of the labor and materials provided, the value of the public services to be provided, or other reasonable factors demonstrating the dollar value.

11.3. Annual Public Benefits Report

On or before January 31 of each year, Concessionaire shall submit to the Superintendent a robust and inclusive Public Benefits Report detailing the pre-approved programs, benefits and services actually delivered in the prior year and including an itemized statement of time, labor rates, photographs, materials, and other information supporting the dollar value of Concessionaire's Public Benefits, as well as proposed updates and changes, if any, to the Public Benefit Plan for the current year. The Superintendent will respond within sixty (60) days, and may request more information, deny, partially approve, or approve the proposed Public Benefits Report. Final approval of Public Benefits Report is at the sole discretion of the Superintendent. If the Superintendent delivers written objections within the sixty (60) day period, the Superintendent shall also specify subsequent actions to be taken by Concessionaire that will satisfy the Superintendent's concerns.

11.4. Failure to Provide Public Benefit Documentation

Concessionaire and City mutually acknowledge that SPR staff shall not direct or assist with the creation of Concessionaire's Public Benefit Plan or Report, or any associated documentation. Failure by Concessionaire to provide such documentation in an adequate or timely fashion may result in Concessionaire being considered in default of this Agreement, at the sole discretion of the SPR Superintendent. This condition will be communicated via formal notice, including reasons for the decision in writing, by the process described in Section 27. Concessionaire will have sixty (60) days from date of notice to resolve this default or to request alternative resolution methods.

12. CARE OF PREMISES

12.1. General Obligation; Routine Maintenance

Concessionaire shall take good care of the Premises and shall repair or reimburse City for all damage done to the Premises that results from any act or omission of Concessionaire or any of Concessionaire's officers, contractors, agents, invitees, licensees or employees, including, but not limited to, cracking or breaking of glass. Concessionaire shall be responsible for all maintenance of Concessionaire's fixtures and shall be responsible for all routine maintenance of the Premises except to the extent to be performed by the City pursuant to Section 12.2.2.

12.2. Custodial Service for Premises.

12.2.1. Concessionaire's Obligations; General. Concessionaire shall at its own expense, at all times, keep the Premises and areas immediately adjacent thereto, including the Exterior Deck and the Building 11 first floor restrooms, in a neat, clean, safe, and sanitary condition; and keep the glass of all windows and doors serving such areas clean and presentable. With the exception of those supplies specified in Section 12.2.4, Concessionaire shall furnish all cleaning supplies and materials needed to operate such areas in the manner prescribed in this Agreement. Concessionaire shall provide all necessary janitorial services to adequately maintain the inside of such areas using a company subject to reasonable approval by the Superintendent. Concessionaire shall be responsible for keeping the areas immediately adjacent to the perimeter of such areas free of litter and clean of spills resulting from Concessionaire's operations. If, after City provides written notice to Concessionaire of Concessionaire's failure to comply with this Section 12, Concessionaire fails to take good care of such areas, City, at its option, may do so, and in such event, upon receipt of written statements from City, Concessionaire shall promptly pay the entire actual and reasonable cost thereof as an Additional Charge. City shall have the right to enter the Premises for such purposes. City shall not be liable for interference with light, air or view.

12.2.2. Concessionaire's Obligations; Repairs. All routine repairs necessary to maintain the interior of the Premises, and the exterior of the premises (including windows, doors and exterior deck), and the utilities, electric and plumbing and other systems and equipment located in the interior of the Premises and the Exterior Deck in a reasonably good operating condition, as determined by City, shall be performed by Concessionaire at its expense. The foregoing sentence does not extend to maintenance occasioned by an act or omission of City or its officers, agents, employees, or contractors.

12.2.3. City's Obligations. All routine repairs necessary to maintain the structural aspects of the Premises (excluding exterior deck), the Common Areas, utilities, electric and plumbing and other systems, and equipment serving the Building (not including the interior of the Premises) in a reasonably good operating condition, as determined by City, shall be performed by City at its expense. The foregoing sentence does not extend to maintenance occasioned by an act or omission of Concessionaire or its

officers, agents, employees, or contractors. Except in the event of City's gross negligence or intentional misconduct, there shall be no abatement or reduction of the Concession Fee arising by reason of City's making of repairs, alterations, or improvements.

12.2.4 Building 11 First Floor Restrooms. The public restrooms on the first floor of Building 11, noted on Exhibit C, are not within the Premises and will be used by Concessionaire and Concessionaire's invitees in common with the public. Concessionaire and City mutually agree to share maintenance and custodial responsibility for these public restrooms. City agrees to provide one daily cleaning to City standard levels prior to Concessionaire's public operating hours as specified in Section 7.8. Concessionaire staff agrees to provide and/or facilitate subsequent daily minor maintenance and custodial responsibilities, including but not limited to: refilling paper towel, soap, and toilet paper fixtures, cleaning of minor spills, floor mopping, and submitting maintenance requests to SPR shops for repair. This maintenance responsibility may be considered for inclusion in Concessionaire's Public Benefit Plan and Report pursuant to Section 11. City agrees to coordinate with labor partners and to provide approved cleaning materials for Concessionaire's performance of this work.

12.3. Prohibition Against Installation or Integration of Any Work of Visual Art on Premises Without City's Consent

City reserves to and for itself the right to approve or disapprove of the installation or integration on or in the Premises of any "work of visual art," as that term is defined in the Visual Artists Rights Act of 1990, as now existing or as later amended, and to approve or disapprove of each and every agreement regarding any such installation or integration. Concessionaire shall not install on or integrate into or permit any other person or entity to install on or integrate into, the Premises any such work of visual art without City's prior, express, written consent. City's consent to the installation of any such artwork may be granted, granted upon one or more conditions, or withheld in City's discretion.

12.4. Concessionaire's Indemnification of City Against Liability under Visual Artists Rights Act of 1990

Concessionaire shall protect, defend, and hold City harmless from and against any and all claims, suits, actions or causes of action, damages and expenses (including attorneys' fees and costs) arising as a consequence of (a) the installation or integration of any work of visual art on or into the Premises; or (b) the destruction, distortion, mutilation or other modification of the art work that results by reason of its removal; or (c) any breach of Section 12.3; or (d) any violation of the Visual Artists Rights Act of 1990, as now existing or hereafter amended; by Concessionaire or any of its officers, employees or agents. This indemnification obligation shall exist regardless of whether City or any other person employed by City has knowledge of such installation, integration, or removal or has consented to any such action or is not required to give prior consent to any such action. The indemnification obligation of this Section 12.4 shall survive the expiration or early termination of this Agreement.

13. SIGNS AND ADVERTISING

13.1. Signs, Generally

Concessionaire shall not inscribe, post, place, or in any manner display any sign, notice, picture, poster, or any advertising matter whatsoever anywhere in or about the Premises, without the Superintendent's prior written consent. Concessionaire shall remove all signage at the expiration or early termination of this Agreement and repair any damage or injury to the Premises.

13.2. On-Premises Signs

Concessionaire may install permanent exterior signage, subject to approval by Superintendent, and review and approval by the City of Seattle's Office of Planning and Community Development (OPCD) and the Landmarks Preservation Board. Exterior signage shall include the Premises' name and Concessionaire's name and shall be constructed in a style and size consistent with the City sign policy. As per the Sign Code, no roof signage is permitted in Magnuson Park.

14. SURRENDER OF PREMISES

14.1. General Matters

At the expiration or sooner termination of the Agreement Term, including any Extended Term, Concessionaire shall return the Premises to City in the same condition in which it was received on the Commencement Date (or, if altered pursuant to Section 10, then the Premises shall be returned in such approved altered condition unless otherwise directed by City), excepting reasonable wear and tear, casualty and condemnation damages not resulting from or contributed to by negligence of Concessionaire. Prior to such return, Concessionaire shall remove its moveable trade fixtures and appliances and equipment that have not been attached to the Premises and shall repair any damage resulting from their removal. In no event shall Concessionaire remove floor coverings; heating or ventilating equipment and appliances that are permanently affixed; lighting equipment or fixtures; fixtures or other alterations pursuant to improvement projects that, pursuant to the terms of Section 10 or of an earlier agreement between Concessionaire and City, have become defined property of City; or floor, windows or wall coverings unless otherwise specifically directed by City in writing at the time when City's approval of their installation is issued. Concessionaire's obligations under this Section 14.1 shall survive the expiration or termination of this Agreement. Concessionaire shall indemnify City for all damages and losses suffered as a result of Concessionaire's failure to remove voice and data cables, wiring and communication lines and moveable trade fixtures and appliances and to redeliver the Premises on a timely basis.

14.2. Cable and Wiring

Notwithstanding any provision to the contrary in this Agreement, and if the City so directs, on or by the Expiration Date, or if this Agreement is terminated before the Expiration Date, within fifteen (15) business days after the effective termination date, whichever is earlier, Concessionaire shall remove all voice and data communication and transmission cables and wiring installed by or for Concessionaire to serve any telephone, computer or other equipment

located in that portion of the Premises, which wiring and cabling shall include all of the same located within the interior and exterior walls and through or above the ceiling or through or below the floor of such portion of the Premises or located in any Building equipment room, vertical or horizontal riser, raceway, conduit, channel, or opening connecting to the portion of the Premises to be vacated and surrendered to City as of such Expiration Date or early termination date. Concessionaire shall leave the mud rings, face plates and floor boxes in place.

15. INDEMNIFICATION; RELEASE

15.1. Concessionaire's Indemnification

Except as limited by law or otherwise provided in this section, Concessionaire shall indemnify, defend (using legal counsel reasonably acceptable to City) and save City, City's officers, agents, employees and contractors harmless from all claims, suits, losses, damages, fines, penalties, liabilities and expenses (including City's actual and reasonable personnel and overhead costs and attorneys' fees, and other costs incurred in connection with claims, regardless of whether such claims involve litigation) resulting from any actual or alleged injury (including death) of any person or from any actual or alleged loss of or damage to, any property arising out of or in connection with (i) Concessionaire's occupation, use or improvement of the Premises, or that of any of its employees, agents, subtenants, or contractors, (ii) Concessionaire's breach of its obligations hereunder, or (iii) any act or omission of Concessionaire or any employee, officer, agent, subtenant, Concessionaire, invitee, assignee or Concessionaire of Concessionaire, or invitee of any of the same in or about the Premises or Building. Concessionaire's obligation to indemnify the City shall not apply to any claim or liability resulting from the sole negligence of the City or any of its employees, contractors, tenants, or agents, and in the event of joint negligence, Concessionaire's obligations shall apply to the extent of Concessionaire's negligence or that of any of Concessionaire's employees, officers, agents, tenants, Concessionaires, invitees, assignees, or concessionaires. Concessionaire agrees that the foregoing indemnity specifically covers actions brought by its own employees. As a result, the foregoing indemnity is specifically and expressly intended to constitute a waiver of Concessionaire's immunity under Washington's Industrial Insurance Act, Title 51 RCW, but only as to the City and to the extent necessary to provide City with a full and complete indemnity as provided under this Section. Concessionaire shall promptly notify City of casualties or accidents occurring in or about the Premises. Concessionaire's obligation to defend and indemnify the City under this Section 15 shall survive the expiration or termination of this Agreement with respect to any claim or liability arising from acts, omissions, occurrences, or events occurring during the term.

15.2. Concessionaire's Release of Claims

Concessionaire hereby fully and completely waives and releases all claims against City to the extent a loss or damage is covered by insurance for any losses or other damages sustained by Concessionaire or any person claiming through Concessionaire resulting from any accident or occurrence in or upon the Premises, including but not limited to any defect in or failure of Building equipment; any failure to make repairs; any defect, failure, surge in, or interruption of Building facilities or services; any defect in or failure of Common Areas; broken glass; water

leakage; the collapse of any Building component; or any act, omission or negligence of co-tenants, Concessionaires or any other persons or occupants of the Building.

15.3. City's Release of Claims

City hereby fully and completely waives and releases all claims against Concessionaire to the extent a loss or damage is caused by City's negligence, willful misconduct, or breach of this Agreement.

16. GENERAL OBLIGATIONS

16.1. Concessionaire's Obligations

Concessionaire further agrees it shall, at its sole cost and expense:

16.1.1. Maintain the Premises in good, clean and safe condition and on the Expiration Date, return the Premises to City in at least as good a condition as it was in immediately before Concessionaire took possession, reasonable wear and tear excepted. No work or alterations shall be performed in or to the Premises without City's prior written approval, which approval may be withheld or conditioned by City in its sole discretion;

16.1.2. Observe and comply with all laws, ordinances, rules, regulations and code requirements applicable to the Premises and the Concessionaire's business conducted therein and secure all permits and licenses regarding the conduct of Concessionaire's business. Concessionaire shall not use or permit the Premises or any part thereof to be used for any purpose in violation of any municipal, county, state or federal law, statute, ordinance or regulation. Concessionaire shall promptly comply, at its sole cost and expense, with all laws, statutes, ordinances and regulations now in force or hereafter adopted applicable to Concessionaire's business operations or relating to or affecting the condition, use or occupancy of the Premises;

16.1.3. Secure and maintain, during the full term of this Agreement, at no expense to the City, insurance as described herein:

(a) Commercial General Liability (CGL) written on an occurrence form at least as broad as ISO CG 00 01, with Minimum Limits of Liability:

$1,000,000 per Occurrence
$2,000,000 General Aggregate
$2,000,000 Products/Completed Operations Aggregate
$1,000,000 Personal/Advertising Injury Liability
$ 1,000,000 Damage to Premises Rented to You

Coverage shall include: Premises and Operations; Broad Form Property Damage (Including Completed Operations); Liability assumed under an Insured Contract (including tort liability of another assumed in a business contract); Personal Injury and Advertising Liability; Independent Contractors; Severability of Interest Clause; Waiver of Subrogation endorsement in favor of Owner as required by contract; General

Aggregate Limits of Insurance shall apply separately; "Claims Made" and "Modified Occurrence" policy forms are not acceptable.

(b) Automobile Liability Insurance at least as broad as ISO CA 00 01 including coverage for owned, non-owned, leased or hired vehicles as applicable, with a minimum limit of $1,000,000 each accident for bodily injury and property damage.

(c) Workers' Compensation insurance securing Concessionaire's liability for industrial injury to its employees in accordance with the provisions of Title 51 RCW.

(d) Employers Liability / Washington Stop

$1,000,000 Each Accident / Each Disease / Policy Limit

Alternatively, may be evidenced as Employer's Liability insurance under Part B of a Workers Compensation insurance policy.

(e) Property Insurance under which the Concessionaire's furniture, trade fixtures, equipment and inventory ("Business Personal Property") and all alterations, additions and improvements that Concessionaire makes to the Premises are insured throughout the Agreement Term in an amount not less than the replacement cost new thereof, against the following hazards: (i) loss from the perils of fire and other risks of direct physical loss (excluding earthquake), not less broad than provided by the insurance industry standard "Causes of Loss - Special Form" (ISO form CP 1030 or equivalent); (ii) loss or damage from water leakage or sprinkler systems now or hereafter installed in or on the Premises; (iii) loss or damage by explosion of steam boilers, pressure vessels, or above-ground oil or gasoline storage tanks or similar apparatus now or hereafter installed on the Premises; (iv) loss from business interruption or extra expense, with sufficient coverage to provide for the payment of Fees and other fixed costs during any interruption of Concessionaire's business. City shall be named as a loss payee as respects property insurance covering the alterations, additions and improvements under such policy.

16.2. <u>City's Property Insurance Coverage and Limits</u>

City will maintain at its expense Property Insurance or self-insurance under which the Premises, excluding Concessionaire's Business Personal Property and Tenant Improvements, are insured throughout the Agreement Term in an amount not less than the replacement cost new thereof, against the following hazards: (i) loss from the perils of fire and other risks of direct physical loss (excluding earthquake), not less broad than provided by the insurance industry standard "Causes of Loss - Special Form (ISO form CP 1030 or equivalent); (ii) loss or damage from water leakage or sprinkler systems now or hereafter installed in or on the Premises; (iii) loss or damage by explosion of steam boilers, pressure vessels, or above-ground oil or gasoline storage tanks or similar apparatus now or hereafter installed on the Premises. City's Property Insurance currently is subject to a $625,000 deductible for most claims for which Concessionaire shall be responsible only to the proportional extent to which the loss or damage

is attributable to Concessionaire negligent acts that are, or should be, covered by Tenant's Fire/Tenant Legal Liability insurance.

16.3. General Requirements for Concessionaire's Insurance

16.3.1. Minimum Limits. The limits of liability described above are minimum limits of liability only. Regardless of provisions to the contrary under the terms of any insurance policy maintained by Concessionaire, the specification of any such minimum limits shall neither be (1) intended to establish a maximum limit of liability to be maintained by Concessionaire as respects this Agreement, nor (2) construed as limiting the liability of any of Concessionaire's insurers, which must continue to be governed by the stated limits of liability of the relevant insurance policies. In the event that the City deems insurance to be inadequate to protect Concessionaire and the City, Concessionaire shall increase coverages and/or liability limits as the City shall deem reasonably adequate within sixty (60) days after the date of written notice.

16.3.2. Cancellation Notice Period. Coverage shall not be cancelled without forty-five (45) day written notice of such cancellation, except ten (10) day written notice as respects cancellation for non-payment of premium, to the City at its notice address except as may otherwise be specified in RCW 48.18.290 (Cancellation by insurer). The City and the Concessionaire mutually agree that for the purpose of RCW 48.18.290(1)(b), for both liability and property insurance the City is deemed to be a "mortgagee, pledge, or other person shown by (the required insurance policies) to have an interest in any loss which may occur thereunder."

16.3.3. Insurer Standard. Each insurance policy required hereunder shall be (1) subject to reasonable approval by City that it conforms with the requirements of this Section, and (2) be issued by an insurer rated A–:VII or higher in the then-current A. M. Best's Key Rating Guide and licensed to do business in the State of Washington unless procured under the provisions of chapter 48.15 RCW (Unauthorized insurers).

16.3.4. Self-Insured Retention. Any deductible or self-insured retention ("S.I.R.") must be disclosed to, and shall be subject to reasonable approval by, the City. Concessionaire shall cooperate to provide such information as the City may reasonably deem to be necessary to assess the risk bearing capacity of the Concessionaire to sustain such deductible or S.I.R. The cost of any claim falling within a deductible or S.I.R. shall be the responsibility of Concessionaire. If a deductible or S.I.R. for CGL or equivalent insurance is not "fronted" by an insurer but is funded and/or administered by Concessionaire or a contracted third-party claims administrator, Concessionaire agrees to defend and indemnify the City to the same extent as the City would be protected as an additional insured for primary and non-contributory limits of liability as required herein by an insurer.

16.3.5. Waiver of Subrogation. Unless such waiver would void the property insurance coverage to be provided pursuant to this section, the City and Concessionaire waive all subrogation rights each may have against the other, or any subtenant, for damages caused by fire or other perils to the extent covered by property insurance

obtained pursuant to this section or other property insurance applicable to the Premises, except such rights as they have to proceeds of such insurance held by the City or the Concessionaire or both as fiduciary. This waiver of subrogation shall be effective to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, whether or not the person or entity paid the insurance premium directly or indirectly, and whether or not the person or entity has an insurable interest in the property damaged.

16.3.6. The City of Seattle as Additional Insured. The CGL insurance and, in addition, Excess and/or Umbrella liability insurance, if any, shall include "The City of Seattle, its officers, officials, employees, agents and volunteers" as additional insureds. Concessionaire's insurance shall be primary and non-contributory to any insurance maintained by or available to the City. The term "insurance" in this paragraph shall include insurance, self-insurance (whether funded or unfunded), alternative risk transfer techniques, capital market solutions or any other form of risk financing.

16.3.7. Severability. Concessionaire's insurance policy shall include a "separation of insureds" or "severability" clause that applies coverage separately to each insured and additional insured, except with respect to the limits of the insurer's liability. Concessionaire's insurance policy shall not contain any provision, exclusion or endorsement that limits, bars, or effectively precludes the City of Seattle from coverage or asserting a claim under the Concessionaire's insurance policy on the basis that the coverage or claim is brought by an insured or additional insured against an insured or additional insured under the policy.

16.3.8. Evidence of Insurance. On or before the Commencement Date, and thereafter not later than the last business day prior to the expiration date of each such policy, the following documents must be delivered to City at its notice address as evidence of the insurance coverage required to be maintained by Concessionaire:

(a) Certification of insurance documenting compliance with the coverage, minimum limits and general requirements specified herein; and

(b) A copy of the policy's declarations pages, showing the insuring company, policy effective dates, limits of liability and the Schedule of Forms and Endorsements specifying all endorsements listed on the policy including any company-specific or manuscript endorsements;

(c) A copy of the CGL insurance policy provision(s) and endorsements expressly including the City of Seattle and its officers, elected officials, employees, agents and volunteers as additional insureds (whether on ISO Form CG 20 26 (version 0704 or earlier) or an equivalent additional insured or blanket additional insured policy wording), showing the policy number, and the original signature and printed name of the representative of the insurance company authorized to sign such endorsement.

(d) Pending receipt of the documentation specified in this Section, Concessionaire may provide a copy of a current complete binder. An ACORD certificate of insurance will not be accepted in lieu thereof.

17. BACKGROUND CHECKS AND IMMIGRANT STATUS

The City may require background checks for Concessionaire and its employees and contracted workers who may perform work under this Agreement. The City reserves the right to require such background checks at any time. The City has strict policies regarding the use of background checks, criminal checks, and immigrant status for contract workers. The policies are incorporated into this Agreement and available for viewing online at http://www.seattle.gov/purchasing-and-contracting/social-equity/background-checks.

18.FEDERAL IMMIGRATION ENFORCEMENT NOTIFICATION REQUIREMENT

18.1 Applicability

This Section 18 applies to Concessionaire and its employees and contracted workers who (i) are working at City facilities and properties, or (ii) have access to City records, databases, technology, or information systems.

18.2 Definitions

As used in this Section 18, “Federal Immigration Authority” means an employee or agent of any federal immigration agency, including the Immigration and Customs Enforcement (ICE), the U.S. Department of Homeland Security (DHS), Homeland Security Investigations (HSI), Enforcement Removal Operations (ERO) Customs and Border Protection (CBP), and U.S. Citizenship and Immigration Services (USCIS) or any other federal agency representative seeking to enforce immigration law.

18.3 Process

Prior to responding to any requests from a Federal Immigration Authority for access to City property or City information provided to Concessionaire through this Agreement, Consultant shall notify the Project Manager immediately.

Such requests may include:

a. Requests for access to non-public areas in City buildings and venues (i.e., areas not open to the public such as staff work areas that require card key access and other areas designated as “private” or “employee only”); or

b. Requests for City records, databases, technology or information (written or oral).

18.4 Access

Access to non-public areas or information shall not be provided without prior review and consent of the City. The Consultant shall request that the Federal Immigration Authority wait until the Project Manager is able to verify the credentials and authority of the Federal Immigration Authority and direct the Consultant on how to proceed.

18.5 Disclosures

Consultant shall inform its employees and subcontractors of the requirements of this Section and shall include the requirements in this Section 18 in all subcontracts for work under this Agreement.

18.6 Intent

The requirements in this Section 18 are intended to enable the City to verify that access to non-public City facilities, property, and information complies with federal and local law. Nothing in this Section 18 shall be construed to require any City employee, the Concessionaire, its employees, or its subcontractors to obstruct, interfere with, or otherwise fail to comply with requirements of federal and local law.

19. ASSIGNMENT OR SUBLEASE BY CONCESSIONAIRE

Concessionaire shall not assign or transfer any use or occupancy rights associated with this Agreement or encumber the whole or any part of the Premises, nor shall this Agreement or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court or otherwise without the prior written consent of Superintendent, whose consent shall be given or withheld in his or her sole discretion. The granting of consent to a given transfer shall not constitute a waiver of the consent requirement as to future transfers. Any assignment or transfer without Superintendent's prior written consent, at the Superintendent's option, shall be void. No assignment or transfer shall release Concessionaire from primary liability hereunder. Each assignment or transfer shall be by an instrument in writing in form satisfactory to Superintendent. If Concessionaire is a corporation, then any transfer of this Agreement by merger, consolidation, or liquidation, or any direct or indirect change, in the ownership of, or power to vote the majority of, Concessionaire’s outstanding voting stock, shall constitute an assignment for the purposes of this Agreement. If Concessionaire is a partnership, then a change in general partners in or voting or decision-making control of the partnership shall also constitute an assignment.

20. ASSIGNMENT BY CITY

If City sells or otherwise transfers the Building, or if City assigns or sells its interest in this Agreement, such purchaser, transferee, or assignee thereof shall be deemed to have assumed City's obligations under this Agreement arising after the date of such transfer, and City shall thereupon be relieved of all liabilities under this Agreement arising thereafter, but this Agreement shall otherwise remain in full force and effect during its term. Concessionaire shall attorn to City's successor, which assumes and agrees to perform all of City’s obligations under this Agreement.

21. EMINENT DOMAIN

21.1 Taking

If all the Premises are taken by Eminent Domain, this Agreement shall terminate as of the date Concessionaire is required to vacate the Premises and all Concession Fee’s and Additional

Charges shall be paid to that date. The term "Eminent Domain" shall include the taking or damaging of property by, through or under any governmental or statutory authority, and any purchase or acquisition in lieu thereof, whether the damaging or taking is by government or any other person. If a taking of any part of the Premises by Eminent Domain renders the remainder thereof unusable for the business of Concessionaire, in the reasonable judgment of City, the Agreement may, at the option of either party, be terminated by written notice given to the other party not more than thirty (30) days after City gives Concessionaire written notice of the taking, and such termination shall be effective as of the date when Concessionaire is required to vacate the portion of the Premises so taken. If this Agreement is so terminated, all Concession Fees, including Monthly Concession Fees, Annual Percentage Fee and Additional Charges shall be paid to the date of termination and any security deposit due to Concessionaire shall be paid in accordance with Section 5. Whenever any portion of the Premises is taken by Eminent Domain and this Agreement is not terminated, City, at its expense, shall proceed with all reasonable dispatch to restore, to the extent of available proceeds and to the extent it is reasonably prudent to do so, the remainder of the Premises to the condition they were in immediately prior to such taking, and Concessionaire, at its expense, shall proceed with all reasonable dispatch to restore its personal property and all improvements made by it to the Premises to the same condition they were in immediately prior to such taking, to the extent award is available therefor. The Monthly Concession Fee and Additional Charges payable hereunder shall be reduced from the date Concessionaire is required to partially vacate the Premises in the same proportion that the Rentable Area taken bears to the total Rentable Area of the Premises prior to taking.

21.2 Award

Except as otherwise provided below, City reserves all right to the entire damage award or payment for any taking by Eminent Domain, and Concessionaire waives all claim whatsoever against City for damages for termination of its leasehold interest in the Premises or for interference with its business. Concessionaire hereby grants and assigns to City any right Concessionaire may now have or hereafter acquire to such damages and agrees to execute and deliver such further instruments of assignment as City, from time to time, may request. Concessionaire, however, shall have the right to claim from the condemning authority all compensation that may be recoverable by Concessionaire on account of any loss incurred by Concessionaire in relocating Concessionaire’s business and moving Concessionaire’s merchandise, furniture, trade fixtures and equipment and the cost or restoring its personal property and improvements made by it to the Premises.

22. DEFAULT BY CONCESSIONAIRE

22.1 Definition

If Concessionaire violates, breaches, or fails to keep or perform any material term, provision, covenant, or any obligation of this Agreement; or if Concessionaire fails to make any payment due under this Agreement by the date payment is due; or if Concessionaire fails to remedy any breach within sixty (60) days of being requested to do so by the Superintendent; or if Concessionaire files or is the subject of a petition in bankruptcy, or if a trustee or receiver is appointed for Concessionaire’s assets or if Concessionaire makes an assignment for the benefit

of creditors; or if Concessionaire is adjudicated insolvent, or becomes subject to any proceeding under any bankruptcy or insolvency law whether domestic or foreign, or liquidated, voluntarily or otherwise; then Concessionaire shall be deemed in default ("Default"). Superintendent will decide in Superintendent's sole discretion whether a breach is material so as to trigger a Default.

22.2 City Remedies

City shall provide formal notice to Concessionaire upon establishment of a condition of Default as specified in Section 22.1. If Concessionaire has defaulted and such Default continues or has not been remedied to the reasonable satisfaction of the Superintendent within thirty (30) days after written notice thereof has been provided to Concessionaire, then City shall have the following nonexclusive rights and remedies at its option: (i) to cure such default on Concessionaire's behalf and at Concessionaire's sole expense and to charge Concessionaire for all actual and reasonable costs and expenses incurred by City in effecting such cure as an Additional Charge; (ii) to terminate this Agreement. If City determines in the sole discretion of Superintendent that the nature of Concessionaire's obligation (other than monetary obligations and other than vacation or abandonment of the Premises) is such that more than thirty (30) days is required for performance, then City shall not consider Concessionaire to be in default if Concessionaire commences performance within such thirty (30) day period and for as long as Superintendent determines that Concessionaire is diligently prosecuting the same to completion. Concessionaire's failure to pay any Concession Fee obligation or Concessionaire's abandonment or vacation of the Premises shall not be subject to any extension of the thirty (30) day cure period without the express written permission of the Superintendent.

22.3 Reentry by City Upon Termination

Upon the termination of this Agreement, City may reenter the Premises, take possession thereof, require Concessionaire to stop all Permitted Use of the Premises and surrounding property, and remove all persons therefrom, for which actions Concessionaire shall have no claim thereon or hereunder. Concessionaire shall be liable and shall reimburse City upon demand for all actual and reasonable costs and expenses of every kind and nature incurred in retaking possession of the Premises. If City retakes the Premises, City shall have the right, but not the obligation, to remove therefrom all or any part of the personal property located therein and may place the same in storage at any place selected by City, including a public warehouse, at the expense and risk of Concessionaire. City shall have the right to sell such stored property, after reasonable prior notice to Concessionaire or such owner(s), after it has been stored for a period of sixty (60) days or more. The proceeds of such sale shall be applied: first, to the cost of such sale; second, to the payment of the charges for storage, if any; and third, to the payment of any other sums of money that may be due from Concessionaire to City; the balance, if any, shall be paid to Concessionaire.

22.4 Vacation or Abandonment

If Concessionaire vacates or abandons the Premises in their entirety and fails to reoccupy them within thirty (30) days after City (a) delivers a notice to Concessionaire's notice address set forth in Section 1.8 demanding such re-occupancy and (b) mails by certified or registered mail a copy

of the notice to any forwarding address given by Concessionaire to City in writing, Concessionaire shall be in default under this Agreement.

22.5 City's Non-Exclusive Remedies upon Termination due to Default of Concessionaire

Notwithstanding any reentry by City and anything to the contrary in this Agreement, in the event of the termination of this Agreement due to the Default of Concessionaire, the liability of Concessionaire for all sums due under this Agreement provided herein shall not be extinguished for the balance of the Term of this Agreement. Concessionaire shall also be liable to City for any other amounts (excluding consequential or specific damages) necessary to compensate City for all the detriment proximately caused by Concessionaire's failure to perform its obligations under this Agreement or that in the ordinary course of things would be likely to result therefrom, including but not limited to, any costs or expenses incurred in maintaining or preserving the Premises after such Default, and any costs incurred in authorizing others the use and occupancy of the Premises and in preparing the Premises for such use and occupancy, and such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of Washington. The provisions of this Section 22.5 shall survive the expiration or early termination of this Agreement.

23. CITY'S REMEDIES CUMULATIVE; WAIVER

City's rights and remedies hereunder are not exclusive, but cumulative, and City's exercise of any right or remedy due to a default or breach by Concessionaire shall not be deemed a waiver of, or alter, affect, or prejudice any other right or remedy that City may have under this Agreement or by law or in equity. Neither the acceptance of the Concession Fee nor any other act or omission of City at any time or times after the happening of any event authorizing the cancellation or forfeiture of this Agreement shall operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term or condition hereof or to deprive City of its right to cancel or forfeit this Agreement, upon the written notice provided for herein, at any time that cause for cancellation or forfeiture may exist, or be construed so as to estop City at any future time from promptly exercising any other option, right or remedy that it may have under any term or provision of this Agreement.

24. DEFAULT BY CITY

City shall be in default if City fails to perform its obligations under this Agreement within thirty (30) days after its receipt of notice of nonperformance from Concessionaire; provided, that if the default cannot reasonably be cured within the thirty (30) day period, City shall not be in default if City commences the cure within the thirty (30) day period and thereafter diligently pursues such cure to completion. Upon City's default, Concessionaire may pursue any remedies at law or in equity that may be permitted from time to time by the laws of the State of Washington.

25. TERMINATION FOR CONVENIENCE

Notwithstanding anything else in this Concession Agreement to the contrary, the City may, at any time and without liability of any kind to Concessionaire terminate this Agreement for any or

no reason for City's convenience, including use for another public or private purpose, upon two hundred-seventy (270) days prior written notice to Concessionaire. If the City terminates for convenience under this Section 25, City shall not owe Concessionaire any refund reflecting unallocated Tenant Improvement offsets or in-kind return of installed or attached improvements.

26. ACCESS BY CITY

City and its agents shall have the right to enter the Premises at any reasonable time to examine the same, and to show them to prospective purchasers, lenders, or tenants, and to make such repairs, alterations, improvements, additions or improvements to the Premises or Building as City may deem necessary or desirable. If Concessionaire is not personally present to permit entry and an entry is necessary in an emergency, City may enter the same by master key or may forcibly enter the same, without rendering City liable therefor, except in the event of City's gross negligence or intentional misconduct. Nothing contained herein shall be construed to impose upon City any duty of repair or other obligation not specifically stated in this Agreement. Concessionaire shall change the locks to the Premises only through City and upon paying City for all actual and reasonable costs related thereto.

27. NOTICES

Any notice, demand or request required hereunder shall be given in writing to the party's address set forth in Section 1.9 by any of the following means: (a) personal service; (b) commercial or legal courier; or (c) registered or certified first class mail. Such addresses may be changed by notice to the other parties given in the same manner as provided above. Notices shall be deemed to have been given upon the actual receipt, as evidenced by the deliverer's affidavit, the recipient's acknowledgment of receipt, or the courier's receipt, except in the event of attempted delivery during the recipient's normal business hours at the proper address by an agent of a party or by commercial or legal courier or the U.S. Postal Service but refused acceptance, in which case notice shall be deemed to have been given upon the day of attempted delivery, as evidenced by the messenger's affidavit of inability to deliver stating the time, date, place and manner in which such delivery was attempted and the manner in which such delivery was refused, or on the day immediately following deposit with such courier or, if sent pursuant to Section (c), forty-eight (48) hours following deposit in the U.S. mail.

28. SUCCESSORS OR ASSIGNS

All of the terms, conditions, covenants, and agreements of this Agreement shall extend to and be binding upon City, Concessionaire and, subject to the terms of Section 19 and Section 20, their respective heirs, administrators, executors, successors and permitted assigns, and upon any person or persons coming into ownership or possession of any interest in the Premises by operation of law or otherwise.

29. NO PARTNERSHIP

The City shall in no event be construed to be a partner, associate, or joint venturer of the Concessionaire or any party associated with the Concessionaire. The Concessionaire shall not create any obligation or responsibility on behalf of the City or bind the City in any manner.

30. AUTHORITY AND LIABILITY

Concessionaire warrants that this Agreement has been duly authorized, executed and delivered by Concessionaire, and that Concessionaire has the requisite power and authority to enter into this Agreement and perform its obligations hereunder. Concessionaire covenants to provide City with evidence of its authority and the authorization of this Agreement upon request. All persons and entities named as Concessionaire herein shall be jointly and severally liable for Concessionaire's liabilities, covenants and agreements under this Agreement.

31. PARTIAL INVALIDITY

If any court determines that any provision of this Agreement or the application hereof to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of this Agreement, or application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each other term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

32. FORCE MAJEURE

Neither City nor Concessionaire shall be deemed in default hereof nor liable for damages arising from its failure to perform its duties or obligations hereunder if such is due to any cause beyond its reasonable control, including, but not limited to an act of Nature, act of civil or military authority, fire, flood, windstorm, earthquake, strike or labor disturbance, civil commotion, delay in transportation, governmental delay, or war; provided, however, that the foregoing shall not excuse Concessionaire from the timely payment of the Concession Fee and Additional Charges due hereunder, when due.

33. COUNTERPARTS

This parties may execute this Agreement in counterparts, which, taken together, constitute the entire Agreement.

34. HEADINGS

The section headings used in this Agreement are used for purposes of convenience and do not alter in any manner the content of the sections.

35. CONTEXT

Whenever appropriate from the context, the use of any gender shall include any other or all genders, and the singular shall include the plural, and the plural shall include the singular.

36. EXECUTION BY CITY AND CONCESSIONAIRE; EFFECTIVE DATE

Neither City nor Concessionaire shall be deemed to have made an offer to the other party by furnishing the other party with a copy of this Agreement with particulars inserted. No contractual or other rights shall exist or be created between City and Concessionaire until all parties hereto have executed this Agreement. This Agreement shall become effective on the date (the

"Effective Date") on which this Agreement is executed by both City and Concessionaire, per Sections 1.3 and 1.4.

37. TIME OF ESSENCE; TIME CALCULATION METHOD

Time is of the essence with respect to this Agreement. Except as otherwise specifically provided, any reference in this Agreement to the word "day" means a "calendar day"; provided, however, that if the final day for any action required hereunder is a Saturday, Sunday or City holiday, such action shall not be required until the next succeeding day that is not a Saturday, Sunday, or City holiday. Any reference in this Agreement to the word "month" means "calendar month."

38. STANDARDS

Concessionaire recognizes that, although it is operating its facilities as an independent operator, Seattle Parks and Recreation is organized and exists for the purpose of maintaining park and recreation facilities for the use and enjoyment of the general public. Concessionaire, its agents and employees, will devote their efforts toward rendering courteous service to the public as though they were employees of the City, with a view of adding to the enjoyment of the patrons of this recreational facility. Concessionaire and Concessionaire's staff shall operate and conduct the facilities on the Premises in a businesslike manner and will not permit any conduct on the part of Concessionaire's employees or guests which would be detrimental to City's operations.

39. CITY'S CONTROL OF PREMISES AND VICINITY

All common areas and other facilities provided by City in or about the Premises are subject to the City's exclusive control and management by City. Accordingly, City may do any and all of the following (among other activities in support of Parks or other municipal objectives), all without incurring any liability whatsoever to Concessionaire:

39.1 Change of Vicinity

City may increase, reduce, or change in any manner whatsoever the number, dimensions, and locations of the walks, buildings, landscaping, exhibit, service area, and parking areas in the vicinity of the Premises.

39.2 Traffic Regulation

City may regulate all traffic within and adjacent to the Premises, including the operation and parking of vehicles of Concessionaire and its invitees, employees, and patrons.

39.3 Display of Promotional Materials

City may erect, display, and remove promotional exhibits and materials and permit special events on property adjacent to and nearby the Premises.

39.4 Promulgation of Rules

City may promulgate, from time to time, reasonable rules and regulations regarding the use and occupancy of any City property including, but not limited to, the Premises.

39.5 Change of Businesses

City may change the size, number, type and identity of concessions, stores, businesses, and operations being conducted or undertaken in the vicinity of the Premises.

40. MISCELLANEOUS

40.1 Entire Agreement

This Agreement and the Exhibits attached hereto, and by this reference incorporated herein, set forth the entire Agreement of City and Concessionaire concerning the Premises and supersedes any previous agreements between City and Concessionaire concerning the Premises. Any subsequent modification or amendment of this Agreement shall be binding upon City and Concessionaire only if reduced to writing and signed by them.

40.2 Applicable Law; Venue and Forum

This Agreement shall be governed by, and construed in accordance with the laws of the State of Washington and any dispute shall be finally resolved by King County Superior Court.

40.3 Negotiated Agreement

The parties to this Agreement acknowledge that it is a negotiated agreement, that they have had the opportunity to have this Agreement reviewed by their respective legal counsel, and that the terms and conditions of this Agreement are not to be construed against any party on the basis of such party's draftsmanship thereof.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year indicated below.

CITY:
SEATTLE PARKS AND RECREATION

By: _____

Anthony-Paul (AP) Díaz, Esq.
Superintendent of Parks and Recreation

CONCESSIONAIRE:
MAGNUSON BREWERY, LLC

By: _____

Cody Cluff
Owner, Magnuson Café & Brewery

EXHIBITS

The following Exhibits are made a part of this Agreement:

- Exhibit A – Point Deed – USA to City 1999
- Exhibit B – Magnuson Brewery Legal Description
- Exhibit C – Interior Floorplan
- Exhibit D – Gross Receipts Definition
- Exhibit E – Outdoor Premises
- Exhibit F – Public Benefits Plan

COPY

Seattle Department of Parks and Recreation
Property Management
800 Maynard Avenue South, 3rd Floor
Seattle, Washington 98134

DOCUMENT TYPE
COVER SHEET

Document Title: Quit Claim Deed

Reference number of related documents: Not Applicable

Grantor:
UNITED STATES OF AMERICA, acting by & through the Department of the Interior

Grantee:
THE CITY OF SEATTLE

Abbreviated Legal Description:
Portions of Section 2, Township 25N, Range 4 E, WM

Assessor's PropertyTax Parcel Account Number(s):
Portion of 022504-9001
Portion of 022504-9061

990504-1194 10:21:00 AM KING COUNTY RECORDS 027 THS 34.00

990504-1194

E1682938 05/04/99 .00 .00

Portion, Naval Station Puget Sound (Sand Point)
King County, Washington

QUIT CLAIM DEED

THE UNITED STATES OF AMERICA, acting by and through the Secretary of the Interior, acting by and through the Director, National Park Service, under and pursuant to the power and authority contained in the provisions of the Federal Property and Administrative Services Act of 1949 (63 Stat. 337), as amended, and particularly as amended by Public Law 485, 91st Congress, and regulations and orders promulgated thereunder (hereinafter designated "Grantor"), for and in consideration of the perpetual use of the hereinafter described premises as and for public park and public recreation area purposes, by the City of Seattle, Washington (hereinafter designated "Grantee"), does hereby convey and quit claim to Grantee, and to its successors and assigns, all Grantor's right, title and interest, together with all after-acquired title of the Grantor therein, in and to property containing approximately ninety three and one tenth (93.1) acres, including improvements appurtenant thereto, located in King County, Washington, and identified as Parcel 1 - Lots A, B, C, D, E, Parcel 3 - Lot E, Parcel 6 - Lots A, B, and C, and Parcel 6 - Lots D, E, and F, and Parcel 6B western segment described in Exhibit A, attached herein.

The herein described property is conveyed by the Grantor to the Grantee subject to the reservations, exceptions, restrictions, conditions and covenants herein expressed and set forth unto the Grantee, its successors and assigns, forever.

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The Grantor expressly excepts and reserves all remaining oil, gas, and mineral rights and deposits in said land to the Grantor, without rights to surface entry, from the hereinbefore described property, in accordance with all applicable laws.

Pursuant to CERCLA, 42 U.S.C. Section 9620(h), the United States Department of the Navy prepared an Environmental Baseline Survey (EBS), revised March 1, 1996, for the herein-described property. On May 16, 1996, the State of Washington issued a No Further Action Determination. A *Finding of Suitability to Transfer* (FOST) for Sand Point was approved by the United States Department of the Navy on April 15, 1998, and Addendum One to the FOST was approved by the United States Department of the Navy on August 25, 1998. Grantee acknowledges that it has received copies of the EBS and FOST, together with all documents attached thereto, and has received a copy of Addendum One to the FOST. Remedial action taken by the Navy is set forth in the Base Realignment and Closure Cleanup Plan (BCP), Close Out Version, dated "revised February 28 1996".

Pursuant to CERCLA, 42 U.S.C. Section 9620(h), the United States covenants and warrants to Grantee, its successors and assigns, that all remedial action, response action or corrective action necessary to protect human health and the environment with respect to any hazardous substance remaining on the property has been taken prior to the date of said transfer.

Pursuant to CERCLA, 42 U.S.C. Section 9620(h), the Grantor, on behalf of the Department of Navy, covenants and warrants to grantee, its successors, and assigns that any additional remedial action found to be necessary to protect human health and the environment with respect to any hazardous substance

stored, disposed of, or released on the herein described property prior to the date of transfer shall be conducted by the United States.

Pursuant to CERCLA 42 U.S.C. Section 9620(h), the Grantor reserves a right of access to the property in any case in which a response action or corrective action is found to be necessary after the date of this conveyance for the purpose of, but not limited to, monitoring, investigation, sampling, testing, or removal of any hazardous substance(s). The Grantee shall be provided reasonable notice of any action requiring access to the property and the Grantor shall take all reasonable steps to minimize the disruption of the Grantee's use of the property.

For the purposes of this deed, the term "hazardous substance" shall mean any hazardous, toxic, or dangerous substance, waste, or material that is regulated under any Federal or Washington State environmental or safety law.

The Grantee, by its acceptance of this deed does covenant and agree for itself, and its successors and assigns, forever, as follows:

Recreation Use Covenants

1. This property shall be used and maintained for public park and recreation purposes in perpetuity, as set forth in the program of utilization and plan contained in the December 1996, application submitted by the City of Seattle for the *Acquisition of a Portion of the Naval Station Puget Sound* and subsequent amendments thereto, a copy of which is on file with the Seattle City Clerk. Said program and plan may be amended from time to time at the written request of either the Grantor or Grantee, with the written concurrence of the other party, and such amendments will be added to and become a part of the original application.

2. The Grantee shall, within six (6) months of the date of the deed of conveyance, erect and maintain a permanent sign or marker near the point of principal access to the conveyed area indicating that the property is a park or recreation area and has been acquired from the Federal Government for use by the general public.

3. The property shall not be sold, leased, assigned or otherwise disposed of except to another eligible governmental agency without the prior approval of the Secretary of the Interior in writing. Any such disposition shall assure the continued use and maintenance of the property for public park or public recreational purposes subject to the same terms and conditions contained herein. However, nothing in this provision shall preclude the Grantee from providing recreational facilities and services compatible with the approved application, through concession agreements entered into with third parties, provided prior concurrence to such agreements is obtained in writing from the Secretary of the Interior. The Grantee, it's successor or assign shall provide written notice to the State of Washington Department of Ecology or successor agency of any intent to convey any interest in portions of the property identified in Section 8.

4. From the date of this conveyance, the Grantee shall submit biennial reports to the Secretary of the Interior, setting forth the use made of the property during the preceding two-year period, and other pertinent data establishing its continuous use for the purposes set forth above, for ten consecutive reports and as further determined by the Secretary of the Interior.

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5. The Grantee further agrees to comply with the requirements of Public Law 90-480 (82 Stat. 718) the Architectural Barriers Act of 1968 as amended by Public Law 91-205 of 1970 (84 Stat. 49) to assure that facilities developed on this property are accessible to the physically handicapped; and, further assure in accordance with Public Law 93-112, the Rehabilitation Act of 1973 (87 Stat. 394) that no otherwise qualified handicapped individual shall solely by reasons of his handicap be excluded from the participation in, be denied benefits of, or be subjected to discrimination under any program or activity in effect on this property; and agrees to comply with the provisions of Title III of the Age Discrimination Act of 1975, as amended (Public Law 94-135; 45 C.F.R. Part 90) prohibiting discrimination on the basis of age in programs and activities conducted on this property.

6. As part of the consideration for this Deed, the Grantee covenants and agrees that: (1) the program for or in connection with which this Deed is made will be conducted in compliance with, and the Grantee will comply with all requirements imposed by or pursuant to the regulations of the Department of the Interior as in effect on the date of this Deed (43 C.F.R. Part 17) issued under the provisions of Title VI of the Civil Rights Act of 1964; (2) this covenant shall be subject in all respects to the provisions of said regulations; (3) the Grantee will promptly take and continue to take such action as may be necessary to effectuate this covenant; (4) the United States shall have the right to seek judicial enforcement of this covenant; (5) the Grantee will insure that each other person (any legal entity) who, through contractual or other arrangements with the Grantee is authorized to provide services or benefits under said program complies with the same obligations as those imposed upon the Grantee by this covenant (6) this covenant shall run with the land hereby conveyed, and shall in any event, without regard to technical classification or designation, legal or otherwise, be binding to the fullest extent permitted by law and equity for the benefit of, and in favor of the Grantor and enforceable by the Grantor against the Grantee; and (7) the Grantor expressly reserves a right of access to, and entrance upon, the above described property in order to determine compliance with the terms of this conveyance.

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7. As to the obligations in Section 1 through 6, the Grantee shall hold harmless, defend and indemnify the United States, its employees, agents, and representatives from and against any suit, claim, demand or action, liability, judgment, cost or other fee arising out of any claim for personal injury or property damage (including death, illness, or loss of or damage to property or economic loss) that arises from the Grantee's or the Grantee's agent's use or occupancy of the property and/or the Grantee's default of the terms of this deed. Nothing in this Section 7 shall be construed in any way to limited the United States obligations pursuant to CERCLA, 42 U.S.C. Section 9620(h), any other law, or this deed, including but not limited to the obligation that any additional remedial action, response action or corrective action found to be necessary to protect human health and the environment with respect to any hazardous substances stored, disposed of, or released on the property prior to the date of transfer shall be conducted by the United States.

Hazardous Materials Covenants

8. Portions of the conveyed property have been determined to contain hazardous substances that exceed standards established under the State of Washington Model Toxics Control Act (MTCA). The following restrictive covenants are imposed on the identified portions of the conveyed property. As between Grantee, its successors and assigns, and the United States, a release requiring remediation, including testing and investigations, resulting from the violation of a restriction required by this section by the Grantee or any of its successors or assigns is the responsibility of such Grantee, successor or assign.

8.1. The use of Building 2, a 144,000 s.f. hangar building located on Parcel 1, Lot B as described in Exhibit A, is restricted to uses which do not penetrate the building's concrete slab. Soils sampling under the slab reveal metals above MTCA levels.

8.2. A grass landscaping strip located between Building 30, a 80,066 s.f. hangar building located on Parcel 6, Lot A as described in Exhibit A, and a parking area north of Building 30 is restricted to its current landscaped use. Soils sampling of the area revealed metals above MTCA levels.

8.3. The use of a paved tarmac east of Building 11, a 62,000 s.f. public works office and shop building located on Parcel 1, Lot A is restricted to uses which do not penetrate the paved tarmac. Petroleum was detected in concentrations exceeding MTCA levels.

8.4. Prior to willingly conducting a use inconsistent with a restrictive covenant contained in this Section 8, the Grantee, or its assignee or successors shall notify in writing the Grantor and the State of Washington Department of Ecology, or successor agency and obtain approval of the proposed change in use in accordance with WAC 173-340-440(5) or any amendment thereto. The Grantor shall take any action necessary with regards to this Section 8 to carry out an approval or other decision of the State of Washington Department of Ecology or successor agency.

8.5. Grantee, or its successor or assign, shall provide notice to the State of Washington Department of Ecology or successor agency of the party's intent to convey any interest in portions of the property identified in this Section 8.

8.6. If the Grantee is in default of the conditions and terms of this Section 8, Grantee shall hold harmless, defend, and indemnify the United States, its employees, agents, and representatives from and against any suit, claim, demand, or action, liability of judgement, cost or other fee arising out of any claim for personal injury or property damage (including death, illness, or loss of or damage to property or economic loss) to the extent caused by such default.

8.7. The Grantor for itself and its successors and assigns hereby grants to the Washington State Department of Ecology or successor agency, and its designated representatives, the right to enter the property at reasonable times for the purpose of evaluating compliance with a cleanup action plan and other required plans relating to this Section 8, including the right to take samples, inspect any remedial actions taken at the site, and to inspect records.

9. The Grantee acknowledges that it has received the EBS and the FOST and its attachments. The Grantee acknowledges that it has had the opportunity to inspect the physical condition and current level of environmental hazards on the property and to determine the suitability of the property as to safety for the Grantee's intended use, human health, and the environment in general.

10. The Grantee agrees to indemnify, defend, save, and hold harmless the Grantor, and Grantor employees, officers, representatives, attorneys and agents, from and against any and all debts, duties, obligations, liabilities, law suits, claims, demands, causes of action, damages, losses, costs, and expenses (including, without limitation, costs associated with any investigation, monitoring, sampling, testing, or removal of hazardous substance(s), attorney fees and expenses, and court costs) to the extent caused by the release of any hazardous substance(s) brought onto the herein described property after the date of this deed and while the property was in the possession and/or control of the Grantee. However, nothing in this Section 10 shall be construed to limit in any way the United States' obligations pursuant to CERCLA, 42 U.S.C. Section 9620(h), any other law, or this deed, including but not limited to the obligation that any additional remedial action, response or corrective action found to be necessary to protect human health and the environment with respect to any hazardous substances stored, disposed or, or released on the property prior to the date of transfer shall be conducted by the United States.

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Lead Based Paints and Asbestos Covenants

11. The Grantee is hereby informed and does acknowledge Grantor's representation that certain buildings on the property have been found to contain lead-based paints as indicated in the EBS and FOST and attachments. The scope of this Section 11, and the meaning of "applicable property," is specifically limited to only the building interiors of those portions of the property on which the EBS, or the FOST or its attachments, identified that lead-based paint was present. The presence of lead-based paints within these structures may affect their use for residential purposes in compliance with 24 CFR Part 35, Subpart H. A lead warning statement is attached as Exhibit B. The Grantee acknowledges that it has received the opportunity to conduct a risk assessment or inspection for the presence of lead-based paints or lead-based paint hazards prior to the execution of this conveyance. The Grantee covenants that, if required by applicable federal or state law and in compliance with such law, Grantee will provide for an inspection, abatement, and/or elimination of any lead-based paint hazard on a portion of the applicable property (as defined and limited by this Section 11) prior to the occupancy or use of said portion of the property by successors or assigns. The Grantee covenants and agrees to be responsible for any remediation of lead-based paint or lead-based paint hazards on the applicable property (as defined and limited by this Section 11) found to be necessary and required by federal or state law after the date of conveyance. The Grantee covenants and agrees to indemnify and hold harmless the Grantor, its agents and employees against any claims for personal injury to the extent caused by exposure, after the date on which the City took control of the relevant portion of the property, to lead-based paint on the applicable property (as defined and limited by this Section 11). Should, in the future, lead-based paint present in, on, or under the property prior to the date of transfer be considered a CERCLA release, nothing in this Section 11 shall be construed to limit in any way the United States' obligations pursuant to CERCLA, 42 U.S.C. Section 9620(h), any other law, or this deed, including but not limited to the obligation that nay additional remedial action, response or corrective action found to be necessary to protect human health and the environment with respect to any hazardous substances stored, disposed or, or released on the property prior to the date of transfer shall be conducted by the United States.

12. The Grantee is hereby informed and does acknowledge Grantor's representation that asbestos and asbestos containing materials have been found on the property as described in the FOST and its attachments. The scope of this Section 11, and the meaning of "applicable property," is specifically limited to only the building interiors of those portions of the property on which the EBS, or the FOST or its attachments, identified that asbestos or asbestos containing material was present. The Grantee covenants and agrees that in its use and occupancy of the applicable property (as defined and limited by this Section 12), it will comply with all Federal, State and local laws relating to asbestos; and that Grantor assumes no liability for damages for personal injury, illness, disability or death, to the Grantee or to any other person, including members of the general public, to the extent caused by the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever, after the date on which the City took control of the relevant portion of the property, with asbestos on the applicable property (as defined and limited by this Section 12), whether Grantee has properly warned or failed properly to warn the individual(s) injured. The Grantee agrees to be responsible for any future remediation of asbestos found to be necessary and required by federal or state law on the applicable property (as defined and limited by this Section 12). Should, in the future, asbestos present in, on, or under the property prior to the date of transfer be considered a CERCLA release, nothing in this Section 12 shall be construed to limit in any way the United States' obligations pursuant to CERCLA, 42 U.S.C. Section 9620(h), any other law, or this deed, including but not limited to the obligation that any additional remedial action, response or corrective action found to be necessary

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to protect human health and the environment with respect to any hazardous substances stored, disposed or, or released on the property prior to the date of transfer shall be conducted by the United States.

Historic Resource Covenant

13. The following parcels as described in Exhibit A are contained within Sand Point Historic District; Parcel 1, Lots A, B, C, D, and E, Parcel 3, Lot E, and Parcel 6, Lots D and E. The described portions of the following parcels, fully described in Exhibit A, are also included within the Sand Point Historic District; the westerly 300 feet of Parcel 6, Lot A, the westerly 410 feet of Parcel 6, Lot B and that portion of the Lot B within 50 feet and containing Building 41, and the southwest corner of Parcel 6, Lot C, containing an area 110.22 feet by 147.34 feet. The Grantee hereby covenants on behalf of itself, heirs, successors, and assigns at all times to the United States to maintain property described within this Section in accordance with the Historic Preservation Covenant, attached hereto as Exhibit C. Incorporation of this Historic Preservation Covenant is made pursuant to the October 1997 Programmatic Agreement among the Department of the Navy, The Advisory Council on Historic Preservation, and The Washington State Historic Preservation Officer Regarding: Base Closure and Disposal of the Naval Station Puget Sound, Sand Point, a copy of which can be located at the Office of Sand Point Operations, 7400 Sand Point Way NE, Seattle, WA 98115.

Reversion and Default

14. The failure of the Grantee, or of its successors and assigns, to comply with any of the conditions and covenants contained in this deed shall constitute a default if such default shall continue, after written notice from the Grantor specifically identifying the nature of the default, for a period of not less than ninety (90) days, or such longer period as may be reasonably required to cure the default, provided the Grantee commences the cure within said ninety (90) days after the Grantor's written notice of default and covenants to diligently complete the cure within such reasonable period. In the event the Grantee is in default of any covenant or condition contained in this deed then upon failure to eliminate, rectify, cure, or commence action to cure said breach within the time agreed upon , all right, title, and interest in and to said premises shall, at the Grantor's option revert to and become the property of the Grantor. In addition to all other remedies for such breach relating to the use of the property for park and recreation purposes, the preservation of identified historic resources, or related to nondiscrimination, the Grantee, its successors and assigns, at the Grantor's option, shall forfeit all right, title, and interest in any and all of the tenements, hereditaments, and appurtenances thereunto belonging. With regard thereto, the Grantee shall execute a deed, as directed by the Grantor, conveying all interest in the premises and improvements thereon to the Grantor. The failure of the grantor to require in any one or more instances complete performance of any of the conditions or covenants shall not be construed as a waiver or relinquishment or such future performance, but the obligation of the Grantee, its successors and assigns, with respect to such future performance shall continue in full force and effect.

15. The Grantee, by its acceptance of this deed, covenants and agrees that in the event the Grantor exercises its option to revert all right, title, and interest in the property to the Grantor, or the Grantee voluntarily returns title to the property in lieu of a reverter, then the Grantee shall provide protection to and maintenance of said property at all times until such time as the title is actually reverted or returned to and accepted by the Grantor, including the period of any notice of intent to revert. Such protection and maintenance shall, at a minimum, conform to the standards prescribed by the General Services Administration in its regulations FPMR 101-47.402 in effect as of the date of this deed.

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IN WITNESS WHEREOF, the Grantor has caused these presents to be executed in its name and on its behalf on this 17 day of MARCH 1999.

UNITED STATES OF AMERICA
Acting by and through the Secretary of the Interior

By _____
John J. Reynolds
Regional Director, Pacific West
National Park Service

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On this 17 day of March 1999, before me, the subscriber, personally appeared John J. Reynolds to be known and personally known to me to be the Regional Director, Pacific West, National Park Service, of the United States of America, acting by and through the Secretary of the Interior, a governmental agency of the United States of America, and known to me to be the same person described in and who executed the foregoing instrument as such Regional Director, Pacific West aforesaid, as the act and deed of the United States, for and on behalf of the Secretary of the Interior, and he acknowledged that he executed the foregoing instrument for and on behalf of the United States of America, for the purposes and uses therein described.

Witness my hand and official seal.

M. DOLORES GUILLORY
Commission # 1123226
Notary Public — California
San Francisco County
My Comm. Expires Jan 20, 2001

M. Dolores Guillory
NOTARY PUBLIC

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GRANTEE
City of Seattle, Washington

By _____
Kenneth R. Bounds,
Superintendent
Department of Parks and Recreation

Date MARCH 25, 1999

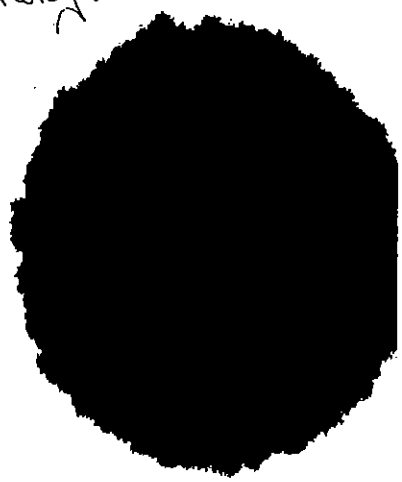
STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 25th day of March, 1999, before me, the undersigned notary, the subscriber, personally appeared and being the duly authorized official of the City of Seattle, Washington and known to me to be the same person described herein and who executed the foregoing acceptance of said on behalf of the City of Seattle, Washington, for the purposes and uses therein described.

Witness my hand and official seal.

_____
NOTARY PUBLIC
Expiration Oct 16, 2000
State of Washington





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Exhibit A
PARCEL 1 - Lot A

Those portions of the southwest quarter (SW¼) of the northwest quarter (NW¼) of Section 2, TWP 25N, RNG 04E and Govt. Lots 1 and 2 in said Section, together with the 1st Class Shore Lands adjacent, abutting and attached thereto, as acquired by the U. S. Navy on behalf of the United States of America described as follows:

Commencing at the northwest corner of said Section 2, thence S 89°43'27" E on the north line of said Section a distance of 528.79 feet to the east margin of Sand Point Way NE (formerly referred to as the James Kiefer County Rd. No. 1283), and the **True Point of Beginning**; thence S 30°28'08" E on said east margin a distance of 360.75 feet to a point of curvature in said east margin of which the radial center bears S 59° 31' 52" W at a distance of 2336.20 feet, thence continuing on said east margin on a curve concave to the south and west through a central angle of 16°31'03" an arc distance of 673.49 feet, thence S 13° 57' 05" E on said east margin a distance of 225.43 feet, to a point of intersection with the northerly boundary of a parcel of land under the jurisdiction of the United States Department of Commerce (NOAA) as surveyed and described in a record of survey drawing titled "Boundary Survey for the National Oceanic and Atmospheric Administration N.O.A.A. Western Regional Center Access Road", project No. 96545.00 by Penhallegon Associated Consulting Engineers, Inc., said point being identified by a 5/8" iron rebar with cap marked P.A.C.E., L.S. 11691 and herein referred to as rebar marker thence leaving said east margin and along a line adjoining said N.O.A.A. property the following courses and distances, S 30° 43' 19" E a distance of 199.50 feet to a rebar marker, thence S 85° 28' 44" E a distance of 87.72 feet to a rebar marker, thence S 71° 12' 22" E a distance of 46.87 feet to a rebar marker, thence S 76° 54' 27" E a distance of 20.06 feet to a rebar marker, thence S 62° 39' 42" E a distance of 33.69 feet to a rebar marker, thence N 00° 01' 44" W a distance of 485.07 feet to a rebar marker, thence N 89° 59' 11" E a distance of 252.00 feet to a rebar marker, thence N 25° 28' 42" E a distance of 277.22 feet to the Inner Harbor Line of the Lake Washington Shore Lands as established by the State of Washington Commissioner of Public Lands and according to the Maps thereof on file in Olympia, Washington and a point of depature from the said line adjoining N.O.A.A., thence N 50° 40' 00" W on said Inner Harbor Line a distance of 989.04 feet to the intersection with the north line of said Section 2, thence N 89° 43' 27" W on said north line a distance of 380.23 feet to the True Point of Beginning.

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PARCEL 1 - Lot B

That portion of the northeast quarter (NE¼) of the southwest quarter (SW¼), the southwest quarter (SW¼) of the northwest quarter (NW¼) and Govt. Lot 2 in Section 2, TWP 25N, RNG 04E, as acquired by the U. S. Navy on behalf of the United States of America by deed recorded in the records of King Co., Washington in Vol. 1306 at pg. 455, described as follows:

Commencing at the southwest corner of said Lot 2, accepted as being the same as the intersection of the centerline of Sand Point Way NE with the production east of the north

margin of NE 75th Street, thence S 00° 48' 49" E on said centerline a distance of 171.45 feet, thence N 89° 11' 11" E a distance of 40.00 feet to the east margin of Sand Point Way NE, thence N 89° 57' 38" E a distance of 94.91 feet, thence S 00° 01' 23" E a distance of 95.37 feet, thence N 89° 42' 47" E a distance of 329.93 feet, thence N 0°01'33" W a distance of 945.00 feet to the **True Point of Beginning**, thence continuing N 0°01'33" W a distance of 455.06 feet, thence S 89°54'15" W a distance of 382.55 feet, thence S 00°07'23" E a distance of 162.10 feet, thence S 89°28'49" W a distance of 130.88 feet, thence S 28°13'40" E a distance of 300.77 feet to a point of curvature the radial center of which bears N 61°46'20" E at a distance of 50.00 feet, thence on said curve concave to the northeast through a central angle of 61°48'42" an arc distance of 53.94 feet, thence N 89°57'38" E a distance of 326.93 feet to the **True Point of Beginning**.

PARCEL 1 - Lot C

That portion of the northeast quarter (NE¼) of the southwest quarter (SW¼), the southwest quarter (SW¼) of the northwest quarter (NW¼) and Govt. Lot 2 in Section 2, TWP 25N, RNG 04E, as acquired by the U. S. Navy on behalf of the United States of America by deed recorded in the records of King Co., Washington in Vol. 1306 at pg. 455, described as follows:

Commencing at the southwest corner of said Lot 2, accepted as being the same as the intersection of the centerline of Sand Point Way NE with the production east of the north margin of NE 75th Street, thence S 00° 48' 49" E on said centerline a distance of 171.45 feet, thence N 89° 11' 11" E a distance of 40.00 feet to the east margin of Sand Point Way NE, thence N 89° 57' 38" E a distance of 94.91 feet, thence S 00° 01' 23" E a distance of 95.37 feet, thence N 89° 42' 47" E a distance of 329.93 thence N 0°01'33" W a distance of 1400.06 feet, thence S 89°54'15" W a distance of 382.55 feet to the **True Point of Beginning**, thence S 78° 17' 54" W a distance of 116.65 feet to a point of curvature the radial center of which bears S 11° 42' 06" E at a distance of 118.61 feet, thence on said curve concave to the southeast through a central angle of 39° 41'40" an arc distance of 82.17 feet to a non-tangent cusp, thence leaving said curve S 28° 13' 40" E, a distance of 110.65 feet, thence N 89°28'49" E a distance of 130.88 feet, thence N 00° 07' 23" W a distance of 162.10 feet to the **True Point of Beginning**.

PARCEL 1 - Lot D

That portion of the northeast quarter (NE¼) of the southwest quarter (SW¼), the southwest quarter (SW¼) of the northwest quarter (NW¼) and Govt. Lot 2 in Section 2, TWP 25N, RNG 04E, as acquired by the U. S. Navy on behalf of the United States of America by deed recorded in the records of King Co., Washington in Vol. 1306 at pg. 455, described as follows:

Commencing at the southwest corner of said Lot 2, accepted as being the same as the intersection of the centerline of Sand Point Way NE with the production east of the north margin of NE 75th Street, thence S 00° 48' 49" E on said centerline a distance of 171.45 feet, thence N 89° 11' 11" E a distance of 40.00 feet to the east margin of Sand Point

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Way NE, thence N 00° 48' 49" W on said east margin a distance of 304.41 feet to a point of curvature in said east margin the radial center of which bears S 89° 11' 11" W at a distance of 612.25 feet, thence north and west on said east margin on a curve concave to the south and west through a central angle of 26°51'36" an arc distance of 287.02 feet to the **True Point of Beginning**, thence leaving said east margin N 89° 57' 38" E a distance of 196.07 feet, thence N 00° 01' 33"W a distance of 230.96 feet, thence S 89° 57' 38" W a distance of 24.12 feet to a point of curvature of which the radial center bears N 00°02'22" W at a distance of 90.00 feet, thence continuing on the curve concave to the north and east through a central angle of 61°48'42" an arc distance of 97.10 feet, thence N 28° 13' 40" W a distance of 338.18 feet to a point of curvature of which the radial center bears S 61°46'20" W at a distance of 13.89 feet, thence continuing on the curve concave to the south an through a central angle of 127°02'10" arc distance of 30.80 feet to a point of compound curvature of which the radial center bears S 65°15'50" E at a distance of 221.89 feet, thence continuing on the curve concave to the southeast through a central angle of 20°40'59" an arc distance of 80.10 feet to a point of compound curvature of which the radial center bears S 85°56'49" E at a distance of 440.08 feet, thence continuing on the curve concave to the east through a central angle of 41°28'44" an arc distance of 318.60 feet to a non-tangent cusp, thence N 89°56'55" W a distance of 83.74 feet to a point on a curve on the east margin of Sand Point Way NE, the radial center of which bears N 66°27'12" E at a distance of 533.90 feet, thence continuing southeasterly on said east margin on the curve concave to the north and east through a central angle of 04°58'40" an arc distance of 46.38 feet, thence continuing on said east margin S 28°31'28" E a distance of 171.16 feet to a point of curvature in said east margin of which the radial center bears S 61°28'32" W at distance of 612.25 feet, thence continuing on said east margin, on a curve concave to the south and west through a central angle of 00°51'03" an arc distance of 9.09 feet to the **True Point of Beginning.**

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PARCEL 1 - Lot E

That portion of the northeast quarter (NE¼) of the southwest quarter (SW¼), the southwest quarter (SW¼) of the northwest quarter (NW¼) and Govt. Lot 2 in Section 2, TWP 25N, RNG 04E, as acquired by the U. S. Navy on behalf of the United States of America by deed recorded in the records of King Co., Washington in Vol. 1306 at pg. 455, described as follows:

Commencing at the southwest corner of said Lot 2, accepted as being the same as the intersection of the centerline of Sand Point Way NE with the production east of the north margin of NE 75th Street, thence S 00° 48' 49" E on said centerline a distance of 212.12 feet, thence N 89° 11' 11" E a distance of 40.00 feet to the east margin of Sand Point Way NE, thence N 00° 48' 49" W on said east margin a distance of 274.35 feet to the **True Point of Beginning**, thence N 89° 57' 38" E a distance of 139.78 feet, thence N 00° 01' 33"W a distance of 187.00 feet, thence S 89° 57' 38" W a distance of 14.53 feet, thence N 00° 01' 33"W a distance of 159.43 feet, thence S 89° 57' 38"W a distance of 196.07 feet to a point on a curve in the east margin of Sand Point Way NE, the radial center of which bears S 62° 19' 35" W at a distance of 612.25 feet, thence south and east on said east margin on a curve concave to the southwest through a central angle of 26°

51' 34" an arc distance of 287.02 feet, thence continuing on said east margin S 00° 48' 49" E a distance of 70.73 feet to the **True Point of Beginning**.

PARCEL 3 - Lot E

That portion of the northeast quarter (NE¼) of the southwest quarter (SW¼), the southwest quarter (SW¼) of the northwest quarter (NW¼) and Govt. Lot 2 in Section 2, TWP 25N, RNG 04E, as acquired by the U. S. Navy on behalf of the United States of America by deed recorded in the records of King Co., Washington in Vol. 1306 at pg. 455, described as follows:

Commencing at the southwest corner of said Lot 2, accepted as being the same as the intersection of the centerline of Sand Point Way NE with the production east of the north margin of NE 75th Street, thence S 00° 48' 49" E on said centerline a distance of 171.45 feet, thence N 89° 11' 11" E a distance of 40.00 feet to the east margin of Sand Point Way NE and the **True Point of Beginning**, thence N 89° 57' 38" E a distance of 94.91 feet, thence S 00° 01' 23" E a distance of 95.37 feet, thence S 89° 42' 47" W a distance of 93.59 feet to the east margin of Sand Point Way NE, thence N 00° 48' 49" W on said east margin a distance of 95.79 feet to the **True Point of Beginning**.

PARCEL 6 - Lot A

That portion of the northeast quarter (NE¼) of the southwest quarter (SW¼), the southwest quarter (SW¼) of the northwest quarter (NW¼) and Govt. Lot 2 in Section 2, TWP 25N, RNG 04E, as acquired by the U. S. Navy on behalf of the United States of America by deed recorded in the records of King Co., Washington in Vol. 1306 at pg. 455, described as follows:

Commencing at the southwest corner of said Lot 2, accepted as being the same as the intersection of the centerline of Sand Point Way NE with the production east of the north margin of NE 75th Street, thence S 00° 48' 49" E on said centerline a distance of 171.45 feet, thence N 89° 11' 11" E a distance of 40.00 feet to the east margin of Sand Point Way NE, thence N 89° 57' 38" E a distance of 94.91 feet, thence S 00° 01' 23" E a distance of 95.37 feet, thence N 89° 42' 47" E a distance of 404.93 feet to the **True Point of Beginning**, thence continuing N 89° 42' 47" E a distance of 690.05 feet to the west boundary of a tract of land under the jurisdiction of the National Oceanic & Atmospheric Administration (NOAA), thence N 00° 02' 51" E on said NOAA boundary a distance of 460.89 feet to a concrete monument marking an angle point in the NOAA boundary, thence N 89° 57' 32" W on said NOAA boundary a distance of 690.63 feet to a concrete monument with metal disk stamped "U.S. NAVY #10", thence S 00° 01' 33" E a distance of 464.84 feet to the **True Point of Beginning**.

PARCEL 6- Lot B

That portion of the east one-half of the southwest quarter (SW¼) of Section 2, TWP 25N, RNG 04E, W.M., said east one-half being acquired by the U. S. Navy on behalf of the United States of America by deed recorded in the records of King Co., Washington in Vol. 1306 at pg. 455, described as follows:

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Commencing at the west one-sixteenth corner common to Sections 2 and 11, TWP 25N, RNG 04E, W.M., accepted as being the same as the center-line intersection of NE 65th Street and Sand Point Way NE, thence N 00° 48' 49" W on the centerline of Sand point Way NE a distance of 60.01 feet, thence leaving said centerline S 89° 35' 06" E a distance of 40.01 feet to a point on the east margin of said Sand Point Way NE, said point being 60.00 feet north of the south line of said Section 2 as measured at right angles thereto, thence continuing S 89° 35' 06" E parallel with the south line of said Section 2 a distance of 489.94 feet, thence N 00° 19' 00" W a distance of 331.50 feet, thence N 23° 24' 06" W a distance of 323.73 feet, thence N 00° 01' 23" W a distance of 1211.94 feet to the **True Point Of Beginning** of this description, thence continuing N 00° 01' 23" W a distance of 410.18 feet, thence N 89° 42' 47" E a distance of 796.53 feet to the west boundary of a tract of land under the jurisdiction of the National Oceanic & Atmospheric Administration (NOAA), thence S 00° 02' 51" W on said NOAA boundary a distance of 276.81 feet to a concrete monument marking a boundary corner of Warren G Magnuson Park as established in 1975, thence continuing S 00° 02' 51" W on said Park boundary a distance of 159.18 feet, thence leaving said Park boundary S 89° 44' 09" W a distance of 546.98 feet, N 00° 15' 51" W a distance of 25.49 feet, thence S 89° 44' 09" W a distance of 248.90 feet to the **True Point Of Beginning**.

PARCEL 6 - Lot C

All those portions of Section 2, TWP 25N, RNG 04E, W.M., acquired the U. S. Navy on behalf of the United States of America described as follows:

Commencing at the west one-sixteenth corner common to Sections 2 and 11, TWP 25N, RNG 04E, W.M., accepted as being the same as the center-line intersection of NE 65th Street and Sand Point Way NE, thence N 00° 48' 49" W on the centerline of Sand Point Way NE a distance of 60.01 feet, thence leaving said centerline S 89° 35' 06" E a distance of 40.01 feet to a point on the east margin of said Sand Point Way NE, said point being 60.00 feet north of the south line of said Section 2 as measured at right angles thereto, thence continuing S 89° 35' 06" E parallel with the south line of said Section 2 a distance of 489.94 feet to the **True Point Of Beginning** of this description, thence continuing S 89° 35' 06" E a distance of 1015.52 feet, thence S 01° 17' 22" a distance of 32.30 feet to the north boundary of a parcel of land under the jurisdiction of the United States Department of Interior (BRD), thence N 88° 39' 59" E on said BRD boundary a distance of 938.55 feet to the east boundary of Warren G. Magnuson Park as described in A.O. 105244, thence N 00° 01' 56" E on said Park boundary a distance of 699.25 feet to a concrete monument with metal disk set by the U. S. Navy, thence N 85° 48' 34" W on said Park boundary a distance of 1076.96 feet to a concrete monument with metal disk set by the U. S. Navy, thence N 31° 56' 06" W on said Park boundary a distance of 408.95 feet to a concrete monument with metal disk set by the U. S. Navy, thence N 00°02'51" E on said Park boundary a distance of 711.51 feet, thence S 89° 44' 09" W a distance of 546.98 feet, thence S 00° 15' 51" E a distance of 412.92 feet, thence N 89°46'57" W a distance of 97.67 feet, thence S 00° 00' 57" W a distance of 210.01 feet, thence S 43° 40' 36" E a distance of 172.10 feet, thence S 00° 00' 41" E a distance

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of 348.04 feet, thence S 67°06'04" W a distance of 180.33 feet, thence S 23° 24' 06" E a distance of 348.19 feet, thence S 01° 14' 46" W a distance of 183.51 feet, thence S 89°41'00" W a distance of 110.22 feet, thence S 00° 19' 00" E a distance of 147.34 feet to the **True Point Of Beginning.**

PARCEL 6 - Lot D

That portion of the east one-half of the southwest quarter (SW$\frac{1}{4}$) of Section 2, TWP 25N, RNG 04E, W.M., said east one-half being acquired by the U. S. Navy on behalf of the United States of America by deed recorded in the records of King Co., Washington in Vol. 1306 at pg. 455, described as follows:

Commencing at the west one-sixteenth corner common to Sections 2 and 11, TWP 25N, RNG 04E, W.M., accepted as being the same as the center-line intersection of NE 65th Street and Sand Point Way NE, thence N 00° 48' 49" W on the centerline of Sand point Way NE a distance of 60.01 feet, thence leaving said centerline S 89° 35' 06" E a distance of 40.01 feet to a point on the east margin of said Sand Point Way NE, said point being 60.00 feet north of the south line of said Section 2 as measured at right angles thereto, thence continuing S 89° 35' 06" E parallel with the south line of said Section 2 a distance of 489.94 feet, thence N 00° 19' 00" W a distance of 331.50 feet, thence N 23° 24' 06" W a distance of 323.73 feet, thence N 00° 01' 23" W a distance of 1211.94 feet to the **True Point Of Beginning** of this description, thence N 89° 44' 09" E a distance of 248.90 feet, thence S 00° 15' 51" E a distance of 438.41 feet, thence N 89° 46' 57" W a distance of 250.75 feet, thence N 00° 01' 23" W a distance of 436.31 feet to the **True Point Of Beginning.**

PARCEL 6 - Lot E

That portion of the east one-half of the southwest quarter (SW$\frac{1}{4}$) of Section 2, TWP 25N, RNG 04E, W.M., said east one-half being acquired by the U. S. Navy on behalf of the United States of America by deed recorded in the records of King Co., Washington in Vol. 1306 at pg. 455, described as follows:

Commencing at the west one-sixteenth corner common to Sections 2 and 11, TWP 25N, RNG 04E, W.M., accepted as being the same as the center-line intersection of NE 65th Street and Sand Point Way NE, thence N 00° 48' 49" W on the centerline of Sand Point Way NE a distance of 60.01 feet, thence leaving said centerline S 89° 35' 06" E a distance of 40.01 feet to a point on the east marginal boundary of said Sand Point Way NE, and the **True Point Of Beginning** of this description, said point being 60.00 feet north of the south line of said Section 2 as measured at right angles thereto, thence continuing S 89°35'06" E parallel with said Section line a distance of 429.94 feet, thence N 00°19'00" W a distance of 146.64 feet, thence S 89° 41' 00" W a distance of 267.55 feet to a point of curvature of a curve concave to the north and east of which the radial center bears N 00° 19' 00" W at a distance of 165.00 feet, thence west and north on said curve through a central angle of 89°30'11" an arc distance of 257.75 feet to the east marginal boundary of Sand point Way NE, thence S 00° 48' 49" E on said east marginal boundary a distance of 304.73 feet to the **True Point Of Beginning.**

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PARCEL 6 - Lot F

That portion of the Evergreen Addition to the City of Seattle as recorded in Vol. 12, pg. 66, of the Records of King Co., said Tract being acquired by the War Department through Civil Action 388, together with those portions of the streets and avenues in said Addition as vacated by V.O. 71498, bounded by the following description:

Commencing at the SE corner of Block 2 of said Evergreen Add., thence N 00° 48' 49" W on the east line of said Block 2, a distance of 239.39 feet to the north line of said Addition, being the same as the Section line common to Sections 2 and 11, Twp 25N, Rng 4E, W.M., thence N 89°35'05" W on said Section line a distance of 349.10 feet to the **True Point Of Beginning**, thence S 00°41'00" W a distance of 239.34 feet to the south line of Block 4 in said Addition, thence N 89°35'06" W on the south line of said Addition, a distance of 186.71 feet to a point 251.47 east of the SW corner of Block 6 in said Addition, thence N 17° 27' 07" W a distance of 251.47 feet to a point on the north line of said Addition said point being distant 198.15 feet east of the production north of the west line of said Block 6, thence S 89° 35' 06" E on the north line of said Addition, being the same as the Section line common to aforementioned Sections, a distance of 264.98 feet to the **True Point Of Beginning; EXCEPT** the north 20 feet thereof.

PARCEL 6 - Lot G

Those portions of a Tract of land in Gilmore's Addition to the City of Seattle as recorded in Vol. 32, pg. 10 of the Records of King Co., said Tract being acquired by the War Department through Civil Action 388, together with those portions of vacated NE 65th St. in said Addition as vacated by V.O. 71498, bounded by the following description:

Beginning at the SW corner of Block 1 in said Gilmore's Add., thence N 42° 03' 59" E a distance of 320.31 feet to the north line of said Gilmore's Add., being the same as the Section line common to Sections 2 and 11, Twp 25N, Rng 4E, W.M., thence N 89° 35' 06" W on said Section line a distance of 198.00 to a point on a curve of the east margin of Sand Point Way N.E., the radial center of which bears S 89° 22' 20" W at a distance of 356.64 feet, thence south and west on said curved margin through a central angle of 19°05'40" an arc distance of 118.86 feet to a non-tangent cusp on the west line of said Block 1, thence S 00° 48' 49" E feet on said west line a distance of 122.36 feet to the point of beginning. **EXCEPT** the north 20.00 feet thereof.

PARCEL 6B western segment

That portion of the east one-half of the southwest quarter (SW$\frac{1}{4}$) of Section 2, TWP 25N, RNG 04E, W.M., said east one-half being acquired by the U. S. Navy on behalf of the United States of America by deed recorded in the records of King Co., Washington in Vol. 1306 at pg. 455, described as follows:

Commencing at the west one-sixteenth corner common to Sections 2 and 11, TWP 25N, RNG 04E, W.M., accepted as being the same as the center-line intersection of NE 65th Street and Sand Point Way NE, thence N 00° 48' 49" W on the centerline of Sand Point Way NE a distance of 60.01 feet, thence leaving said centerline S 89° 35' 06" E a distance of 40.01 feet to a point on the east marginal

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boundary of said Sand Point Way NE, thence N 00° 48' 49" W on said east marginal boundary a distance of 2084.19 feet to the **True Point Of Beginning** of this description, thence continuing N 00° 48' 49" W on said east marginal boundary a distance of 157.23 feet, thence leaving said east marginal boundary N 89° 42' 47" E a distance of 290.69 feet, thence S 00° 01' 23" E a distance of 109.19 feet, thence S 89° 59' 00" W a distance of 198.34 feet, thence S 00° 01' 23" E a distance of 49.40 feet, thence S 89° 59' 00" W a distance of 90.18 feet to the east marginal boundary of Sand Point Way NE and the **True Point Of Beginning**.

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Exhibit C
HISTORIC PRESERVATION COVENANT
NATIONAL PARKS SERVICE PUBLIC BENEFIT CONVEYANCE

A portion of the property conveyed herein is within the Naval Station Puget Sound (NSPS) Sand Point Historic District. A location map depicting the parcel in relation to the Historic District and a list of buildings and other site features that are considered contributing elements to the Historic District are described on Attachment 1 to this Exhibit. All structures and site features identified as contributing elements to the NSPS Sand Point Historic District have been determined by the Washington State Historic Preservation Office (SHPO) to be eligible for inclusion in the National Register of Historic Places and shall therefore be preserved, protected, and maintained in accordance with plans approved by the National Park Service (NPS) and prior agreements between the Department of the Navy and the State of Washington Historic Preservation Officer (SHPO), herein incorporated by reference.

1. Prior to the initiation of any construction, alteration, remodeling, demolition, disturbance of the ground surface, irrevocable disturbance of landscape settings, or other action which would materially affect the integrity, appearance, or historic value of structures or settings , the grantee or successors and assigns shall obtain the approval of the National Park Service and/or a designee (SHPO). Actions considered to materially affect the property would affect the exterior surfaces, or change the height, or alter the exterior facade (including without limitation exterior walls, windows and roofs, design, color and materials),or adversely effect the structural soundness of the property or alter a significant interior feature. Actions that would affect views within the historic district, landscaping, open space, add new structures or paved areas or site elements such as towers, fences, signs would also be considered to materially affect the property. Plans which are submitted in accordance with this section shall be prepared to conform, to the maximum extent possible, with the Secretary of Interior's *"Standards and Guidelines for Historic Preservation Projects"* as supplemented or amended.

2. Projects identified within and in full conformance with a Historic Property Reuse and Protection Plan, approved by the National Park Service and /or a designee shall be considered to be pre-approved and are not subject to the requirements of item 1 of this section.

3. Grantee will make every effort to retain and reuse, to the extent practicable, the historic structures.

4. In the event of a violation of this covenant, and in addition to any remedy now or hereafter provided by law, the United States Government may, following reasonable notice to the Grantee, institute any action to enjoin said violation or to recover the restoration of the property. The successful party shall be entitled to recover all costs or expenses incurred in connection with such action, including all court costs and attorney's fees.

5. The failure of the United States Government to exercise any right or remedy granted under this instrument shall not have the effect of waiving or limiting the exercise of any other right or remedy or the use of such right or remedy at any other time.

6. This historic preservation covenant is a binding servitude on the grantee and its successors, and assigns in perpetuity. Restrictions, stipulations and covenants contained herein shall be inserted by the grantee verbatim or by explicit reference in any deed or other legal instrument by which it divests

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itself of either fee simple or any lessor estate of all or any part of the real estate that is associated with the NSPS Sand Point Historic District.

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ATTACHMENT 1 to Exhibit C
SAND POINT HISTORIC DISTRICT CONTRIBUTING ELEMENTS AND THEIR CHARACTER DEFINING FEATURES CONTAINED WITHIN THE NATIONAL PARK SERVICE'S PUBLIC BENEFIT CONVEYANCE TO THE CITY OF SEATTLE

The following features of the various historic district elements were determined to be character defining by the representatives of the Washington State Office of Archeology and Historic Preservation, the Navy and the City of Seattle during site inspections conducted in September, 1996, March, June, July, and August of 1997.

BUILDINGS

In general the character defining exterior features of contributing buildings are wall surfaces, rooflines, window openings and divided light windows, specialized doors, art deco architectural ornamentation and lighting fixtures. Most of the buildings retain their original style. There have been additions to many of the buildings but most were completed prior to W.W. II and used similar materials in the same style to mimic the original structure. Original windows and doors have been replaced in several instances with non-original material but the placement and style have been retained. There is sufficient integrity in the floor plans, space volumes, exposed structural elements, and industrial finishes in the hangars and other shop spaces to make these interior features contributing elements. In the case of the other types of buildings most have been substantially modified during numerous renovations and use changes and exhibit a limited amount of details or fabric worthy of retention.

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It is important to note that the building specific character defining features listed below are intended to provide a baseline reference point for consideration during development of alteration and maintenance projects. Preservation of the listed features should be the goal during project planning. In addition it should not be assumed that projects, especially large scale interior remodel projects, will not have an adverse effect on historic character even if none of the listed features is affected. Such projects will still require review by a historic preservation specialist.

Building Specific Features

Building 2 (Parcel 1, Lot B - constructed 1929) This building is 144,000 SF and contains two large hangar bays and numerous smaller rooms. The exteriors of the hangar bays have somewhat different styles with brick exterior walls on the north section and corrugated transite on the south section. This building is the oldest surviving structure at Sand and relates directly to the historic aviation mission and exhibits strong art deco influence in its finishes and details.

Building 2 Specific Exterior Features

1. Original multi-story rolling metal framed hangar doors on the east facade on north and southhangar bays and also on the west side of the south hangar bay. These doors are solid at the bottom with window lights in a grid the remainder of the door height.
2. Original steel framed divided light doors and widows on end and back walls.
3. Emblem above southeast hangar doors.
4. Overhead beam for loading and lifting on south end of west side.

Building 2 Specific Interior Features

1. Interior space volume in both hangar bays. The mezzanine in the north hangar is not a character defining feature.

Building 11 (Parcel 1, Lot A - constructed 1940) Contains 62,000 SF and was public works office and shop complex. The facade combines brick veneer and corrugated exterior wall material.

Building 11 Specific Exterior Features

1. Original steel frame divided light windows.

Building 11 Specific Interior Features

1. Exposed structural system in shop area especially post and beam connections.
2. Entry lobby to office portion detailing consisting of ceiling cornice of stars and hefron pilasters flanking interior door.

Building 12 (Parcel 1, Lot C - constructed 1930) Central Steam Plant houses three large boilers and associated equipment.

Building 12 Specific Exterior Feature

1. Original double height ,divided light industrial windows with operable center panels.
2. Large door openings with side by original side by side shop doors with divide light industrial windows in top 2/3.
3. Emission stacks and vents on roof.

Building 12 Specific Interior Features

None

Building 15 (Parcel 6, Lot E - constructed 1938) Recreation Facility originally a green house later converted to a golf club house and last used as arts and crafts center. Does not have specific exterior or interior features.

Building 18 (Parcel 6, Lot B - constructed 1936) Brick building first used as motor vehicle shop and then a fire station. The hose-drying tower is a prominent vertical element in the District, especially looking from north to south.

Building 18 Specific Exterior Features

1. Cast concrete parapet
2. Divided light industrial windows with cast concrete sills
3. Large garage type doors on north facade
4. Hose drying tower

Building 18 Specific Interior Features

None

Building 30 (Parcel 6, Lot A - constructed 1938) Consists of large central hangar space flanked by a three story office wing on the west side and two levels of shop and office spaces on the east side. Another classic hangar area although smaller in area than Building 2, at 80,066 SF. Non-hangar portion has Art Deco detailing similar to Buildings 25 and 29.

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Building 30 Specific Exterior Features

1. Large rolling hangar doors. Door area above 7 feet is divided lights End panel door have standard 3' wide doors built in for access.
2. Main entrance to office area on the west side. Features include double sided "T" shaped stairway leading to entry, Art Deco lanterns on the railings at the bottom of the staircase, a fluted panel into which double entry doors are recessed that extends the full height of the building, and a flat canopy projects out from the doors forming a weather cover. The cover is wrapped in fluted aluminum with stand up letters in Art Deco style reading Administration.
3. Original windows on two story east wing with dark painted frames on the first floor and pre-cast concrete sills on the second floor. Most windows in the three-floor west wing are replacements.

Building 30 Specific Interior Features

1. Base Commanding Officer's suite located on the third floor of the west wing. Specific details include paneled conference room with fireplace and adjacent Officer's Ward room including built in wall seating, glass block bar and original linoleum floor with pre W.W.II aircraft logo with red star in the center.
2. General configuration of office area on southwest corridor of the first floor of the west wings in particular the interior daylight glass top partitions.
3. High bay and open space volume of the hangar area.

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Building 31 (Parcel 1, Lot A - constructed 1938) Built on a pier that originally was used to unload fuel barges. The building was used to provide covered slips for boats; including the Admiral's barge and watch standing space for the barge crew.

Building 31 Specific Exterior Features

1. Green patterned asphalt roof shingles (although may not be original).

Building 31 Specific Interior Features

None

Building 47 (Parcel 6, Lot D - constructed 1941) Contains 50,060 SF and was used as multi-use recreation complex consisting of gymnasium including bleacher area on one side, weight and exercise rooms, lockers, swimming pool, library, offices, and theater. Street facade is brick faced but other sides of building are painted cmu.

Building 47 Specific Exterior Features

1. Cast concrete banding on brick facade
2. Original metal framed windows with divided lights and operable awning center panel
3. Main building entrance on west side consisting of three deep set windows in concrete frame above the entry, and fluted aluminum round edge canopy extending over the entry
4. Lead downspouts

Building 47 Specific Interior Features

1. Theater area on north side of the building, especially the stage and orchestra pit area, including the wood molding on the front of the stage and wood stairways on either side.

Building 67 (Parcel 1, Lot D - constructed 1941) Contains 33,720 SF used as vehicle maintenance and parking garage facility. It was built on a hillside to provide vehicle access to service and garage areas on separate levels.

Building 67 Specific Exterior Features

1. Main entrance on upper level with glass block walls on the side and half round cover over the doorway that is edged in stainless steel.
2. Multiple, large garage-style openings on the ground and second level.

Building 67 Specific Interior Features

None

Building 138 (Parcel 3, Lot E - constructed 1942) Built as Pass and ID office and police station. Two story building on either side of main entrance with continuous second floor forming a bridge over the entrance. High visibility location at the main entry point and close to major public thoroughfare.

Building 138 Specific Exterior Features

1. Original metal frame windows with operable awning center panels.
2. Flat roof line with concrete cornice.

Building 138 Specific Interior Features

1. Stair moldings.
2. Interior walk-in safes.

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MONUMENTS

There is one monument on the base, located in the center island of the main entry road (in front of Building 138). It is a stone column, approximately 13' high, which is capped by a bronze eagle with outstretched wings. A shield shaped plague indicates that the monument commemorates the first around the world military flight that originated and returned to the Sand Point aerodrome in 1926. The monument was moved from its original location in 1942.

LANDSCAPE, SITE FEATURES, VIEWS

The following landscape and other site features within the area conveyed are considered to be contributing features to the Sand Point Historic District. Any proposed action that might effect these features or proposed direct alteration of them would require consultation with Washington SHPO.

Location of features is shown on attached map

Numbering below coincides with the site feature number on the map. Gaps in the numbers relate to site features that contribute to the Historic District but are not within the area covered by this conveyance.

1. Edge effect created by uniform front foundation lines of buildings 224, 47 and 222.

2. Site of large signboard on southeast corner of intersection of B Street and 4th Street. Sign itself is not original or significant but continuous use of this site for this function is significant.

21. Seaplane Ramp.

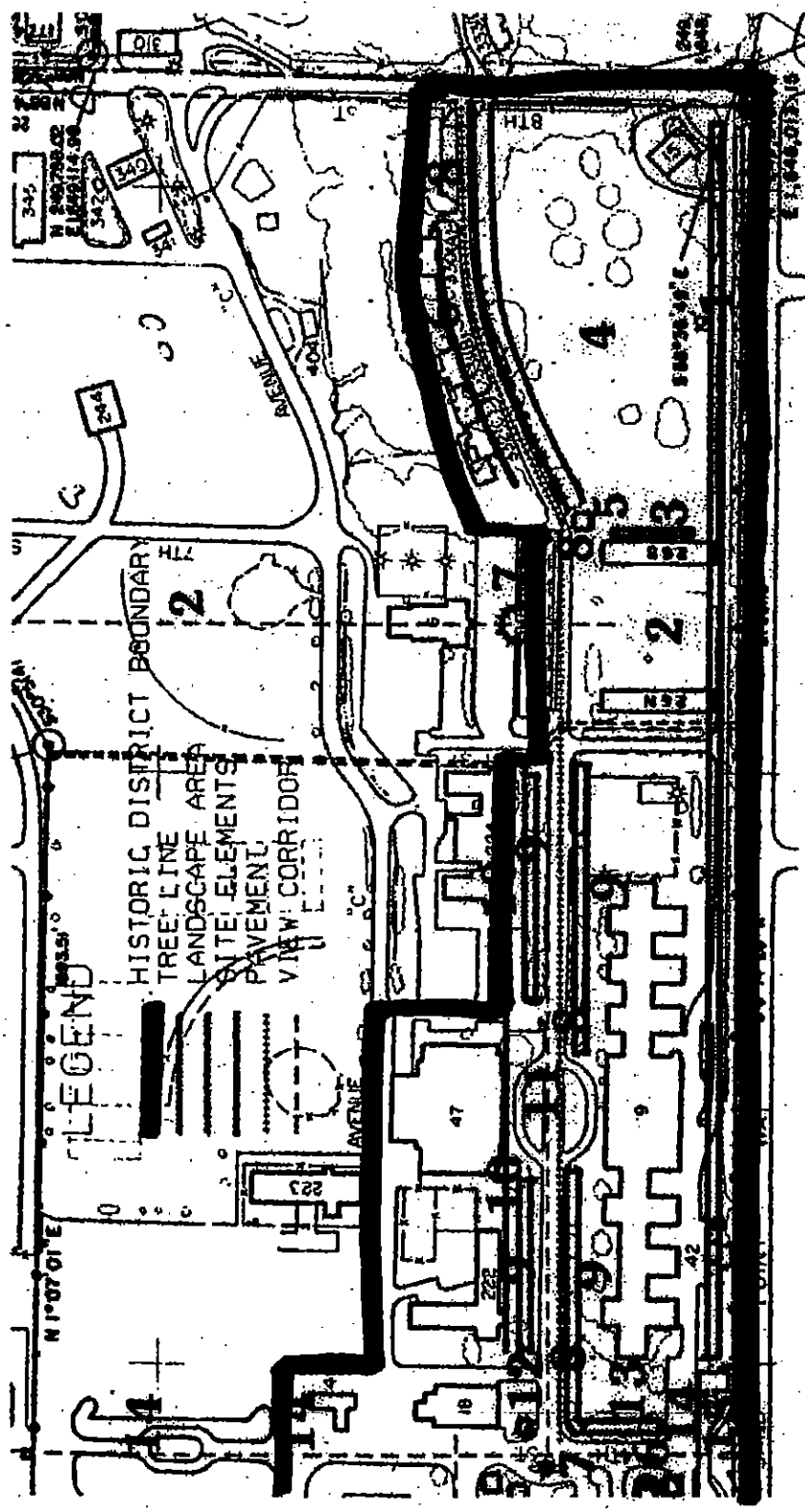
22. North/ South view corridor down Avenue A from overpass at 1st Street to Lake Washington.

23. Stepped aggregate shoreline edging south of Building 31.

24. Remaining example of original street light (to be model for new ones placed on site).

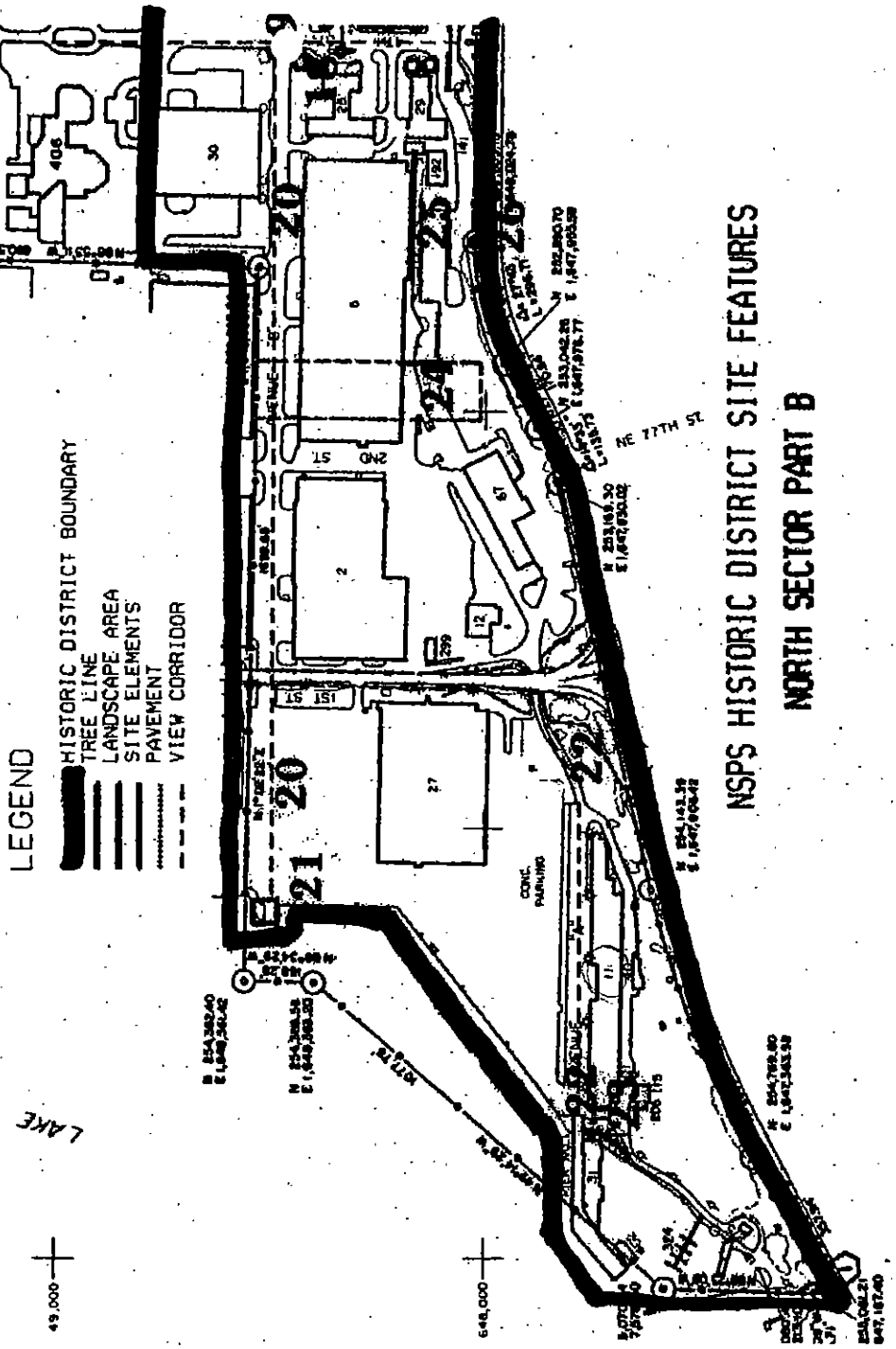
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NSPS HISTORIC DISTRICT SITE FEATURES
SOUTH SECTOR PART A

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NSPS HISTORIC DISTRICT SITE FEATURES
NORTH SECTOR PART B
LEGEND
HISTORIC DISTRICT BOUNDARY
TREE LINE
LANDSCAPE AREA
SITE ELEMENTS
PAVEMENT
VIEW CORRIDOR
NE 77TH ST
2ND ST
1ST ST
LAKE

Building 11 Legal Description

Bldg 11
W ½ Section 2, TWP 25N, RNG 04E, W.M.
PARCEL. 1 Lot A

Those portions of the southwest quarter (SW ¼) of the northwest quarter (NW ¼) of Section 2, TWP 25N, RNG 04E and Govt. Lots 1 and 2 in said Section, together with the 1st Class Shore Lands adjacent, abutting and attached thereto, as acquired by the U. S. Navy on behalf of the United States of America described as follows:

Commencing at the northwest corner of said Section 2, thence S89° 43' 27"E on the north line of said Section a distance of 528.79 feet to the east margin of Sand Point Way NE (formerly referred to as the James Kiefer County Rd. No. 1283), and the True Point of Beginning; thence S 30° 28' 08" E on said east margin a distance of 360.75 feet to a point of curvature in said east margin of which the radial center bears S 59° 31' 52" W at a distance of 2336.20 feet, thence continuing on said east margin on a curve concave to the south and west through a central angle of 16°31'03" an arc distance of 673.49 feet, thence S 13° 57' 05" on said east margin a distance of 225.43 feet, thence leaving said east margin S 30° 43' 19" E a distance of 199.50 feet, thence S 85° 28' 44" E a distance of 87.12 feet, thence S 71° 12' 22" E a distance of 46.87 feet, thence S 76° 54' 27" E a distance of 20.06 feet, thence S 62° 39' 42" E a distance of 33.69 feet, thence N 00° 01' 44" W a distance of 485.07 feet, thence N 89° 59' 11" E a distance of 252.00 feet, thence N 25° 28' 42" E a distance of 277.22 feet to the Inner Harbor Line of the Lake Washington Shore Lands as established by the State of Washington Commissioner of Public Lands and according to the Maps thereof on file in Olympia, Washington, thence N 50° 40' 00" W on said Inner Harbor Line a distance of 989.04 feet to the intersection with the north line of said Section 2, thence N 89° 43' 27" W on said north line a distance of 380.23 feet to the True Point of Beginning.

Building 11 & 20 (Central Section)

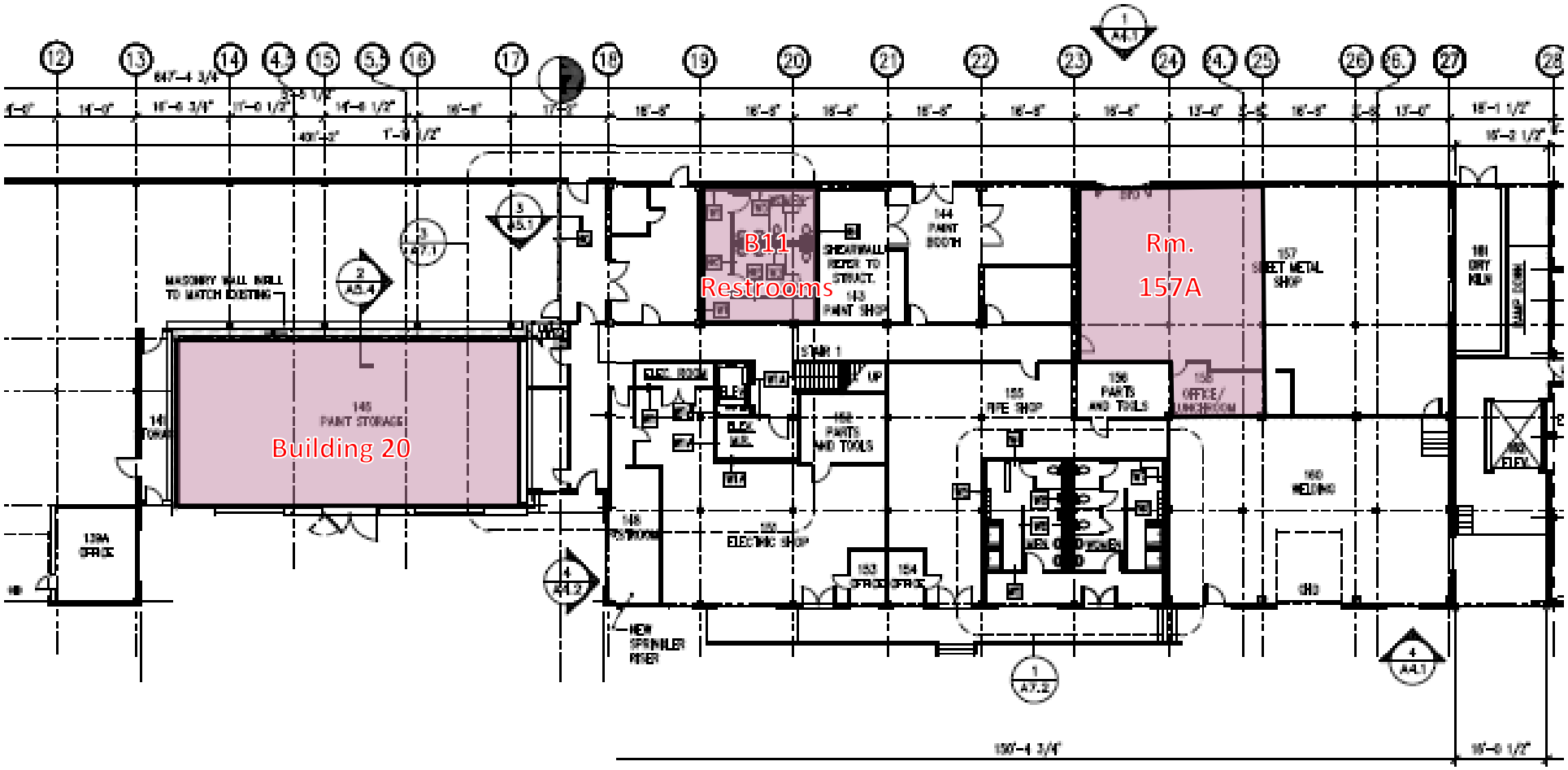


EXHIBIT D

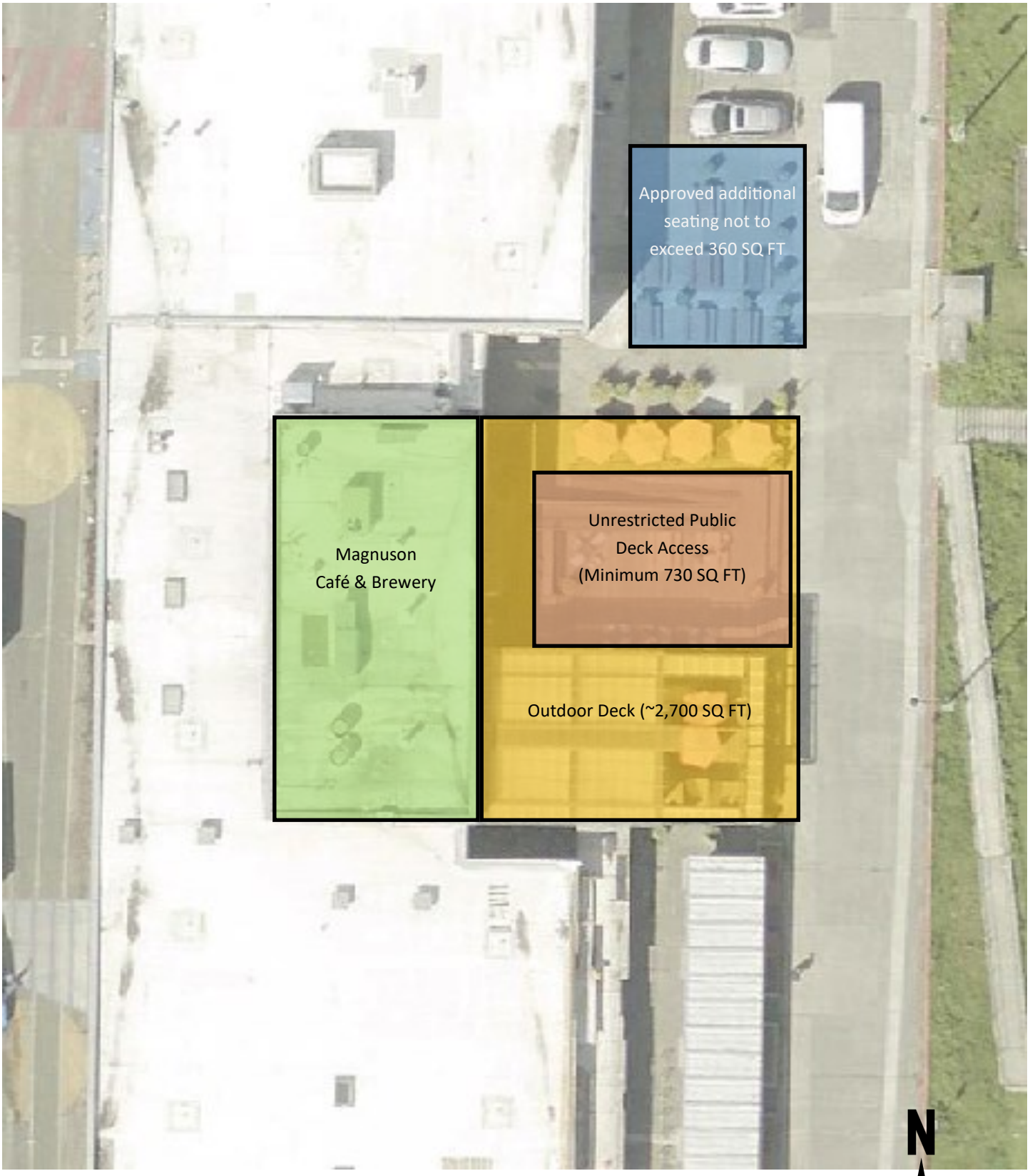
Gross Receipts Definition

As used in this Agreement, “Gross Receipts” means and includes the total income of the Concessionaire from conducting business in, on from or in any way related to the Premises, including proceeds from all retail sales of food, beverages, merchandise and services of any kind whatsoever, for cash, barter, exchange or credit, regardless of method of collection; all sub-concession fees and payments to Concessionaire; sales from vending devices; rental of any merchandise or equipment; mail or telephone orders received or filled on or from the Premises; all deposits not refunded to purchasers; orders taken at the Premises although filled elsewhere; fees; commissions; catalog sales; and rental receipts. Any installment or credit sale shall be deemed to have been made for the full price on the date of sale regardless of when payment is received. Wholesale of beverage items are excluded in the calculation of Gross Receipts for the purposes of this agreement. Subject only to the exclusions specified in the immediately following paragraph, the full amount received by the Concessionaire shall be included in "Gross Receipts," regardless of whether (a) the Concessionaire was acting as a consignee, trustee or agent for a third party in connection with such sale or rental, or (b) the Concessionaire is entitled to retain the full amount received on such sale as the Concessionaire's own property.

The term "Gross Receipts" does not mean or include the amount of money refunded to and not merely credited to the account of customers who return or do not accept food, beverages, merchandise, or services sold or rented; any exchange of merchandise between stores or the central warehouses of the Concessionaire where such exchange is made solely for the convenient operation of the business and not for the purpose of consummating a sale made in, on, or from the Premises; returns to shippers or manufacturers; any discount allowed to customers; the Washington State Sales Tax and any other tax imposed by any government agency directly on sales. Business and occupation taxes are not taxes imposed directly on sales and shall not be deducted from the amount of "Gross Receipts".

Restaurant Sales

As used in this Agreement, “Restaurant Sales” means and includes any sale of a product, including but not limited to beverages, food, and merchandise, that occurs on or from the Premises. Wholesale of beverages are not included in this definition.


Approved additional seating not to exceed 360 SQ FT
Magnuson Café & Brewery
Unrestricted Public Deck Access (Minimum 730 SQ FT)
Outdoor Deck (~2,700 SQ FT)
N

DESCRIPTION	AWARD/ DISTRIBUTION CRITERIA	VALUE
Magnuson Brewery, LLC (MCB) shares public restrooms with the park visitors and community (youth and adults). MCB will provide oversight and operational support to Seattle Parks and Recreation custodial staff regarding the Building 11 first-floor public restrooms. This support will include oversight, restocking of paper products and other consumables (supplies provided by SPR), reporting of maintenance needs to SPR staff through appropriate means, and general cleaning as necessary to preserve these assets in a safe and welcoming condition.	Target 363 days of additional operational support at 2 hours per day.	363 days x 2 hours x $25 /hour (2025 wage) = $18,150
MCB to work with Magnuson Community Center on developing joint opportunities to support the local housing community within the park.	Since MCB has a full kitchen, emphasis will be placed on programs that the Community Center runs to provide food to the children and families in Magnuson Park. Depending on size of event, MCB will collaborate 1-2 times per year.	$2,000 (Food and Labor)
MCB supports our non-profit neighbor in the park, Sail Sand Point, each year by donating $5,000. Sail Sand Point is a 501(c)(3) nonprofit community boating center whose mission is to bring the joy and life-enhancing benefits of sailing and small boats to people of all ages, abilities and backgrounds. Through scholarship and discount programs it removes barriers to water access, and through its programs it focuses on the development of a lifelong passion for sailing, while nurturing self-confidence, leadership, and environmental stewardship.	$5,000 sponsorship equals the cost of 1 week of summer camp scholarships for 12 kids.	$5,000

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Seattle Parks and Recreation	Joanne Orsucci	Alex Rouse

1. BILL SUMMARY

Legislation Title: AN ORDINANCE authorizing the Superintendent of Seattle Parks and Recreation (SPR) to enter into a Concession Agreement with Magnuson Brewing, LLC, to occupy and use a portion of the North Shore Recreation Area at Warren G. Magnuson Park to provide food and beverage concessions.

Summary and Background of the Legislation: The proposed Council Bill authorizes the Superintendent of SPR to execute for and on behalf of SPR a ten-year Concession Agreement with Magnuson Brewing, LLC, to occupy and use a portion of the Magnuson Northshore Recreation Area (specifically Building 20 and that portion of Building 11 currently in use as Magnuson Café & Brewing offices and storage, specifically room 157A) at Warren G. Magnuson Park to provide full-service lunch and dinner concession, brewery operations, and custodial maintenance of certain common areas, including the first-floor public restrooms within Building 11.

The proposed legislation also authorizes an option to extend the initial term of the agreement for one additional five-year term after the initial extension. As a component of the proposed legislation, Magnuson Brewing, LLC, will develop and update a Tenant Improvement Plan that includes anticipated projects, estimated costs, project timelines and potential funding sources in anticipation of the City's plans for decarbonization of municipal buildings. This decarbonization effort is to be completed by the end of June 2033 and is eligible for offsets to the Concession Fee of up to $190,000 over the Initial Term of the Agreement. In total, this legislation will generate for SPR up to $969,223 in total value and $779,223 in revenue after offsets between 2025 and 2035; the single extended term, if exercised, carries an additional value and revenue of $769,467 between 2035 and 2040.

Building 11 is an historic building in Warren G. Magnuson Park. Magnuson Brewing, LLC, has occupied its current premises at Warren G. Magnuson Park since 2018 via public-private partnership and has provided valuable contributions to the character of the Park not only through its tenancy, but also through its investment and transformative capital projects. Through this successful public-private partnership, SPR and Magnuson Brewing, LLC, have mutually benefitted through the restoration of the historic property, increased park activation and public safety, increased vehicle and pedestrian traffic to the North Shore, and high-quality food service in an otherwise underserved neighborhood for this sector. This agreement will put in place a long-term agreement that provides stability and predictability for both the City and Magnuson Brewing, LLC, and will ensure the expanded use of Building 11.

Note that while this legislation authorizes the concession agreement and subsequent collection of concession fees, it does not result in material financial changes to SPR's 2025 Adopted Budget which already assumes revenues from this facility.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ **No**

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City?
No

Notes: SPR does not anticipate that the new concession agreement with Magnuson Brewing, LLC will have significant financial impacts on the 2025 Adopted Budget beyond those already described, as the budget already assumes concession revenues at this facility.

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.
No

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.
N/A

Please describe any financial costs or other impacts of *not* implementing the legislation.
If the legislation is not adopted and implemented, City would lose Concession Fee revenue for premises beginning in August 2025 and continuing until another tenant could be identified through RFP process to occupy premises.

Please describe how this legislation may affect any City departments other than the originating department.

4. OTHER IMPLICATIONS

a. Is a public hearing required for this legislation?
No.

b. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation?
No.

c. Does this legislation affect a piece of property?
Yes, the legislation will authorize a property agreement for long-term tenant occupancy of Buildings 11 and 20 at Warren G. Magnuson Park. These buildings were connected through architectural features added prior to SPR ownership and are served by a unified set of utility infrastructure; the subject premises would include the entirety of Building 20 and Room 157A in Building 11, as well as certain common area spaces within Building 11 and an external deck seating area located on the east side of Building 20. A map and diagram of the interior and exterior premises is included as Summary Attachment A.

d. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.
This legislation maintains the presence of the only full-service lunch and dinner concession and/or restaurant located within Warren G. Magnuson Park and the surrounding area. Along major arterials, it is 0.7 miles (13-minute walk) south on Sand Point Way NE to Pagliacci Pizza; 1.6 miles (42-minute walk) west on NE 65th St to stores and restaurants on 35th Ave NE; and infeasibly far traveling north along Sand Point Way NE to reach restaurants and grocery stores. Magnuson Café & Brewing provides a nearby, affordable and high-quality option for residents of Mercy Housing, Solid Ground, and the Low Income Housing Institute, as well as employees of Magnuson Park, NOAA, and other Sand Point area employees, in an area of NE Seattle otherwise lacking in restaurant amenities. (Walking estimates from Google Maps.)

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.

iii. What is the Language Access Plan for any communications to the public?

e. Climate Change Implications

i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.
The property agreement at issue and attached to this legislation includes a tenant improvement project to decarbonize the restaurant and brewery areas of the subject premises to comply with EO #2021-09 through conversion of the equipment and

premises from natural gas utility to fully electric utility by mid-2033. This project will be funded by the tenant with partial fee offset provided by SPR.

ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.
See above.

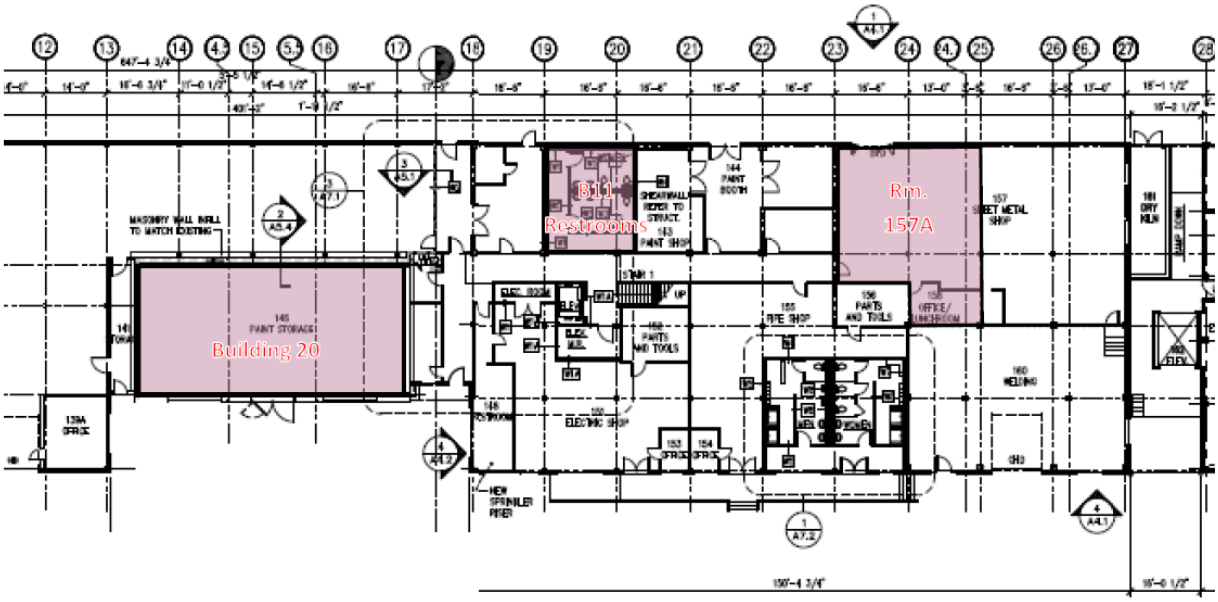
f. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?
N/A

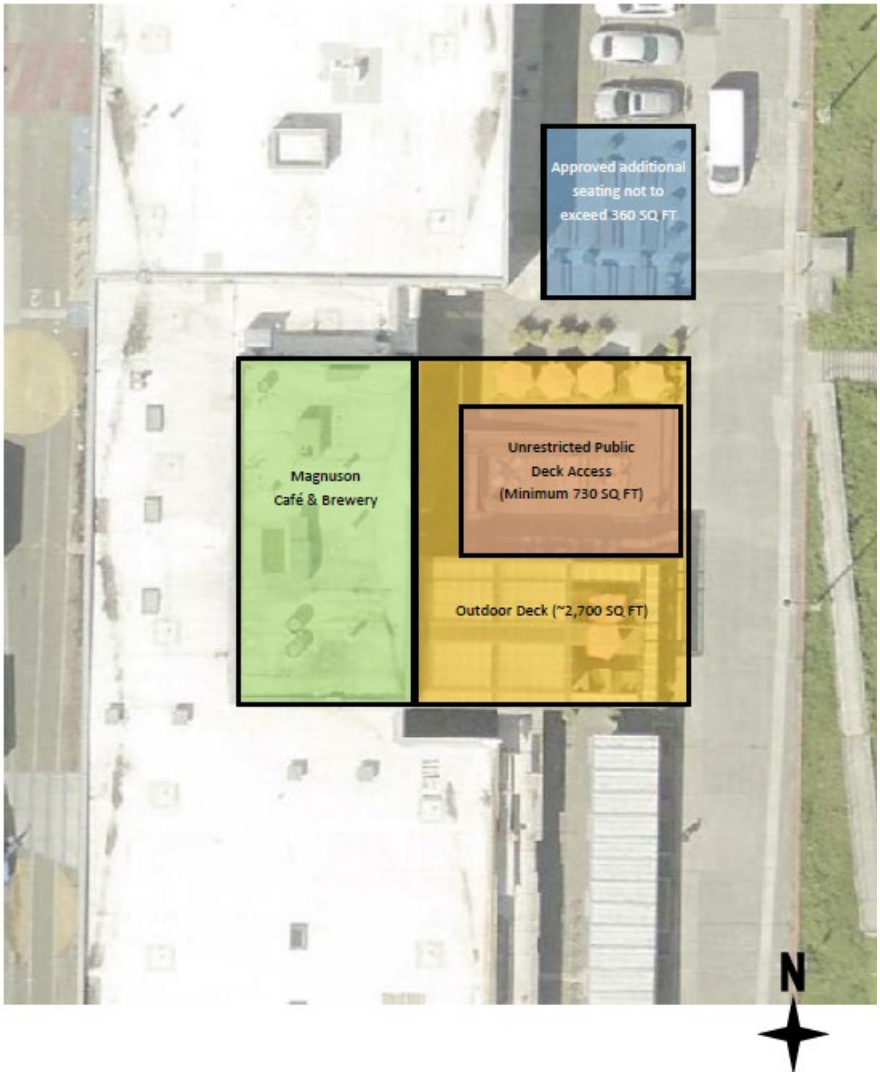
g. Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?
N/A

5. ATTACHMENTS

Summary Attachments:
Summary Attachment A – Property Map and Floor Plan

Building 11 & 20 (Central Section)




Approved additional seating not to exceed 360 SQ FT
Magnuson Café & Brewery
Unrestricted Public Deck Access (Minimum 730 SQ FT)
Outdoor Deck (~2,700 SQ FT)
N

Proposed Magnuson Brewing, LLC Concession Agreement

August 13, 2025

City Council Parks, Public Utilities and Technology Committee

City of Seattle

Briefing Overview:

Purpose: Consideration of an ordinance authorizing the Superintendent of Seattle Parks and Recreation to enter into a Concession Agreement with Magnuson Brewing, LLC, to occupy and use a portion of the North Shore Recreation Area at Warren G. Magnuson Park to provide food and beverage concessions.

Agenda:

- Agreement Goals
- Background Information
- Key Terms including:
  - Concession Fee Summary
  - Tenant Improvements
  - Public Benefits
- Questions / Discussion

Magnuson Café & Brewery: Long-Term Agreement Goals

- Continue positive activation for Magnuson Building 20 and north shore area
- Maintain high-quality full-service restaurant for park visitors
- Comply with Seattle decarbonization goals
- Generate revenues to support SPR and Magnuson Park operations



Building 20 History

- Northshore Recreation Area
  - 2012 Strategic Development Plan – referenced as ideal location for a restaurant
- City funded improvements
  - 2013: Utility improvements, roof
  - 2017: Seismic retrofitting
  - 2025: ADA access
- Activation
  - Unsuccessful RFP (2014-2015)
  - Expression of Interest (2017)
    - Magnuson Brewery LLC selected



Magnuson Café and Brewery: Timeline



Building 20 east facade, 2017. Photo credit unknown.

2017: Magnuson Brewing, LLC, selected

- Building 20: Restaurant space
- Building 11: Storage/brewing area and restrooms (shared)

2018: Initial agreement executed

- January: construction on restaurant begins
- July: Magnuson Café & Brewery opens

Initial Agreement (2018 – 2023)

- Gross Revenue: $378,432
- Tenant Improvement Offset [85%]: ($321,667)
- Net Revenue: $56,765

Two Year Extension (2023 – 2025)

- SPR completed ADA access improvement
- Gross Revenue (also net revenue) to SPR: $90,000

Proposed Agreement: Key Terms

Key Term	Description
Premises	Indoor Restaurant (1,680 SF); Storage/Brewing (1,170 SF); Outdoor Deck (~2,700 SF)
Initial Term	10 years (expires July 31, 2035)
Extended Term	One 5-year term with mutual agreement
Annual Concession Fee	Detail on next slide (begins at $60,000 in Year 1)
Total Concession Fee	Initial Term: $969,223 (total with 5-year extension $1,738,690)
Additional Percentage Fee	3% fee applies to gross receipts above $3.5 million/year (not yet reached this level)
Tenant Improvements / Offset	Tenant required to convert premises to electric by 2033 (Agreement allows up to $190,000 offset)
Public Benefits	Approximately $25,000 in service and direct donations/year

Proposed Agreement: Concession Fee Schedule

Year (August – July)	Annual Fee
Y1 (2025-26)	$60,000
Y2 (2026-27)	$65,000
Y3 (2027-28)	$75,000
Y4 (2028-29)	$85,000
Y5 (2029-30)	$90,000
Y6 (2030-31)	$105,000
Y7 (2031-32)	$110,000
Y8 (2032-33)	$120,293
Y9 (2033-34)	$126,307
Y10 (2034-35)	$132,623
TOTAL 10-YEAR INITIAL TERM*	**$969,223**

*10-Year total aligns with market rate; annual allocation reflects concessionaire requested ramp up to accommodate business loan timeline.

Optional Extension	Annual Fee
Y11 (2035-36)	$139,254
Y12 (2036-37)	$146,216
Y13 (2037-38)	$153,528
Y14 (2038-39)	$161,204
Y15 (2039-40)	$169,264
TOTAL 5-YEAR EXTENSION *	**$769,467**

*Combined Initial and Optional Extension: $1,738,690

Tenant Improvements and Public Benefits

Tenant Improvement Requirement (Eligible for Partial Offset)	**2025 Cost Estimate (MCB)**
Kitchen Decarbonization (eligible for TI offset of up to $190,000)	$350,000
Brewing Decarbonization (not eligible for TI offset)	$360,000
Total Estimated Decarbonization Investments	**$710,000**

Public Benefit Requirement (Not Eligible for Offset)	**Estimated Annual Value**
Building 11 public restroom maintenance: supplemental cleaning, restocking, minor maintenance performed by MCB staff	$18,000
Magnuson Community Center program support: food, labor, cash donation, etc.	$2,000
Other Magnuson Park non-profit program support	$5,000
Total Estimated Annual Public Benefit	**$25,000**



Questions?

File #: CB 121057, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to Seattle Parks and Recreation; authorizing the Superintendent of Parks and Recreation to accept, for and on behalf of the City, certain donated improvements from the Seattle Parks Foundation for Westlake Park, identified as King County parcel number 197570-0175 at 401 Pine Street; and ratifying and confirming certain prior acts.

WHEREAS, the Seattle Parks Foundation, a non-profit organization, was created in 1999 to provide funds, project support, and advocacy to improve and expand Seattle's parks and greenspaces; and

WHEREAS, pursuant to RCW 35.22.570 and 35A.11.040, the City's legislative body has the power to accept grants; and

WHEREAS, the Mayor's Downtown Activation Plan (DAP), announced in June 2023, outlines a plan to revitalize and transform Downtown Seattle as the city continues to recover from the impacts of the COVID-19 pandemic; and

WHEREAS, the City's 2025-2030 Adopted Capital Improvement Program (CIP) includes $1.4 million in 2025 and $2.3 million in 2026 of Real Estate Excise Tax proceeds to support revitalization of Westlake Plaza as part of the DAP; and

WHEREAS, the CIP lists possible uses for this funding, including removal of an out-of-commission fountain, removal of an inaccessible stage and accompanying arch, electrical system upgrades, and repairs to paving and trip hazards, among other investments; and

WHEREAS, the City Council on November 21, 2024, adopted the CIP in Ordinance 127156; and

WHEREAS, the Downtown Seattle Association (DSA), a Washington State nonprofit corporation, employs

programming and events at Westlake Park through an Operations and Management Agreement with the City; and

WHEREAS, DSA wrote a letter to the Seattle City Council expressing support for these improvements; and

WHEREAS, in June 2026 Seattle will host major sporting events that are anticipated to bring thousands of visitors from around the world to Westlake Park's central downtown location; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Superintendent of Seattle Parks and Recreation is authorized to accept the improvements at Westlake Park from the Seattle Parks Foundation including but not limited to removal of an out-of-commission fountain, removal of an inaccessible stage and accompanying arch, electrical system upgrades, planters and site furnishings and repairs to paving and trip hazards.

Section 2. The City Council finds that the improvements:

A. Constitute a donation from the Seattle Parks Foundation;

B. Are contingent on the Seattle Parks Foundation raising sufficient funds to supplement the funds provided by the City pursuant to Ordinance 127156; and

C. Are consistent with the Council's intent in authorizing funds for this purpose as part of the 2025-2030 Adopted Capital Improvement Program Budget.

Section 3. Any act consistent with the authority of this ordinance prior to its effective date is ratified and confirmed.

Section 4. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the _____ day of _____, 2025, and signed by me in open session in authentication of its passage this _____ day of _____, 2025.

_____

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2025.

_____

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2025.

_____

Scheereen Dedman, City Clerk

(Seal)

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Parks and Recreation	Jacob Thorpe	Alex Rouse

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to Seattle Parks and Recreation; authorizing the Superintendent of Parks and Recreation to accept, for and on behalf of the City, certain donated improvements from the Seattle Parks Foundation for Westlake Park, identified as King County parcel number 197570-0175 at 401 Pine Street; and ratifying and confirming certain prior acts.

Summary and Background of the Legislation: Westlake Park was completed in 1988 and is at the heart of the retail core of the city. The Park includes a large, paved plaza that is used for large community gatherings and seasonal events, and flexible seating areas. Other Park features include the Seven Hills art installation, a grove of shade trees, a fountain, stage and playground for kids ages 2-5. A signature element of the park is the granite paving that was inspired from a Coast Salish cedar basket weave.

This legislation authorizes Seattle Parks and Recreation (SPR) to accept much-needed, donated improvements, services and project management from Seattle Parks Foundation (SPF). These improvements are shown in Summary Attachment 1 – Westlake Park Improvement – Design. SPF will pursue non-SPR fund sources, including grants, to support the project costs. SPF will provide community and stakeholder engagement and concept level designs which include upgrades to existing park elements that need repair, will look to remove elements that have exceeded their useful lifespan, and make improvements to the park to support the ongoing needs of the park. These roles are established in a development agreement that is included as Summary Attachment 2 – Development Agreement.

Westlake Park is managed by the Downtown Seattle Association (DSA) in collaboration with SPR. The City's 2025-2030 Capital Improvement Program (CIP) includes $1.4 million in 2025 and $2.3 million in 2026 of Real Estate Excise Tax proceeds to support revitalization of Westlake Plaza as part of the Downtown Activation Plan (DAP).

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ **Yes** ☒ **No**

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? ☐ **Yes** ☒ **No**

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.
N/A

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.
N/A

Please describe any financial costs or other impacts of *not* implementing the legislation.
Seattle Parks and Recreation would not have the ability to complete the renovation without the funding for community and stakeholder engagement, concept level designs and project management support from Seattle Parks Foundation.

Please describe how this legislation may affect any City departments other than the originating department.
This project will seek to set the stage for longer-term improvements by working with other city agencies in and around the retail core to continue supporting community use and economic development in the area. Seattle Department of Transportation has been engaged in this project for coordination, collaboration, and funding support related to the improvements in the Right-of-Way along 4th Avenue. Office of Arts and Culture will be engaged in the project related to existing and new art opportunities at Westlake Park.

4. OTHER IMPLICATIONS

Is a public hearing required for this legislation? No

Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation? No

a. **Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.**
This legislation affects Westlake Park located at 401 Pine St., Seattle 98101. A photo of the property is included as Summary Attachment 3 – Property Map.

The legislation will allow for needed improvements to the park such as repairs to existing granite pavers, repairs to outgrown tree wells, removal of the fountain, stage and arch, electrical infrastructure repairs, and landscaping upgrades, pending funds available.

b. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.

This project will make updates to the design of Westlake Park that are intended to create a more welcoming and functional space for all visitors. Specifically, the project will increase or improve access in the following ways.

Community Events: Current plans are to design and make improvements to update the park to create a more flexible and modern space that will allow for the wide variety of events that are regularly scheduled in the park as well as daily users of the park. Westlake Park is home to many scheduled events throughout the year and is also a regular location for free speech and protest events that happen on an impromptu basis. Providing a flexible space for large gatherings that can meet the needs of the community is a critical goal of this project.

Lighting: Currently the park also lacks dedicated consistent lighting which park users have noted makes them feels unsafe in the park especially in winter months when there is not daylight at busy times. Planned lighting improvements will address these concerns.

Technology Access: This project also proposes exploring added electrical outlets for parks users and public Wi-Fi.

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation. N/A

iii. What is the Language Access Plan for any communications to the public?
All project materials are available in English. Translations and accommodations for project materials can be made by request.

c. Climate Change Implications

i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response. N/A

ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.
Shade area is being considered in relation to climate change/heat island impacts. The removal of impervious surfacing around the trees will contribute to a healthier environment and larger tree canopy at the park by giving the trees more space to

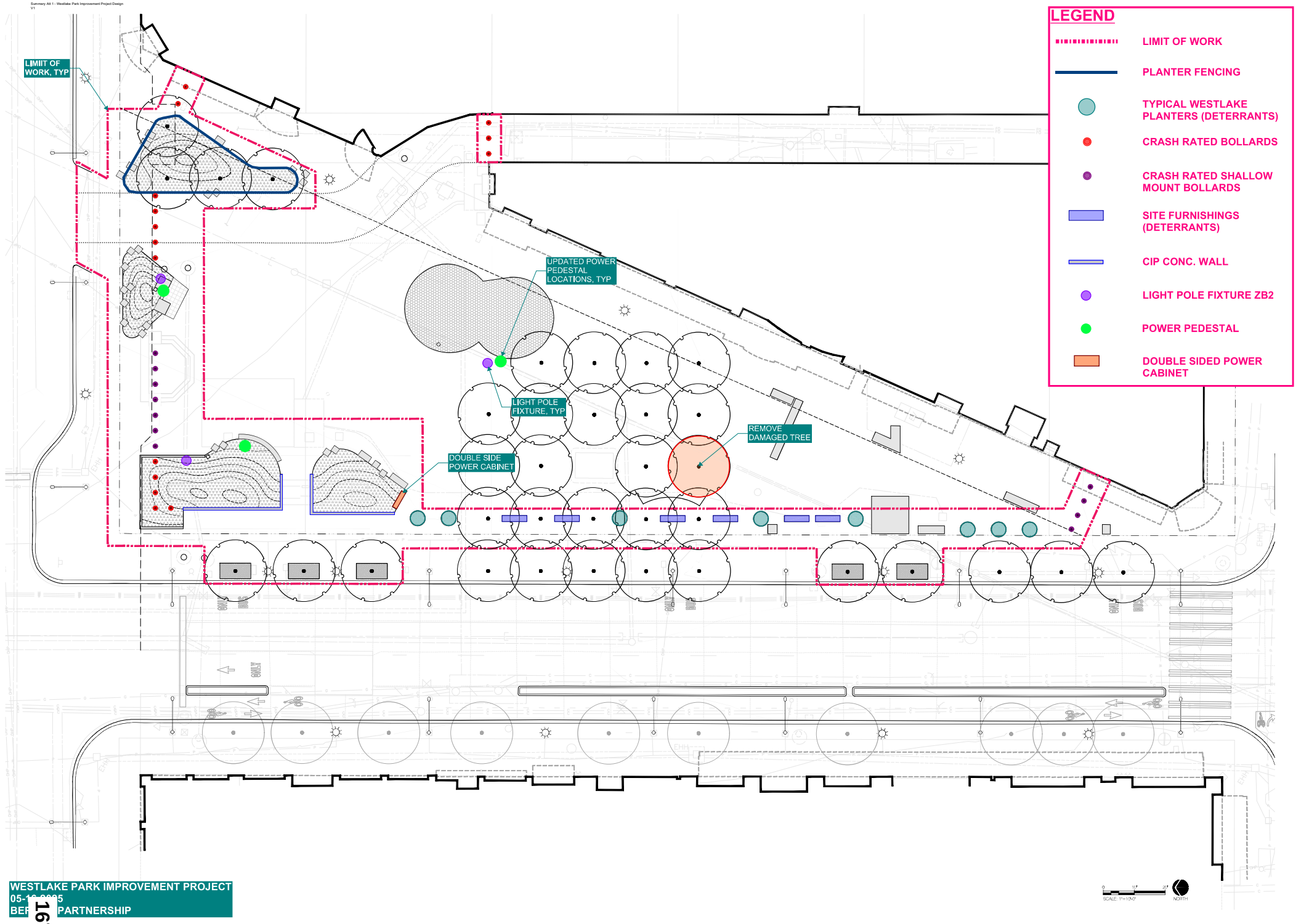
grow. Additional planting areas are included in the proposed design for the park. Additional plantings will help to mitigate urban heat island effect.

If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals? N/A

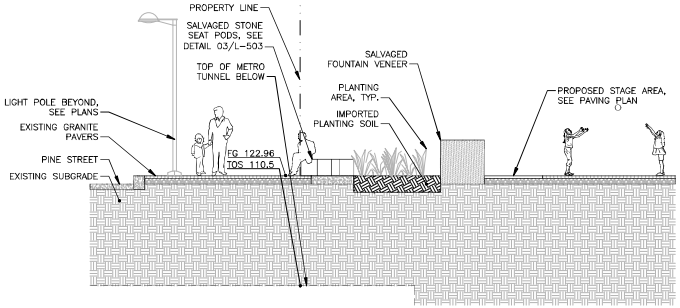
Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization? N/A

5. ATTACHMENTS

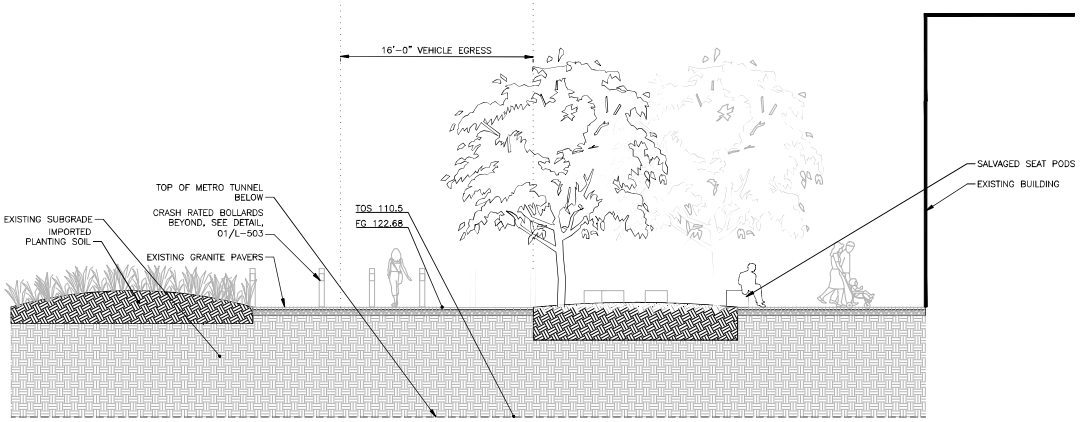
Summary Attachments:
Summary Attachment 1 – Westlake Park Improvement Project – Design
Summary Attachment 2 – Development Agreement
Summary Attachment 3 – Property Map



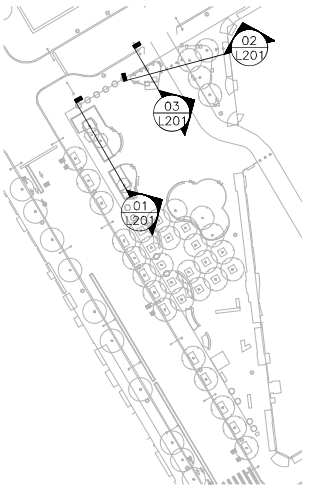
WESTLAKE PARK IMPROVEMENT PROJECT
05-[illegible]
BER[illegible] PARTNERSHIP



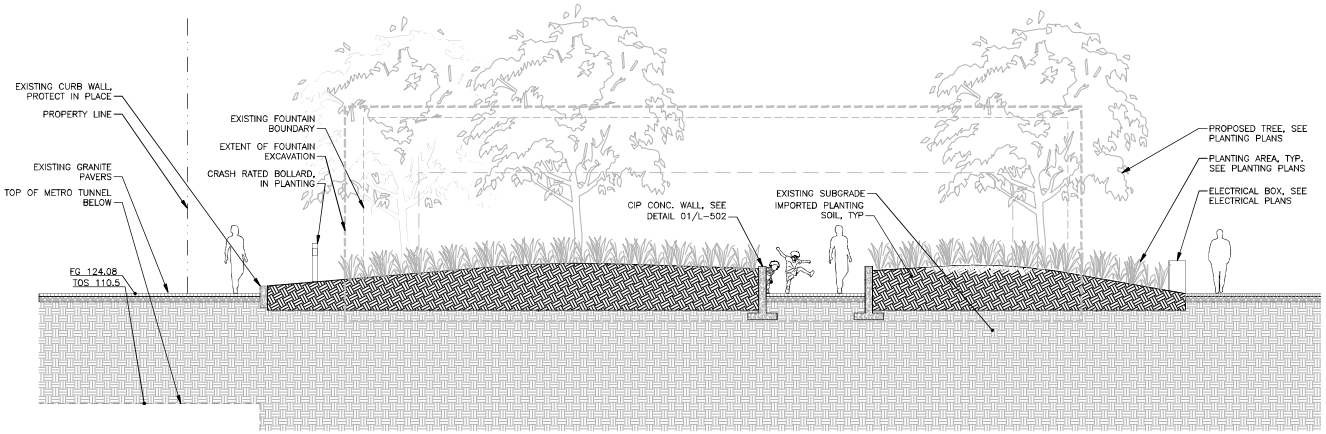
3 SECTION C – PINE STREET LOOKING NORTHEAST
SCALE: 3/16"=1'-0"



2 SECTION B – VEHICLE EGRESS LOOKING NORTH
SCALE: 3/16"=1'-0"



4 KEY PLAN
SCALE: 1"=50'



1 SECTION A – PEDESTRIAN ENTRY AT 4TH STREET LOOKING EAST
SCALE: 3/16"=1'-0"

<<<CAUTION>>>
CALL 811 BEFORE YOU DIG!
WWW.CALL811.COM
ALSO, VERIFY ALL UNDERGROUND UTILITIES NOT LOCATED BY THE 811 SERVICE BY USING A COMMERCIAL LOCATION SERVICE AND CALL SPR INSPECTION REQUEST LINE (206) 684-7034.

NO.	REVISION – AS BUILT	DATE
3		
2		
1		

REVIEWED: _____ PARK ENGINEER _____ DATE

All work done in accordance with the City of Seattle Standard Plans and Specifications in effect on the date shown above, and supplemented by Special Provisions.

PARTNERSHIP berger

Seattle Parks & Recreation

WESTLAKE PARK

WESTLAKE PARK IMPROVEMENT PROJECT

SITE SECTIONS

30% SUBMITTAL

DESIGNED	AM / BM	DATE	03-21-2025
DRAWN	TB		
CHECKED	PA	SHEET	20 OF 35
ORDINANCE NO.	######		L-201
SCALE			

Seattle Parks & Recreation
Approval & Routing Form

Contract Details
Contract ID: PR0OA24-1283
Contract Administrator: Ben Handziak
Contract Manager: Mike Schwindeller
Division: Planning and Capital Development
Contracted Organization: Seattle Parks Foundation
Contract Title: Westlake Park Improvement Project

Brief Summary of the Agreement/Contract/Grant Purpose
Under this agreement Seattle Parks Foundation will carry out improvements to Westlake Park through a combination of private and public funding. The project will be presented to Seattle City Council for acceptance of the planned improvements at the time that the design is nearing completion.

Agreement Type: Select One	Agreement Subcategory
☑ **Other Agreement**	Nongovernmental Agreement
☐ **Consultant Contract**	
☐ **Property & Community Agreement**	

Financial Details – Check all that Apply
☑ Expense (AP)
☐ Revenue (AR)
☐ Nonfinancial
☐ **Public Benefit/Offset

Coding
Funding Code: 14500
Org: PRC08
Project: PRK730300-297
Account: 560900
Activity: KC60

Procurement Method – Select One
☑ Direct Select/Sole Source
☐ Invitation to Bid/Request for Quote
☐ Letter of Interest/Inquiry (LOI)
☐ Request for Proposal (RFP)/Application
☐ Emergency
Nonfinancial

Programs/Membership	
☐	Citywide Roster Program
☐	Registered WMBE
☐	Other:

Grant Details (If Applicable)			
Grant #	Local Match Required?	Yes	No
Amount:	Reimbursement Required?	Yes	No
Grant Source: Local State Federal	Agency:		

Contract Value
Cash Value of Contract: $3,700,000
****Public Benefit Value** (if applicable):
Total Contract Value: $3,700,000.00

******Public Benefit*** *refers to programs, services, scholarships, or activities provided to the public at reduced or no cost. Public Benefits are used to offset/reduce cash payment, and proof of services provided is required. Contact CASO for questions.*

Amendment Value (If Applicable)
Original Total Contract Value:
Previous Amendment(s) Value:
Current Amendment Cash Value:
Current Amendment Public Benefit Value:
New Total Contract Value:

Reviewer Name	Reviewer Title	Initials	Date
Ben Handziak	Captial Projects Coordinator	BH	02/03/2025
Mike Schwinsdeller	Capital Project Delivery Manager	MS	02/04/2025
David Graves	Strategic Advisor	DG	02/04/2025
Kim Baldwin	Division Director	KB	02/10/2025
Kathleen Gantz	CASO Manager	KG	02/10/2025
Hazel Bhang Barnett	Finance Division Director	HB	02/10/2025

WESTLAKE PARK

DEVELOPMENT AGREEMENT

Contract ID: PR0OA24-1283

BY AND BETWEEN

THE CITY OF SEATTLE,
A WASHINGTON MUNICIPAL CORPORATION

AND

SEATTLE PARKS FOUNDATION,
A WASHINGTON NONPROFIT CORPORATION

DATED: 02/04/2025

THIS DEVELOPMENT AGREEMENT ("Agreement") is dated as of February 4, 2025 by and between THE CITY OF SEATTLE (the "City"), a first-class city organized under the laws of the State of Washington, acting through its Superintendent of Parks and Recreation ("SPR"), and the SEATTLE PARKS FOUNDATION ("SPF"), a Washington nonprofit corporation, collectively referred to herein as the "Parties."

ARTICLE 1
Recitals

The following facts and circumstances form the background of this Agreement:

1. Westlake Park is located at 401 Pine Street, Seattle Washington 98101 and was developed in 1988. The park is a city-owned public park facility under the jurisdiction of Seattle Parks and Recreation ("SPR").

2. Westlake Park is currently managed and programmed by the Downtown Seattle Association ("DSA") under terms outlined in a separate agreement.

3. Westlake Park is adjacent to Westlake Center and other ground-level retail as well as being located at an important intersection point for public transportation including, light rail, bus lines and the Monorail.

4. In June of 2026 Seattle will be a host city to the FIFA World Cup games. Because of its central downtown location and connection to retail and public transportation, Westlake Park is expected to be a focal point for World Cup community gatherings and experiences.

5. In 1999, a group of business, civic and philanthropic leaders founded the Seattle Parks Foundation ("SPF") as a non-profit organization to provide funds, project support, and advocacy to improve and expand Seattle's parks and green spaces.

6. In 2024 SPF contracted Berger Partnership to study Westlake Park and provide recommendations for redevelopment of the Park prior to the June 2026 World Cup. This study is included in this agreement as Exhibit C. SPF is a fiscal sponsor of the Westlake Park redevelopment Project.

7. SPF will contract with a consultant to further develop the design for park improvements at Westlake. The final approved design will be amended to this agreement once completed.

8. All public funding for the Project as outlined in Exhibit B is subject to appropriation by the City of Seattle through City Council legislation.

9. For the duration of the project, SPF will be granted use and occupancy of Westlake Park through a Revocable Use Permit. The Revocable Use

Permit is attached to this Agreement as Exhibit D, and further outlines each Party's responsibilities and fees for SPR staff work involved in overseeing development of this Project.

10. SPR will provide a fixed contribution to the project and SPF will be responsible for securing the remainder of project funds. SPF will be responsible for implementing the City approved design, obtaining necessary permits, and completing the construction to redevelop the Park. When the completed Project is accepted by the City, SPF will also cause its General Contractor to assign all Project-related warranties to the City.

11. The City will be solely responsible for maintenance of Westlake Park once the Project is physically complete and the final condition of the Project has been accepted by the City.

12. Any additional funding and/or grants that SPF may obtain from SPR shall be governed by the terms of this Agreement.

ARTICLE 2
Effective Date; Incorporation of Documents and Materials; Definitions

Section 2.1 Term. This Agreement will be effective upon the date that the Agreement is executed by authorized representatives of the Parties (the "Effective Date") and will terminate on the sooner of August 31, 2026 or upon the completion of the Project ("Termination Date"), unless extended by agreement of all parties.

Section 2.2 Incorporation of Documents and Materials. The following documents and materials are attached as exhibits to this Agreement:

Exhibit A: Project Schedule
Exhibit B: Project Budget
Exhibit C: Preferred Schematic Design
Exhibit D: Revocable Use Permit

Section 2.3 Definitions. The following terms have the respective meanings set forth below for this Agreement.

(a) "Final Project Design" means the construction documents approved by SPR in accordance with Section 5.2.1.

(b) "General Contractor" means the entity selected and supervised by SPF to carry out the Project. The General Contractor is not and shall not be construed to be an employee, agent or contractor of the City.

(c) "Notice to Proceed" means a notice setting forth the date approved by SPF for the Project general contractor to commence work on site.

(d) "Park" means Westlake Park, the parcel of real property owned by the City and under the jurisdiction of SPR, located at 401 Pine Street in Seattle, Washington, and identified by King County parcel number 1975700175.

(e) "Parks Department" or "SPR" means the Department of Parks and Recreation of the City of Seattle.

(f) "Project" means the design, permitting, construction and installations associated with the Westlake Park redevelopment.

(g) "Project Budget" means the budget reflecting the cost of the Project, as more particularly described in Section 4.1 and Exhibit B.

(h) "Project Coordinator" is defined in Section 5.5(a).

(i) "Project Manager" is defined in Section 5.5(a).

(j) "Project Schedule" is defined in Section 3.3 and as shown in Exhibit A.

(k) "Superintendent" means the Superintendent of the Department of Parks and Recreation of the City of Seattle or his functional successor.

(l) "Term" means the period between the Effective Date and Termination Date.

ARTICLE 3
General Provisions

Section 3.1 Scope. SPF agrees to undertake the Project in accordance with all the terms and conditions of this Agreement. The scope of the Project includes the design, permitting and construction, including all necessary utility work, set forth in the Final Project Design, as defined in Section 5.2.1 of this Agreement. The Parties mutually acknowledge that the Project is a turnkey project to be carried out by SPF as private construction and then transferred to the City after completion.

Section 3.2 Summary of City Responsibilities.

(a) The City will grant SPF a Revocable Use Permit while maintaining City fee ownership of the Park for the duration of the Agreement.

(b) The City will contribute fixed funding to the Project. This funding will be transmitted to SPF as shown in the funding schedule included in Exhibit B. The total amount of this funding is not to exceed $3,700,000 minus the amount withheld by SPR to cover SPR's actual costs associated with Project review, inspection, site survey, arborist services and approval and issuance of Revocable Use Permit as described in Section 4.3.

(c) SPR will provide design review and approval for the Project prior to start of SPF work. SPR's review and approval shall not be unreasonably delayed, withheld, or conditioned. Further, to the extent practicable, SPR shall expedite its review and approval processes to avoid delay to the Project and with the goal of providing SPF feedback within twelve (12) business days of receipt of design from SPF. SPF understands and agrees that timely submission of design to SPR will be an important component of SPR's ability to review materials within the 12-day timeline and that no designs or park improvements shall be implemented without SPR approval.

(d) Throughout the project, SPR will inspect the Project to determine in its sole and reasonable discretion conformance with Project design documents, terms and conditions of this Agreement and City park purposes. If SPR determines that the Project conforms to these requirements, SPR will accept the Project from SPF.

Section 3.3 Summary of Seattle Parks Foundation Responsibilities.

(a) SPF will use the Park to undertake the Project as a private construction project and transfer the completed improvements to SPR at the conclusion of work, subject to the terms and conditions of this Agreement. As part of its Project management, SPF will contract for the design services of a landscape architecture team, with the associated disciplines as necessary to design the renovations of the Park as approved by SPR.

(b) Prior to starting work, SPF will present to SPR for its review and approval all design documents necessary for completion of the Project. SPF design will be subject to SPR's standard review and approval process including review through ProView and ProView Tech. The Project design will include the entire Park area and will include the removal of the fountain and stage, and necessary electrical infrastructure improvements. The Project design may also include other priority elements: lighting, security features, site restoration including landscape and site furnishings, overhead structures and play area.

(c) SPF will hire, manage and pay all contractors required to undertake the Project, including contracting with a landscape architecture team for the preparation of construction and bid documents.

(d) SPF will secure all necessary city and state permits for all demolition and construction activities included in the scope of the Project.

(e) SPF will hire the contractor through an appropriate bidding process that includes advertising and open solicitation.

(f) SPF will cause the contractor to comply with State and City prevailing wage requirements. Additionally, the City does not intend to acquire a project that has not been completed in accordance with City standards for inclusion and fair labor standards. SPF will also cause the contractor to comply to the maximum extent practicable with City requirements related to WMBE utilization and Community Workforce Agreements.

(g) SPF will enter into all necessary contracts and manage all design, procurement, permitting, demolition and construction activities related to the Park improvements.

(h) SPF will oversee the closeout of the Project, including the completion of any project punch items identified by SPR inspectors.

(i) SPF will provide all fiscal management, reporting, and grant services as required by all funds SPF holds for the project, including funds to be transmitted to SPF by SPR.

(j) SPF will be financially responsible for the Project and promptly pay all amounts due for Project expenses. For the duration of the Term, SPF will bear the risk of loss for the Project.

(k) SPF's temporary permit will end at the completion of the Westlake Park after Project completion and turnover to SPR of the Project.

SPF's responsibilities under this Agreement are subject to and contingent upon its ability to secure the remainder of necessary Project funds. In the event SPF is unable to secure the funds necessary to complete the Project, this Agreement may be terminated in accordance with Section 6.4. In that case, SPF will utilize existing funds to complete those portions of the Project that are practicable and otherwise turnover the Park to SPR in good working order.

Section 3.4 Construction Agreement. The Parties' rights, responsibilities and obligations during and after design, permitting and construction of the project are delineated in this Agreement.

Section 3.5 Schedule. SPF has provided to SPR a "Project Schedule" setting out SPF's intended dates for achieving Project milestones, which is attached to this Agreement as Exhibit A. SPF may amend the Project Schedule in its reasonable discretion based on Project needs. In any event, SPF will diligently pursue the Project to completion consistent with the Project Schedule (as it may be revised by SPF) and use its best efforts to complete the Project prior to the June 2026 FIFA World Cup events. SPF shall provide SPR prior notice before any pause in Project construction that shall be reasonably expected to last longer than five (5) business days or any amendment to the Project Schedule extends the date of Substantial Completion by more than four (4) weeks. SPF shall consult with SPR prior to making such a pause to discuss any potential change to Project completion date and minimizing negative Project consequences on Park users and neighbors. SPF will be solely responsible for providing notice of the pause and/or updated Project Schedule to adjacent residents and businesses through signage and electronic communications.

Section 3.6 Liens. SPF shall pay or cause to be paid all sums payable for any labor performed or materials furnished in connection with any work performed by or for SPF or its contractors on the Project. SPF shall keep the Project free from any liens of mechanics, materialmen, laborers, surveyors, engineers, architects, artisans, contractors, subcontractors, suppliers, or any other lien of any kind whatsoever (a "Lien"). SPF shall discharge, by bond or otherwise, any Lien filed against the Park and Project within thirty (30) days after filing; provided, however, this obligation shall not supersede SPF's right to contest any liens. Prior to and as a condition of City acceptance of the Project under Section 3.6, SPF will provide SPR confirmation that any and all Liens have been discharged and that SPF is not aware of any pending or threatened Lien against the Project or the Park.

Section 3.7 Project Completion and City Acceptance. SPF will notify the SPR Project Coordinator when the Project is substantially complete. The SPR Coordinator will participate in a punch list walk through and SPR shall have the right to review and approve SPF's final punch list. Once the punch list work is complete, SPF shall notify SPR, who shall have the right to review and accept the completed punch list work. Within fourteen (14) days of the final review of punch list work, the OWCP Project Manager and the SPR Project Coordinator shall notify SPF in writing that the City either (i) accepts the Project as physically complete in accordance with the agreed design and terms and conditions of this Agreement ("Letter of Acceptance"), or, (ii) that the City does not accept the Project, in which case the notice shall identify any deficient work or inconsistencies with the agreed design. If the City does not accept the Project, SPF shall promptly correct the identified deficiencies and the City will review the work and the process may continue until the SPR Project Coordinator notifies SPF that the City accepts the Project. Upon receipt of the Letter of Acceptance from SPR, SPF shall transfer to the City all right, title and interest, under and to the Project to the City, including the General Contractor's warranty with respect to their work. SPF shall further cause the General Contractor to deliver all record documents, including an operations and maintenance manual and as-

builts to the City ("Final Project Documents"). Acceptance of the completed Project by the City will be contingent on legislative authorization from Seattle City Council, which may be granted or withheld in their sole discretion.

Section 3.8 Post Project Operations and Warranty. Upon City's acceptance of the completed Project, receipt of Final Project Documents, and confirmation that SPF has relinquished all use and occupancy of the Park and complied with the terms of the Revocable Use Permit for restoring the Park, SPF shall have no further responsibility for maintenance of the Park, and all maintenance and use of the Park shall be the sole responsibility of the City.

Section 3.9 No Liability to City. Except as otherwise provided in this Agreement, no recommendations, approvals, or other actions under this Agreement by SPR will in any manner cause the City to bear any responsibility or liability for the design or construction of the Project or defects related thereto or any inadequacy or error therein or failure to comply with applicable law, ordinance, rule, or regulation. Approval of any Material Design Changes pursuant to this Agreement shall not constitute an opinion or representation as to their adequacy for any purpose other than the City's own purposes.

ARTICLE 4
Project Budget and Funding

Section 4.1 Project Budget. The current Project Budget ("Project Budget") to complete design, permitting, construction and installation of the Project is attached hereto as Exhibit B. The Project Budget reflects the funds made available by SPF and the City of Seattle. The Project Budget includes contingencies consistent with industry standards, associated soft costs such as professional services and insurance premiums, and applicable taxes. All Project costs shall be the sole responsibility of SPF.

Section 4.2 City Direct Funding and Other City-Related Support. The City shall contribute funding to the Project as described in Exhibit B. The total project budget will be managed by SPF. The City will withhold funding for the purpose of covering actual costs as provided in Section 4.3 only up to the limit set forth therein.

Section 4.3 Parks Department Costs. SPR will authorize SPF to use and occupy the Park and construct the Project by issuing a Revocable Use Permit ("RUP") in a form attached as Exhibit D hereto, consistent with Superintendent's jurisdiction and subject to SPR's reasonable discretion. There will be no fee charged to use the real property for Project construction. SPR will withhold funding as shown in Exhibit B for staff time required to prepare and administer the RUP before, during and after the Project is constructed and for SPR staff time and costs related to Project review, inspection and coordination, including staff work by SPR engineers and landscape architects, as SPR determines necessary and appropriate for Project scope. This charge includes fees

tracked to date prior to the finalization of this Agreement; provided, that such fees shall not exceed **One-Hundred and Sixty Thousand Dollars ($160,000)** in the aggregate.

ARTICLE 5
Project Design and Construction

Section 5.1 Project Management. Subject to the requirements of this Agreement, SPF shall undertake and be solely responsible for the management of all aspects of the design, permitting, construction and installation of the Project. SPF shall engage and manage, without limitation, project managers (excluding the Project Coordinator), architects and other design professionals and a general contractor (the "General Contractor") with the expertise and experience necessary to successfully complete the Project. In conducting any construction work on the premises, SPF shall cause all work to be done in a good and workmanlike manner and in compliance with all laws including, without limitation, the Americans with Disabilities Act of 1990 (as amended). SPF shall obtain and maintain in effect, or cause to be obtained and maintained in effect, all necessary permits, Certificates of Approvals, building permits, licenses and other governmental approvals that may be required in connection with such work. SPF shall complete the Project substantially consistent with the Final Project Design, except as specifically provided herein.

Section 5.2 Design Review and Approval; Consistent Project Budget.

5.2.1 Parks Department Design Review and Approval. Sequential, major phase design documents, including schematic design, design development, construction documents and permit documents (the "Construction Documents") shall be reviewed and approved by the SPR Planning and Development Division ("PDD") staff prior to commencement of any construction, which approval shall not be unreasonably denied, conditioned or delayed. The Project's most recent design study is attached hereto as Exhibit C. Upon the PDD's approval of the Project's 100 percent Construction Documents, such documents shall constitute the Final Project Design ("Final Project Design") for purposes of this Agreement. Unless the Parties agree otherwise, this Agreement shall terminate if the Final Project Design is not approved on or before August 31, 2025, and in such event, the Parties shall have no other rights or obligations with respect to the Project.

5.2.2 Material Change. Any material changes to the Final Project Design require the prior written approval of the Director of PDD, or other Parks Department contact designated by Superintendent. A material change is any change that affects the design, function or utility of the Project. SPF shall propose any material changes to the Final Project Design by notifying the Project Coordinator in writing. SPR shall respond by approving, denying or proposing a revision to the proposed change within 10 business days. Any dispute between the Parties whether a proposed change is material shall be resolved in favor of requiring PDD's approval. Nothing in this paragraph shall be construed as limiting the authority of the City to approve or disapprove proposed changes to the Project when acting in its regulatory capacity. SPF shall use its good faith best

efforts to resolve issues that may arise during construction to avoid material changes to the Final Project Design that would require the approval of PDD by, among other measures, applying contingency funding available within the Project Budget; adjusting the Project Schedule; reducing costs through permissible changes to the Final Project Design and other means; and, as needed, committing additional funds to supplement the Project Budget.

5.2.3 Signage. The Project construction activity shall be identified by signage notifying the public of the project, schedule and scope. It shall be the responsibility of SPF to post signage three weeks prior to the start of on-site construction. SPF shall coordinate with SPR for graphics and message and shall gain SPR approval prior to printing and installation of signage. SPF shall follow SPR's Public Information Process standards for signage.

Section 5.3 Requirements for Construction. In managing the Project, SPF shall comply and cause all others working on the Project, including the General Contractor, to comply with all permitting and regulatory requirements. Without limiting the generality of the foregoing, SPF shall comply with the following requirements:

(a) SPF shall ensure that the General Contractor has all appropriate licensing and bonding per the requirements of the City such as a Seattle Business License, State of WA UBI, WA Contractor registration, and Payment and Performance Bond.

(b) SPF and SPR shall agree upon location for construction fencing and staging, access routes, parking of construction and contractor vehicles and storage of construction materials to be used in the Project. All street use permits will be the responsibility of SPF, acting through its General Contractor as appropriate.

(c) SPF shall prepare for Parks Department review and approval a neighborhood and public engagement plan that provides for reasonably continuous and current communications through electronic and, to the extent practicable, other media and methods regarding the status of the construction of the Project. Such a plan shall include reasonable advance notice of major construction-related events that may have substantial impacts on the neighborhood. The plan also shall include information enabling affected residents and other members of the public to communicate with Parks Department and SPF for additional project-related information and to provide input regarding Project impacts and progress. SPF shall coordinate with SPR, through the SPR Project Coordinator, to disperse joint construction updates to the community.

Section 5.4 Notice to Proceed. SPF may issue its Notice to Proceed to its General Contractor upon approval from PDD that the construction commencement date is acceptable and not in conflict with other approved events at or near the Project site and upon SPF proving it has sufficient funds to complete the Project in accordance with the Project Budget and placing those funds in a restricted or dedicated account. SPF shall cause the General Contractor to coordinate with SPR with respect to the General

Contractor's own Project-related activities to ensure a reasonably clean and safe surrounding environment for daily use and special events.

Section 5.5 Project Management and Coordination. SPF intends to carry out Project activities through a General Contractor. SPF may delegate project management duties, including those set out in this Section 5.5 to the General Contractor or their Project Management Consultant. Notwithstanding such delegation, SPF remains responsible for all contractual obligations to the City, and the General Contractor and other consultants contracted by SPF are not a party to this Agreement.

(a) Project Manager and Coordinator. At least thirty (30) calendar days prior to issuing its Notice to Proceed, SPF shall notify the PDD Director of the identity of the SPF project manager ("Project Manager") by name and such person's business telephone number and the contractor's emergency office information. In the event such person is replaced, SPF shall notify the PDD Director of the change no later than the effective date of such replacement, including such replacement's name and business telephone numbers. SPR has identified the Capital Project Coordinator, Ben Handziak (the "Project Coordinator"), who will provide work directly with the Project Manager to coordinate construction oversight, SPR inspection and SPR final approval. SPF and SPR will promptly notify the other if either the Project Manager or Project Coordinator change.

(b) Project Construction Meetings. SPF's Project Manager shall keep the Project Coordinator informed of the time and place of each regular and special project construction meeting to enable the Project Coordinator to attend, become informed about the status of the Project, participate in discussions and present the Parks Department's position regarding matters being discussed. The Project Manager is responsible for ensuring all DCI and SPR related inspections are completed. The Project Coordinator is responsible for guiding the Project Manager through the SPR inspection process. The Project Manager and Project Coordinator shall each participate in other Project-related meetings as requested by the other.

(c) Status Reports. Within three (3) days after the receipt by SPF of any project construction meeting minutes, SPF shall deliver a copy of each of the same to the Project Coordinator. The Project Coordinator shall provide any edits or comments to those minutes within three (3) days of receipt.

(d) Minimization of Adverse Impacts. SPF shall manage the Project and all Project participants, including the General Contractor to protect from damage or destruction, all private and public property on or near the construction premises not scheduled for repair, replacement or removal. All Project-related demolition, construction, alteration, addition, improvement and other activity or work performed by or for SPF on the construction premises shall be carried out in a manner that minimizes any adverse impact on City property and the use thereof by the City or third parties, and on any private property near the Project. (For purposes of this requirement, the term "property" includes land, trees, shrubbery and landscaping, irrigation facilities, drainage, survey markers and monuments, buildings and structures, conduits and pipes, meters, fences, pavements,

curbs, driveways, sidewalks, and other property of any description.) SPF shall provide for PDD's reasonable review and approval a plan for construction fencing, including routes for temporary pedestrian access around the construction site, before mobilization work begins. SPF shall work with the Project Coordinator to schedule construction activity to minimize construction impacts such as noise, dust and fumes during working hours. The General Contractor shall comply with all City of Seattle Ordinances regarding noise and construction impacts. Nothing in this Section 5.5(d) limits the City's authority to impose SEPA mitigation measures on the Project when acting in its regulatory capacity.

(e) Waste Disposal. SPF shall secure and provide within the construction premises, appropriately sized containers for the collection of all waste materials, debris and rubbish associated with the Project. SPF shall keep the work site and all adjacent property free from the accumulation of waste materials, rubbish and windblown debris associated with the Project and, daily, shall dispose of all flammable, hazardous and toxic materials generated by or otherwise associated with the Project. Storage and disposal must be in accordance with applicable Federal, State and local laws, fire codes and regulations. All waste materials, debris and rubbish generated by or otherwise associated with the Project shall be disposed of legally at disposal areas away from the Park. SPF shall, upon completion of the Project, ensure that the construction premises and the roadways and walkways immediately surrounding the construction premises are cleaned to the reasonable satisfaction of the Project Coordinator, and that all tools, equipment and surplus materials, and waste materials, debris and rubbish associated with the Project have been removed from the construction premises.

(f) Staging and Fencing. The Parties shall cooperate with each other in the identification of sufficient space reasonably proximate to the site for the exclusive use of the General Contractor and its subcontractors and their employees, agents or contractors for construction staging activities. Such activities include, without limitation, temporary structures and storage of construction materials to be used in the Project. The space shall become available for staging when SPF delivers the Notice to Proceed, and availability of the space shall terminate when the Project is complete, the construction premises and surrounding areas have been cleaned as required by Section 5.5(e). SPF shall fully restore the staging space, as provided in Section 5.5(h). During Project construction, SPF must install a temporary perimeter fence enclosing its staging area to secure both the construction site and the staging area. Such fencing is subject to PDD's approval as provided in Section 5.5(d) and shall be removed upon Project completion. The location of the fencing shall be approved by SPR and shall allow for adjacent functions to occur in a safe and reasonable manner. A street use permit may be required and shall be the sole responsibility of SPF.

(g) Construction Worker Parking. The Park doesn't have parking on site for Project contractors, suppliers and construction workers. Neither SPF nor any of its contractors will park any vehicles within the Park; provided that, Project contractors, suppliers, and construction workers may temporarily park vehicles at or near the Park to complete any necessary drop off, loading, pick up, or delivery of equipment and materials for the Project.

(h) Restoration. SPF shall fully restore City property and improvements damaged by Project activities to a condition equal to or better than prior to commencement of the Project, including full repair to or replacement of damaged facilities if reasonably determined necessary by the Superintendent. The Park is currently paved with interlocking red, white, and gray paving stones, patterned as an integrated art exhibit. The City shall provide SPF with access to any facilities and/or areas in which its excess pavers are stored to facilitate any necessary restoration. SPF shall be permitted to utilize and install any pavers at no cost.

Section 5.6 Insurance Requirements. SPF shall procure and maintain, and shall cause the General Contractor and the Designer (defined herein) to procure and maintain, insurance policies meeting the applicable requirements set forth in this Section 5.6 (including, without limitation, the general requirements set forth in Section 5.6.4). Under no circumstances shall the City or the Parks Department bear any cost or expense of such insurance.

5.6.1 SPF Insurance Requirements. SPF shall procure and maintain, from the Effective Date until the City's acceptance of the completed Project, the following insurance policies:

5.6.1.1 Commercial General Liability. Commercial General Liability or equivalent insurance including coverage for Premises/Operations, Personal/Advertising Injury, Contractual and Stop Gap/Employers Liability. Such insurance must provide a minimum limit of not less than $1,000,000 each occurrence combined single limit, except that the minimum limit of Personal/Advertising Injury coverage shall be $1,000,000 for each offense and the minimum limit of Stop Gap/Employers Liability coverage shall be $1,000,000 for each accident or disease. Such insurance shall not contain exclusions related to explosion, collapse, underground, and blasting.

5.6.1.2 Umbrella/Excess Liability. Umbrella or excess liability coverage in the amount of $3,000,000, following the form of the Commercial General Liability policy. These required total minimum limit of liability may be satisfied with primary limits or any combination of primary and umbrella/excess limits.

5.6.2 General Contractor's Insurance Requirements. SPF shall procure and obtain or cause the General Contractor to procure and maintain, from and after the Effective Date of this Agreement until at least three (3) years following substantial completion of the Project, the following insurance against claims for injuries to persons or damages to property that may arise from, or in connection with the performance of work hereunder by the General Contractor, its agents, representatives, employees, consultants, contractors and/or subcontractors:

5.6.2.1 Commercial General Liability. Commercial General Liability or equivalent insurance including coverage for Premises/Operations,

Products/Completed Operations, Personal/Advertising Injury, Contractual and Stop Gap/Employers Liability. Such insurance must provide a minimum limit of not less than $1,000,000 each occurrence combined single limit, except that the minimum limit of Personal/Advertising Injury coverage shall be $1,000,000 for each offense and the minimum limit of Stop Gap/Employers Liability coverage shall be $1,000,000 for each accident or disease. Such insurance shall not contain exclusions related to explosion, collapse, underground, and blasting. SPF shall require the General Contractor to maintain coverage for Products/Completed Operations liability claims as part of such Commercial General Liability policy or provide evidence of completed operations/product liability for at least three (3) years after substantial completion of the Project.

5.6.2.2 Automobile Liability. Automobile Liability insurance for owned, non-owned, leased or hired vehicles, as applicable, with a limit of not less than $1,000,000 combined single limit per occurrence.

5.6.2.3 Umbrella/Excess Liability. Umbrella or excess liability coverage in the amount of $3,000,000, following the form of the General Liability and Automobile Liability policies.

5.6.2.4 Worker's Compensation. Worker's compensation insurance for Washington State, as required by Title 51 RCW, at statutory limits.

5.6.3 Designer's Insurance Requirements. SPF shall procure and maintain or cause its professional consultant engaged to perform design, architectural, engineering or similar services (the "Designer") to procure and maintain the following insurance against claims for injuries to persons or damages to property that may arise from, or in connection with the performance of work hereunder by the Designer, its agents, representatives, employees, consultants, contractors and/or subcontractors:

5.6.3.1 General Liability. Commercial General Liability or equivalent insurance including coverage for Premises/Operations, Products/Completed Operations, Personal/Advertising Injury, Contractual and Stop Gap/Employers Liability. Such insurance must provide a minimum limit of not less than $1,000,000 each occurrence combined single limit, except that the minimum limit of Personal/Advertising Injury coverage shall be $1,000,000 for each offense and the minimum limit of Stop Gap/Employers Liability coverage shall be $1,000,000 for each accident or disease. SPF shall require the Designer to maintain coverage for Products/Completed Operations liability claims as part of such Commercial General Liability policy or provide evidence of completed operations/product liability for at least three (3) years after substantial completion of the Project.

5.6.3.2 Professional Liability Errors and Omissions. The Designer shall provide a minimum of $1,000,000 per claim/aggregate Professional Liability Errors and Omissions coverage. Such coverage shall continue in force or be extended by professional "Tail" coverage for a period no less than three (3) years from project completion.

5.6.4 General Requirements. The policies required under this Section 5.6 shall meet all requirements below.

5.6.4.1 The City of Seattle as Additional Insured. CGL insurance and, in addition, Excess and/or Umbrella liability insurance, if any, shall include "The City of Seattle, its officers, officials, employees, agents and volunteers" as additional insureds. All insurance shall be primary and non-contributory to any insurance maintained by or available to the City. The term "insurance" in this paragraph shall include insurance, self-insurance (whether funded or unfunded), alternative risk transfer techniques, capital market solutions or any other form of risk financing.

5.6.4.2 Required Separation of Insured Provision; Cross-Liability Exclusion and other Endorsements Prohibited. SPF's insurance policy shall include a "separation of insureds" or "severability" clause that applies coverage separately to each insured and additional insured, except with respect to the limits of the insurer's liability. SPF's insurance policy shall not contain any provision, exclusion or endorsement that limits, bars, or effectively precludes the City of Seattle from coverage or asserting a claim under SPF's insurance policy on the basis that the coverage or claim is brought by an insured or additional insured against an insured or additional insured under the policy. SPF's failure to comply with any of the requisite insurance provisions shall, at the discretion of the City of Seattle, serve as grounds for the City to procure or renew insurance coverage with any related costs of premiums to be repaid by SPF or reduced and/or offset against the Agreement.

5.6.4.3 Cancellation Notice. Such policies shall not be canceled or materially modified without thirty (30) days' prior written notice to the City or ten (10) days for non-payment of premiums. SPF shall provide City with notification in the event of any reduction or restriction of insurance limits or coverage of any respective policies.

5.6.4.4 Minimum Security Requirements: Each insurance policy required hereunder shall be (1) subject to reasonable approval by City that it conforms with the requirements of this Section 5.6, and (2) be issued by an insurer rated A–:VII or higher in the then-current A. M. Best's Key Rating Guide and licensed to do business in the State of Washington unless procured under the provisions of chapter 48.15 RCW (Unauthorized insurers).

5.6.4.5 Each insurance policy shall be written on an "occurrence" form, excepting that insurance for professional liability, errors and omissions, and Contractors Pollution Liability when required, may be acceptable on a "claims made" form.

5.6.4.6 If coverage is approved (if approval is required above) and purchased on a "claims made" basis in accordance with Section 5.6.4.5, SPF warrants continuation of coverage, either through policy renewals or the purchase of an extended

discovery period, if such extended coverage is available, for not less than six (6) years from the date of completion of the work that is subject to said insurance.

5.6.4.7 Any deductible must be disclosed to, and shall be subject to reasonable approval by, the City. The cost of any claim falling within a deductible shall be the responsibility of SPF.

5.6.4.8 By requiring such minimum insurance as specified herein, neither Party shall be deemed to have assessed the risks that may be applicable to the other Party to this Agreement. Each Party shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits or broader coverage**.**

5.6.4.8 SPF shall release the City from any and all claims or causes of action whatsoever in or from or in any way connected with any loss covered or which should have been covered by insurance required to be maintained by SPF pursuant to this Agreement.

5.6.5 Waiver of Subrogation. City and SPF release and relieve the other from any liability they might otherwise have and waive their entire right of recovery for loss or damage to property located within or constituting a part or all of the Project to the extent that the loss or damage either (a) is actually covered by the injured party's property insurance, or (b) if the injured party failed to maintain insurance as required under this Agreement, would have been covered under the terms and conditions of the property insurance the injured party is required to carry under Section 5.6, whichever is greater. This waiver applies regardless of the cause or origin of the claim including without limitation loss due to the negligent acts or omissions of City or SPF, or their respective officers, directors, council members, employees, agents, contractors, invitees, SPF's assignees or subtenants. The parties shall have their property insurers endorse the applicable insurance policies to reflect the foregoing waiver of claims, provided however, that the endorsement shall not be required if the applicable policy of insurance permits the named insured to waive rights of subrogation on a blanket basis, in which case the blanket waiver shall be acceptable; and provided further, that the failure to obtain such endorsement, when required, shall not impair the effectiveness of this waiver and/or release between City and SPF.

5.6.6 Evidence and Approval of Insurance. On or before the Effective Date, and thereafter not later than the last business day prior to the expiration date of each such policy, the following documents must be delivered to City at its notice address as evidence of the insurance coverage required to be maintained by SPF or its contractors. The City shall review and approve the insurance prior to Notice to Proceed:

5.6.6.1 Certification of insurance documenting compliance with the coverage, minimum limits and general requirements specified herein.

5.6.6.2 A copy of the policy's declarations pages, showing the insuring company, policy effective dates, limits of liability and the Schedule of Forms and Endorsements specifying all endorsements listed on the policy including any company-specific or manuscript endorsements.

5.6.6.3 A copy of the CGL insurance policy provision(s) and endorsements expressly including the City of Seattle and its officers, elected officials, employees, agents and volunteers as additional insureds (whether on ISO Form CG 20 26 or an equivalent additional insured or blanket additional insured policy wording), showing the policy number, and the original signature and printed name of the representative of the insurance company authorized to sign such endorsement; a full and complete copy of insurance policies must be provided to the City upon request.

5.6.6.4 Pending receipt of the documentation specified in this Section 5.6.6, SPF may provide a copy of a current complete binder. An ACORD certificate of insurance will not be accepted in lieu thereof.

Evidence of Insurance as set forth above, shall be issued to:

City of Seattle
Department of Parks and Recreation
300 Elliott Avenue West, Suite 100
Seattle, WA 98119
Attn: Property Management

5.6.7 Assumption of Property Risk. Except to the extent of City's negligence or willful misconduct, but subject to Section 5.6.5 above, the placement and storage of property owned by SPF or the General Contractor in or about the Park, including the construction site or staging area shall be the responsibility, and at the sole risk, of SPF or the General Contractor, respectively.

5.6.8 Adjustments of Claims. SPF shall provide, and shall cause the General Contractor to provide, for the prompt and efficient handling of all claims for bodily injury, property damage or theft arising out of the respective activities of SPF and the General Contractor in connection with the Project.

5.6.9 SPF's Responsibility. The procuring of the policies of insurance required by this Agreement shall not be construed to limit SPF's liability hereunder. Notwithstanding said insurance, but subject to Section 5.6.5 above, SPF shall be obligated for the full and total amount of any damage, injury or loss caused by negligence of SPF, or any of its agents, officers and employees or through use or occupancy of the Premises.

Section 5.7 Assignment of Warranties. SPF shall cause the General Contractor to assign to the City all warranties relating to the Project prior to the City's acceptance of the completed Project.

ARTICLE 6
Indemnification and Dispute Resolution

Section 6.1 Indemnification.

(a) To the maximum extent permitted by law, each Party shall protect, defend, indemnify and save harmless the other Party, its officers, officials, employees and agents while acting within the scope of their employment as such, from and against any and all suits, costs and expenses (including reasonable attorney fees), claims, actions, losses, penalties, judgments and/or awards of damages, of whatsoever kind to the extent arising out of, in connection with or incident to the indemnifying Party's performance under this Agreement and to the extent caused by or resulting from such Party's own negligent, reckless or willful acts or omissions. In the event any such liability arises from the concurrent negligence of the indemnifying Party and the other Party, the indemnity obligation of this section shall apply only to the extent of the negligence of the indemnifying Party and its actors. Each Party agrees that it is fully responsible for the acts and omissions of its own officials, employees and agents, acting within the scope of their employment as such. In addition, SPF shall cause the General Contractor to indemnify the City to the same extent that the City is indemnified by SPF pursuant to this Section 6.1.

(b) Notwithstanding the foregoing, SPF's obligations under this Section 6.1 shall not extend to any claims arising out of or relating to (1) the presence of any preexisting hazardous substances in, on or about the Park present on the date when the RUP is issued, or (2) the use of the Park by any person following the City's acceptance of the completed Project.

Section 6.2 Further Indemnification Provisions. Each Party agrees that its obligations under Section 6.1 extend to any claim, demand and/or cause of action brought by or on behalf of any of its employees or agents, and each Party further agrees that this indemnity is specifically and expressly intended to constitute a waiver of each Party's immunity under Washington's Industrial Insurance act, Title 51 RCW, as respects the other Party only, and only to the extent necessary to provide the indemnified Party with a full and complete indemnity of claims made by the indemnitor's employees. The Parties acknowledge that the provisions of Section 6.1 were specifically negotiated and agreed upon by them. The indemnity and hold harmless provisions of Section 6.1 shall survive the expiration or earlier termination of this Agreement and shall apply to the maximum extent permitted by law including, if applicable, as defined by RCW 4.24.115, as now enacted or as hereinafter amended.

Section 6.3 Dispute Resolution. In the event of a dispute regarding this Agreement, the Parties agree to follow the procedures in this Section 6.3 prior to filing or initiating a lawsuit. The Parties shall make their best efforts to resolve disputes as expeditiously as possible through negotiations at the lowest possible decision-making level, and in the event such negotiations are unsuccessful, the matter shall be referred to the Superintendent and the Executive Director of SPF. If those officials are unable to resolve the dispute within a period of fifteen (15) days after the matter has been formally referred to them for resolution, they shall meet during the immediately succeeding seven (7) days to select a mediator to assist in the resolution of such dispute. SPF and the City agree to participate in mediation with the agreed upon mediator for a reasonable amount of time and in good faith. The cost of the mediation shall be shared equally between the City (one-half) and SPF (one-half).

Section 6.4 Termination of Provisions. For Reasons Beyond Control of Parties. Either party may terminate this Agreement without recourse by the other where performance is rendered impossible or impracticable for reasons beyond such party's reasonable control such as but not limited to an act of nature, war, civil commotion, labor dispute, sabotage, or superior governmental regulation or control.

Lack of Funds. Unless the parties otherwise agree, either party may terminate this Agreement if either party is unable to deliver the Project funds upon agreed upon schedule.

Upon termination of this agreement, SPF will return to the City the total amount of public funding transmitted to SPF, minus appropriate Project related expenses up to the date of termination. SPF will spend available private funding first before spending public funds.

ARTICLE 7
Miscellaneous

Section 7.1 Amendments. This Agreement may not be amended, changed, modified or altered, except by an instrument in writing duly executed by the City and SPF (or their successors in title).

Section 7.2 Authority. Each Party hereto warrants that it has the authority to enter into this Agreement and to perform its obligations hereunder and that all necessary approvals, acts or resolutions to authorize this transaction have been taken, and the signatories, by executing this Agreement, warrant that they have the authority to bind the respective Parties.

Section 7.3 No Assignment. SPF may not assign this Agreement without the written consent of the Superintendent.

Section 7.4 General Rules. The following rules shall apply to the construction of this Agreement unless the context otherwise requires:

(a) Words describing the singular number shall include the plural number and vice versa, except where otherwise indicated.

(b) All references herein to articles, sections or exhibits are references to articles, sections or exhibits of this Agreement, unless otherwise stated.

(c) The headings and table of contents herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(d) This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if all Parties had prepared it.

Section 7.5 Cumulative Remedies. The rights and remedies that any Development Agreement Party may have under this Agreement or at law or in equity, upon any breach, are distinct, separate and cumulative and shall not be deemed inconsistent with each other, and no one of them shall be deemed to be exclusive of any other.

Section 7.6 Force Majeure. Except as otherwise provided in this Agreement, time periods for any Party's performance under any provisions of this Agreement shall be extended for periods of time during which such performance is prevented due to circumstances beyond such party's reasonable control, including without limitations, strikes, embargoes, shortages of labor or materials, governmental regulations, acts of nature, unforeseen site conditions, casualty, war or other strife.

Section 7.7 No Waiver. Failure of any Party to complain of any act or omission by the other, no matter how long the failure may continue, shall not constitute a waiver of any rights under this Agreement. No waiver by any Party of any breach of any provisions of this Agreement shall be deemed a waiver of a breach of any other provision or consent to any subsequent breach of any other provision. If any action of any Party requires the consent or approval of another, consent or approval given on one occasion shall not be deemed a consent to or approval of that action on any other occasion. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

Section 7.8 No Partnership. Nothing in this Agreement shall create any partnership, joint venture or other such relationship between SPF and the City.

Section 7.9 Principal Contacts. Each Party shall at all times designate a "primary contact" person for administration of this Agreement; either Party may change the person designated to serve as its primary contact at any time, and from time to time, by notice to the other Party. The Parties' initial designations are:

If to the City: For design/construction related matters-
Ben Handziak

Capital Project Coordinator
City of Seattle, Parks and Recreation Department
300 Elliott Avenue West, Suite 100
Seattle, WA 98119
Phone: 206-677-0199
Email: ben.handziak@seattle.gov

And: For agreement related matters-
Kim Baldwin
Deputy Director
City of Seattle, Parks and Recreation Department
300 Elliott Avenue West, Suite 100
Seattle, WA 98119
Phone: 206-615-0810
Email: kim.baldwin@seattle.gov

If to SPF: For agreement related matters-
Rebecca Bear
President and CEO
Seattle Parks Foundation
PO Box 3541
Seattle, WA 98124-3541
Phone: 206.931.3398
Email: rebecca@seattleparksfoundation.org

And: For design/construction related matters-
Beth Purcell
Project Manager
Seattle Parks Foundation
PO Box 3541
Seattle, WA 98124-3541
Phone: 206.356.9266
Email: beth@seattleparksfoundation.org

Section 7.10 Counterparts. This Agreement may be executed in counterparts for the convenience of the Parties, and such counterparts shall together constitute one Agreement.

Section 7.11 Time of Essence. Time and all terms and conditions shall be of the essence of this Agreement.

Section 7.12 No Third-Party Beneficiaries. The provisions of this Agreement are for the sole benefit of the Parties and shall not be interpreted to create any rights in any third party.

[signatures on next page]

City:

CITY OF SEATTLE, a Washington municipal corporation

By: AP Diaz (Feb 11, 2025 15:46 PST)
Name: AP Diaz
Title: Superintendent

SPF:

SEATTLE PARKS FOUNDATION, a Washington nonprofit corporation

By: Rebecca Bear (Feb 11, 2025 08:33 PST)
Name: Rebecca Bear
Title: President / CEO

EXHIBIT A
PROJECT SCHEDULE

Stakeholder Meetings	Summer, 2024
Concept Design – SPR Approval	September 2024
Public Engagement – Open House	November 2024
Schematic Design Development	Nov. 2024 – Jan. 2025
Schematic Design – SPR Review and Approval	February 2025
Pre-construction Services	Feb. 2025 – Sept. 2025
Public Engagement meetings/open house	March 2025
30% Construction Documents Development	March/April 2025
30% Construction Documents – SPR Review and Approval	April 2025
60% Construction Documents Development	April/May 2025
60% Construction Documents – SPR Review and Approval	late May/early June 2025
Permitting	April 2025 – August 2025
Council presentation	late Spring – date TBD
90% Construction Document Development	June/July 2025
90% Construction Document -SPR Review and Approval	July/August 2025
Construction Contracting and Procurement	Sept. 2025 – Jan. 2026
Construction	Sept./Oct. 2025 – May 2026
Construction - Substantial Completion	May/early June 2026

EXHIBIT B – UPDATE
PROJECT BUDGET

Attached on next page.

Exhibit B - Westlake Project Budget

SPR and SPF Project Funding	
Private Investment, Seattle Parks Foundation (SPF)	$2,700,000
Public Investment, Seattle Parks and Recreation (SPR)	$3,700,000
Total Anticipated Project Funding	**$6,400,000**

Anticipated Project Budget	
Non Construction Expenditures	**Estimated Cost**
Concept Design and Stakeholder engagement	$77,660
Design Contract	$400,000
Construction Administration	$90,000
Design Contract Contingency	$45,000
Project Management Delivery Firm	$300,000
SPF Project Administration and Fundraising	$498,000
Legal Review	$15,000
Permitting Fees	$50,000
Site Survey	$32,652
Arborist Report	$6,500
SPR Staffing	$160,000
Subtotal	**$1,674,812**
Construction Related Expenditures	
Construction contract (including GC and markups)	$3,625,000
tax	$375,188
Owner contingency	$362,500
Construction contingency	$362,500
Subtotal construction costs	**$4,725,188**
Total Anticipated Project Cost	**$6,400,000**

* Project Scope will be adjusted based on secured funding.

Project Funding Schedule		
2024	**Amount**	**Available**
Private- SPF	$170,000	Secured
2025		
Private- SPF	$800,000	11/1/2025
Public - SPR (Minimum)	$1,390,000	1/25/2025
2026		
Private- SPF	$1,730,000	1/15/2026
Public - SPR	$2,310,000	1/1/2026
Total	**$6,400,000**	

EXHIBIT C
PROJECT DESIGN

Attached on next page.

REIMAGINE WESTLAKE

SCHEMATIC DESIGN

PARTNERSHIP berger

Downtown Seattle Association | Metropolitan Improvement District

Seattle Parks & Recreation

SEATTLE PARKS FOUNDATION

Reimagine Westlake

PROJECT BACKGROUND

- Westlake Park as we know it today was completed in 1988 and is at the heart of the retail core of the city.

- The park includes a large paved plaza that is used for a wide range of uses including large community gatherings, seasonal events, and flexible seating areas that are used for enjoying lunch or meeting with friends and neighbors.

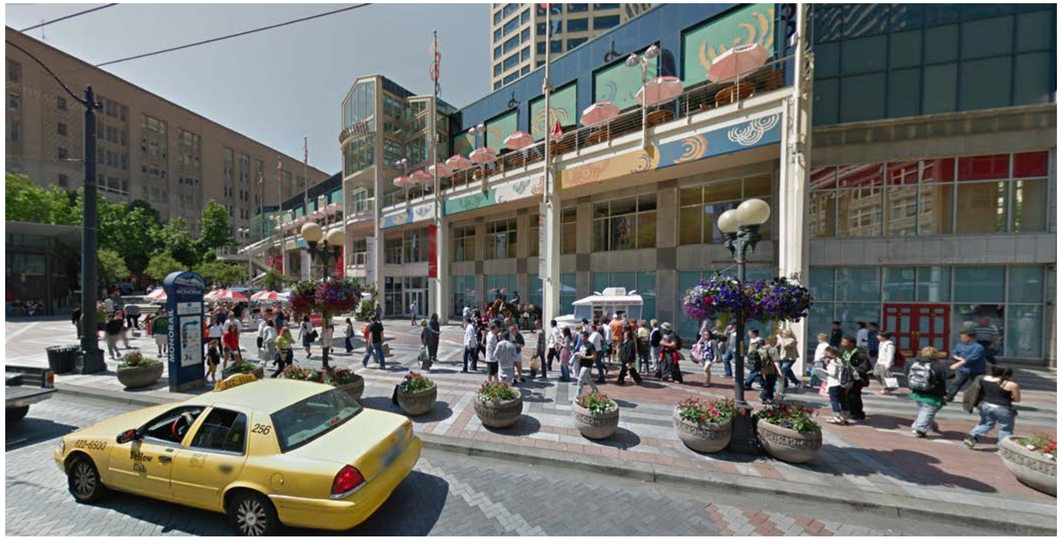
- Other park features include the seven hills art installation, a grove of shade trees, a fountain, stage and playground for kids ages 2-5.

- A signature element of the park is the granite paving that was inspired from a Coast Salish cedar basket weave.

- This project will provide upgrades to existing park elements that are in need of repair or will look to remove elements that have exceeded their useful lifespan in order to support the ongoing needs of the park.

- The project will also look for opportunities to support the FIFA World Cup when the world comes to Seattle in 2026!

JULY 2011



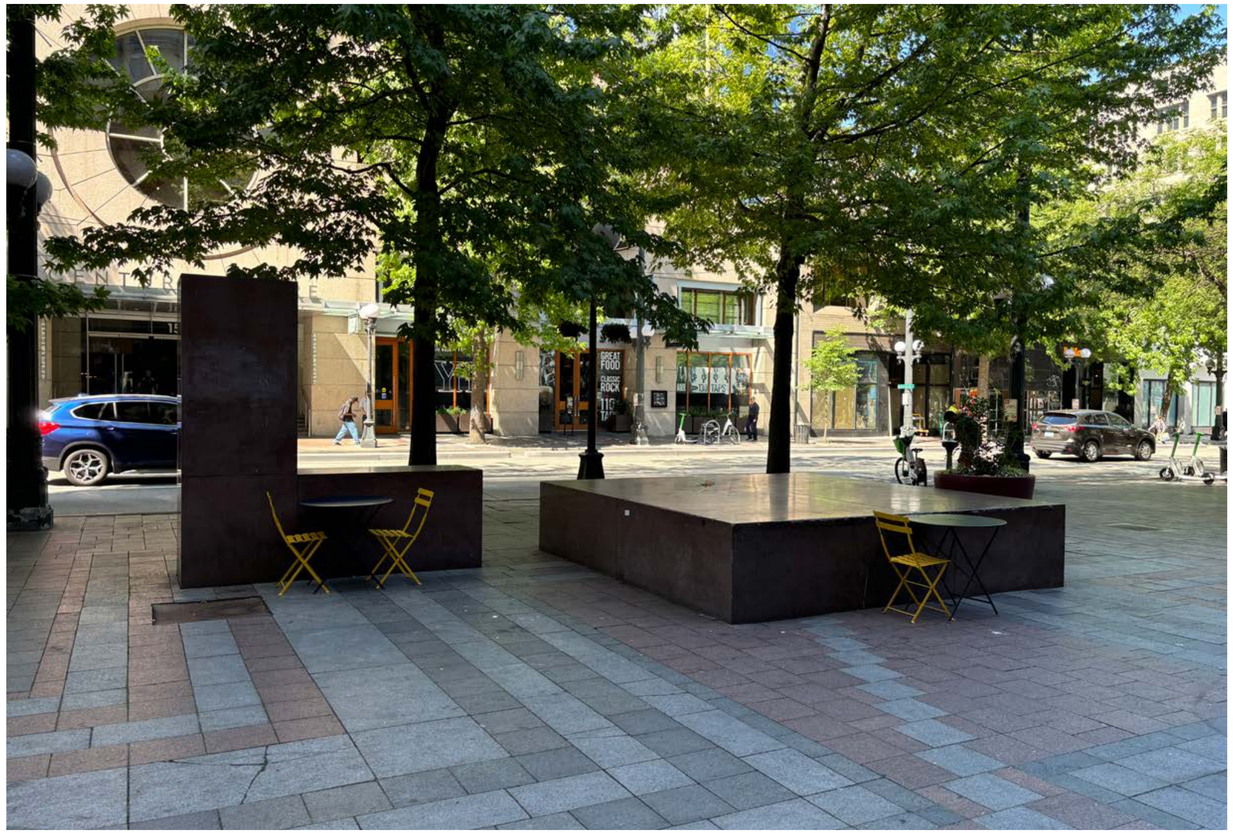
DECEMBER 2023



Reimagine Westlake

PROJECT GOALS

- Improve guest experience - foster human connections
  - Remove barriers for easy access.
  - Provide additional permanent seating areas.
  - Provide additional areas for plantings and seasonal interest.
  - Provide signage to explain what the Seven Hills art installation represents.

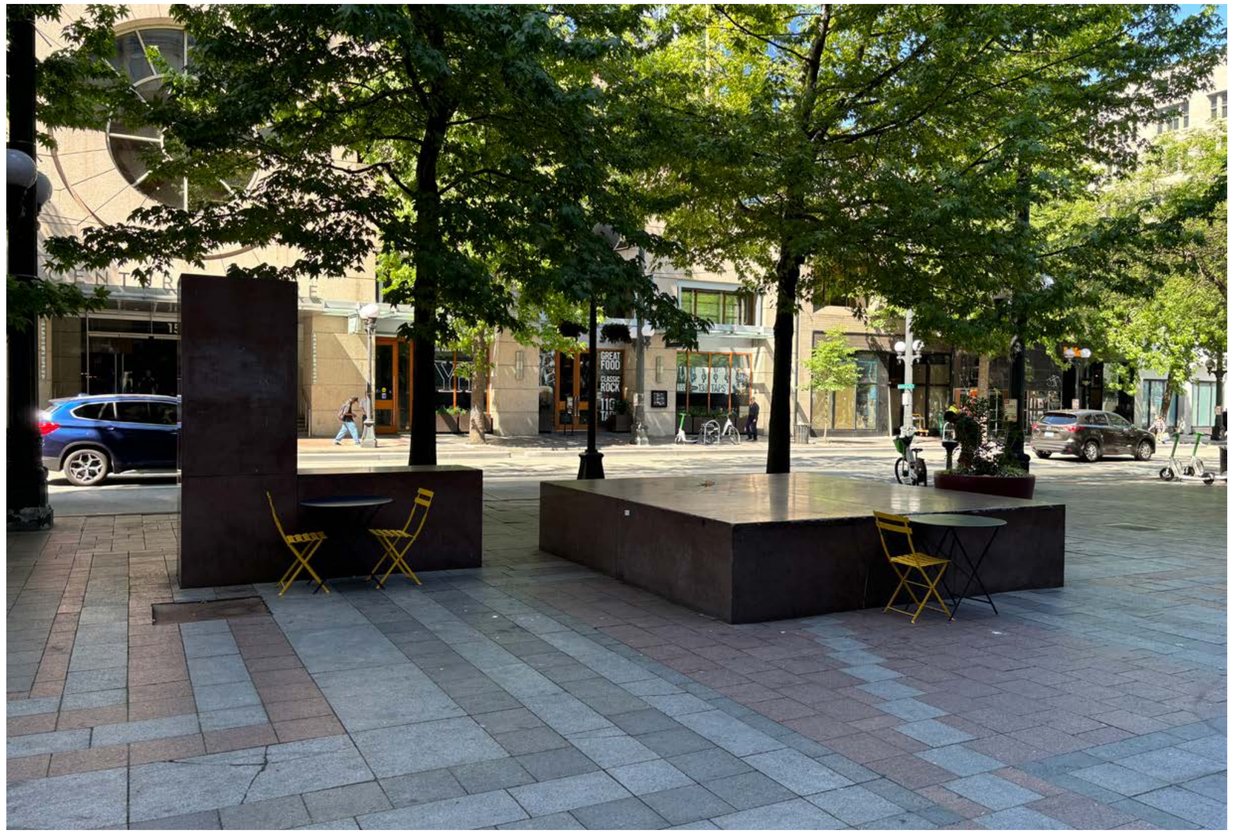


Reimagine Westlake

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- Address safety needs
  - Provide better lighting at night.
  - Fix uneven pavement and preserve the basket weave pattern.
  - Provide more elements in the park to promote positive park use.
  - Continue to partner with local law enforcement and social programs to deter undesirable activities in the area.





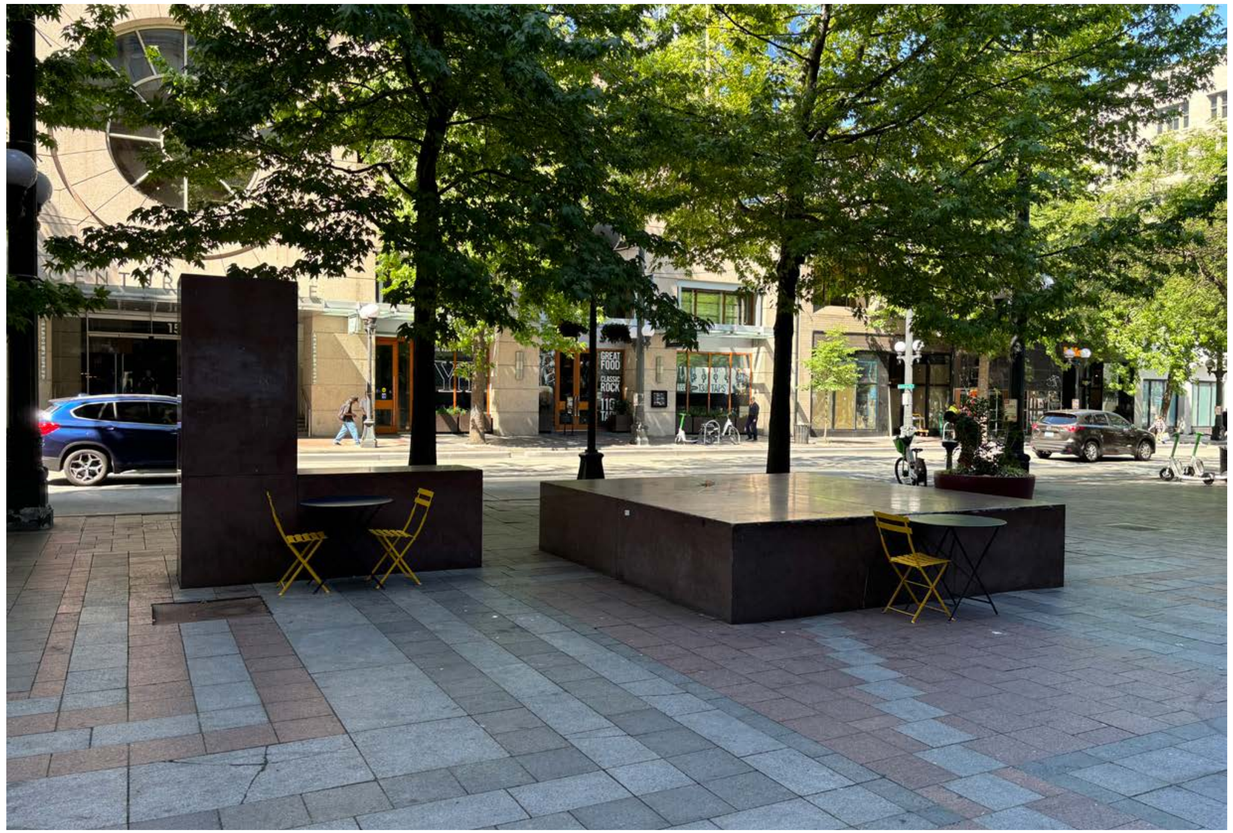
Reimagine Westlake

PROJECT GOALS

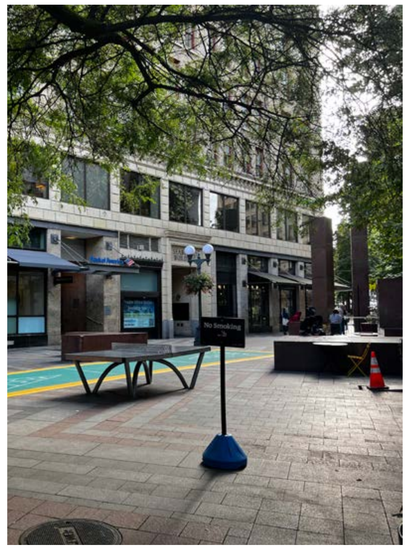
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- Create a more cohesive park space and experience.
  - Today the park feels like a series of spaces that are not well connected and can be difficult to walk through at times.
  - Find ways to allow flexible use of the space for all types of events.







Reimagine Westlake

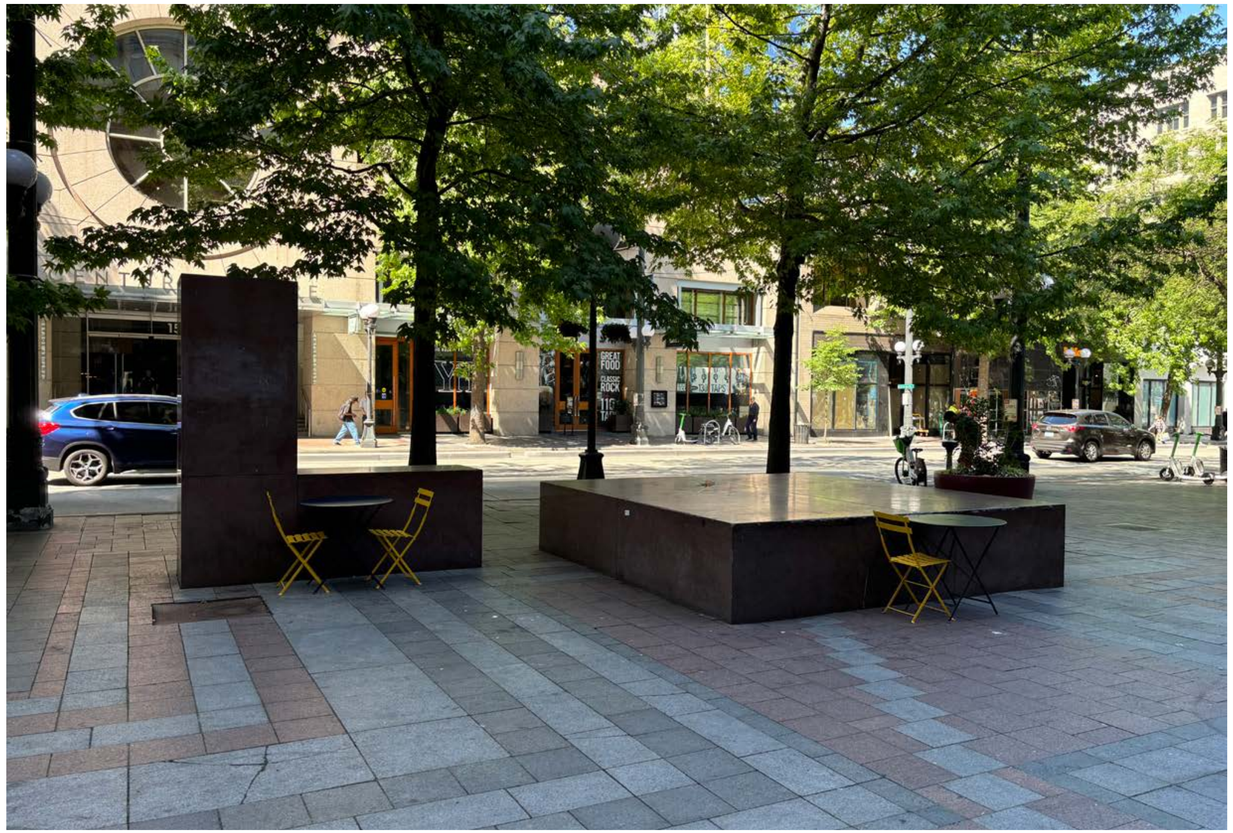
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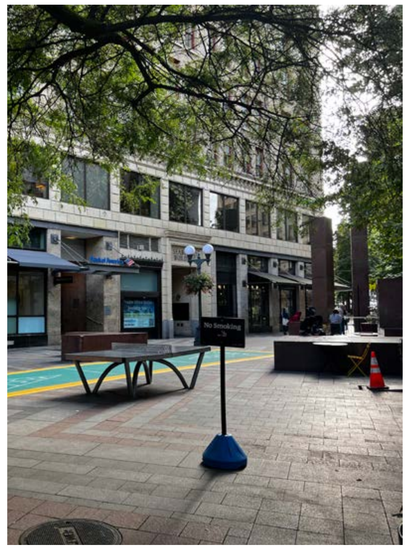
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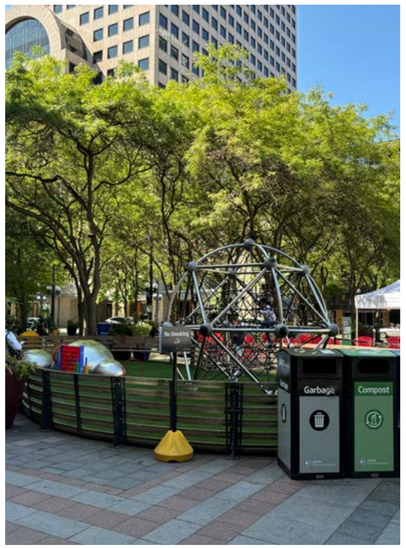
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  - Find ways to allow flexible use of the space for all types of events.

- Identify new facilities to support park programming for families and the neighborhood
  - Expand the play area to include a wider range of equipment for all ages.
  - Look for opportunities for partnering with surrounding buildings or agencies to provide public restrooms.





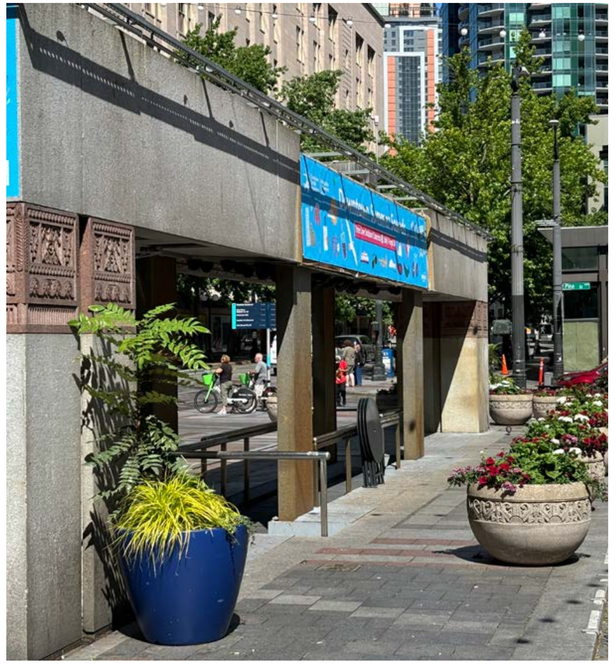


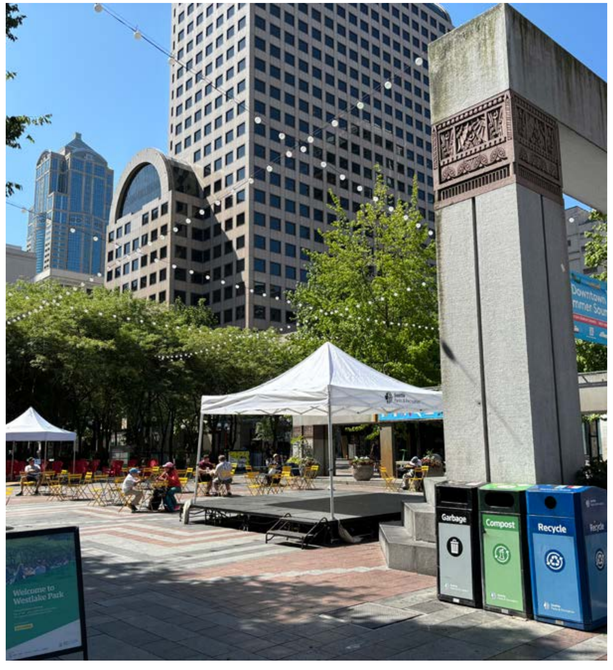


Reimagine Westlake

PROJECT GOALS

- Address aging infrastructure.
  - The electrical infrastructure is currently in a buried vault and is in poor condition. The equipment needs to be updated and moved above ground due to damp conditions below ground.
  - Many of the electrical outlets spread throughout the park are no longer working and need to be replaced.
  - Expand the tree wells to ensure tree health.
  - Remove the fountain that has reached the ned of its useful life.
  - Remove stage to allow the use of temporary stages that can be moved around the park and sized to the needs of each event.



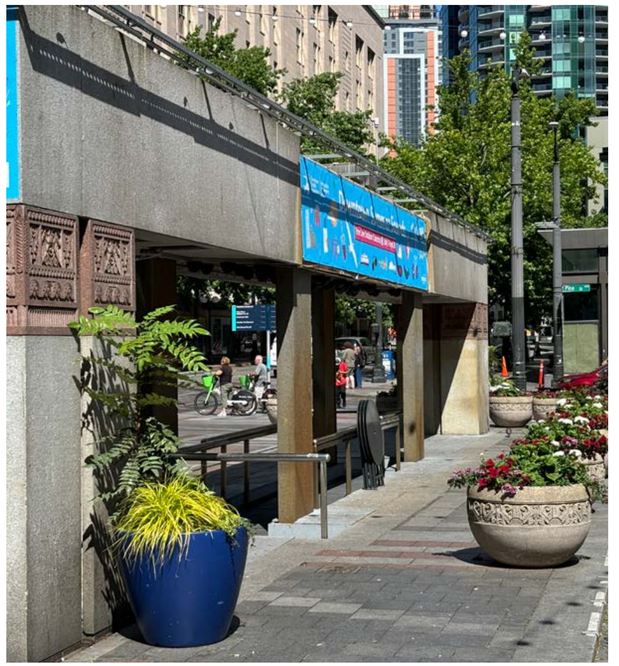


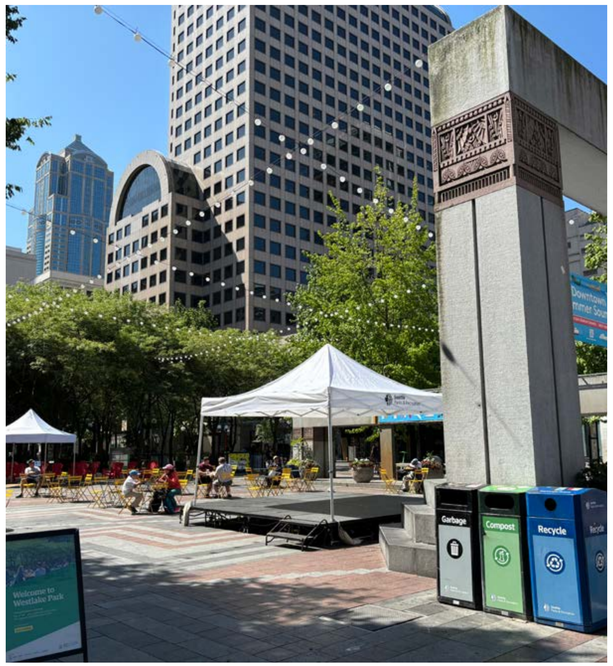
Reimagine Westlake

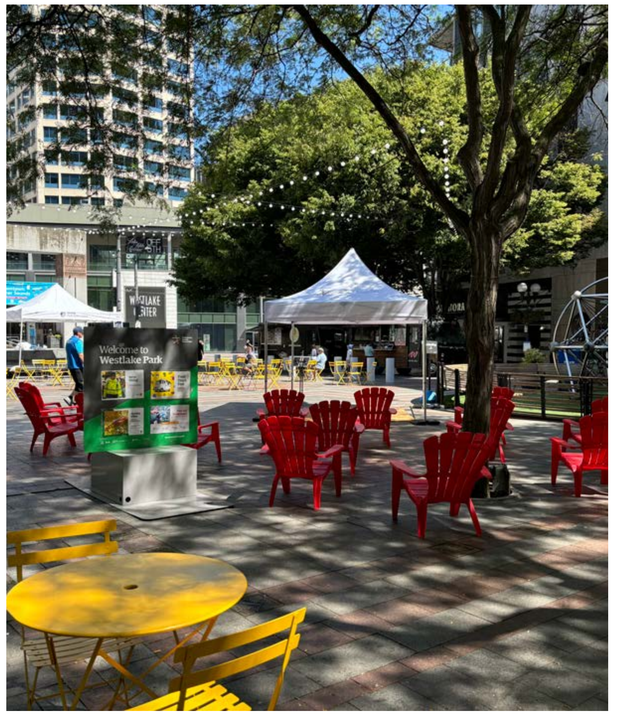
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- Identify activation strategies for World Cup 2026 & DSA program needs
  - Provide opportunities for temporary installations that promote World Cup 2026 and welcomes the world to Seattle.
  - Consider placement of temporary mini-soccer pitches along Pine Street or 4th Avenue.
  - Consider placing murals on surrounding buildings to enliven the space.
  - Look for opportunities to provide digital art and image projection that will support other activations of the space.







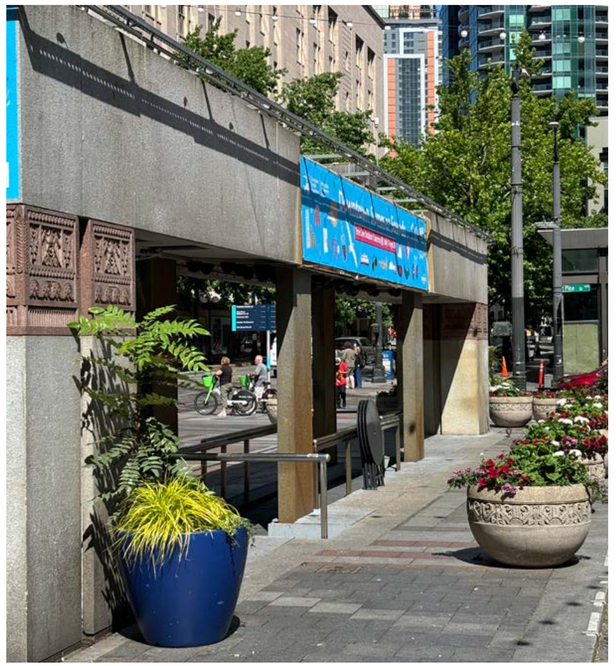
Reimagine Westlake

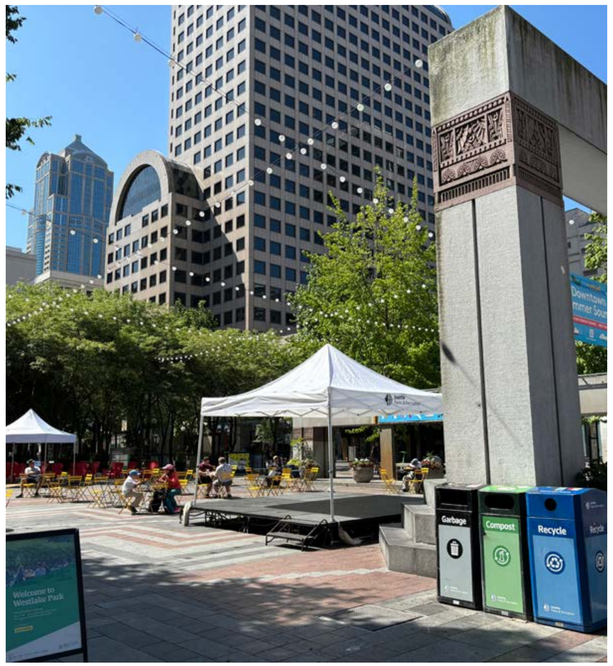
PROJECT GOALS

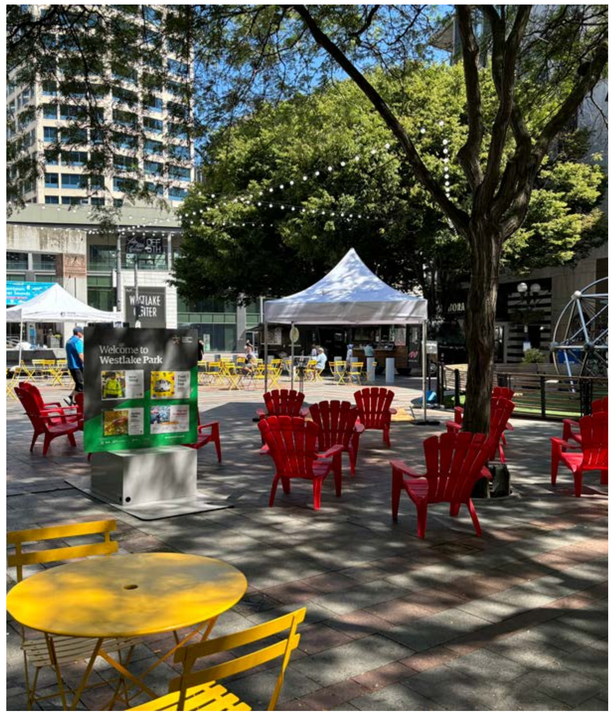
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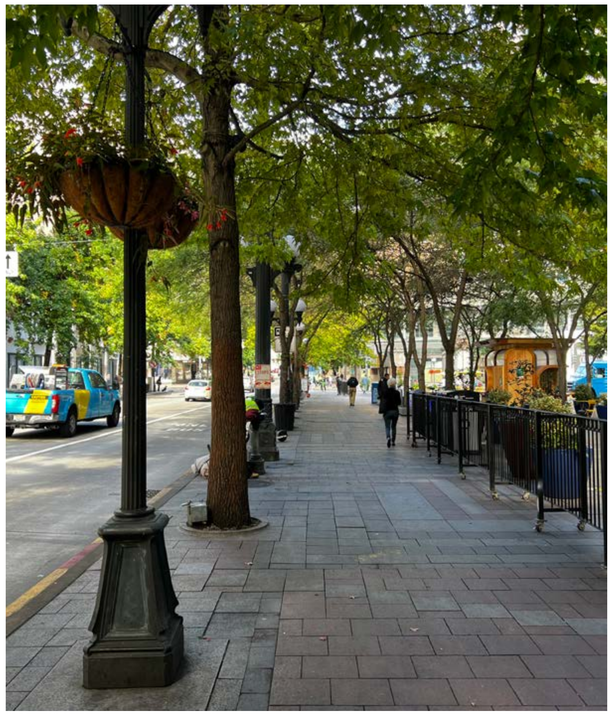
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- Set the stage for longer term improvements
  - Work with other city agencies for long term improvements in and around the retail core to continue supporting community use and economic development in the area.
  - Partner with Westlake Center north of Pine Street to coordinate use of the overall public space







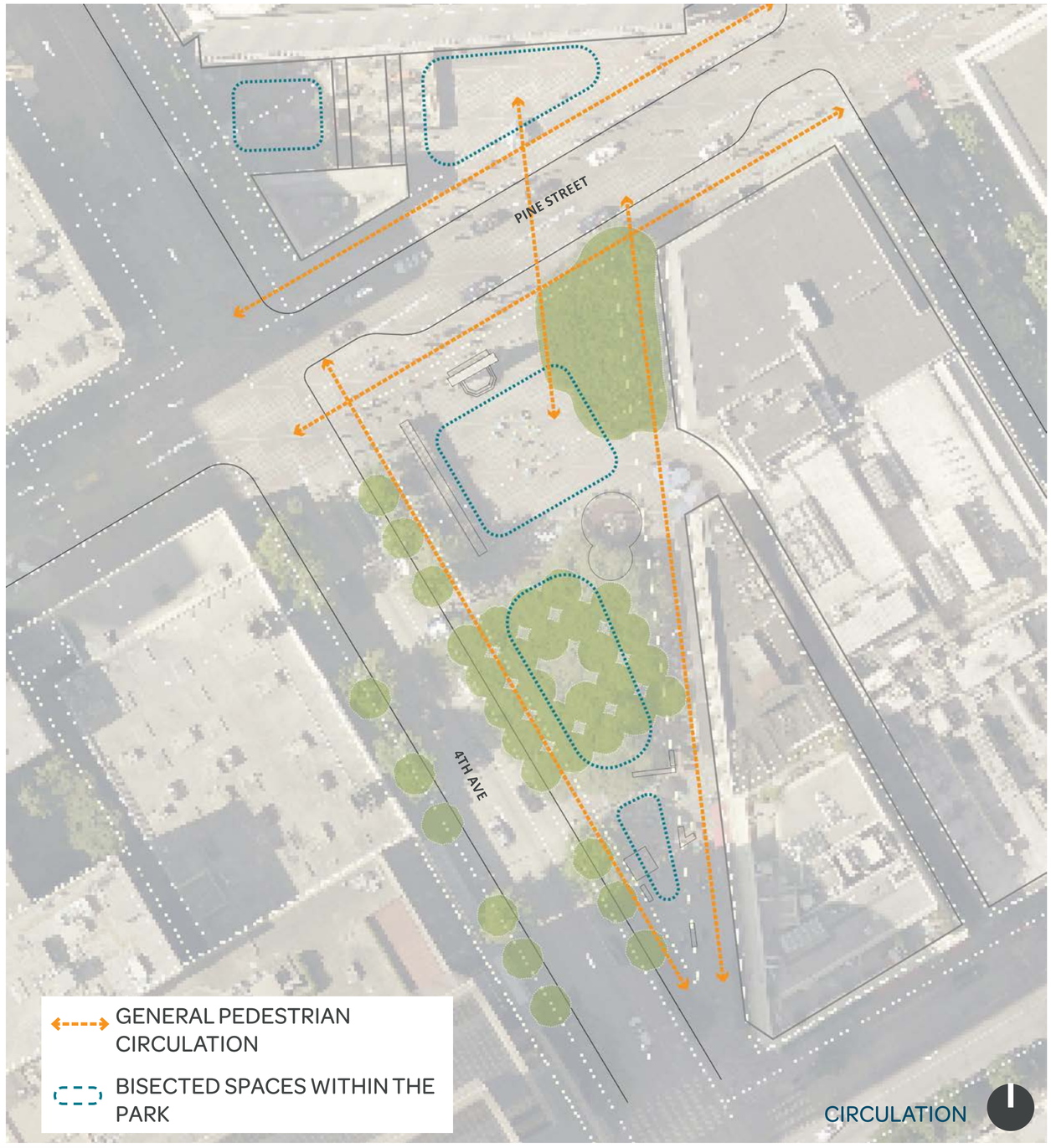


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EXISTING CONDITIONS



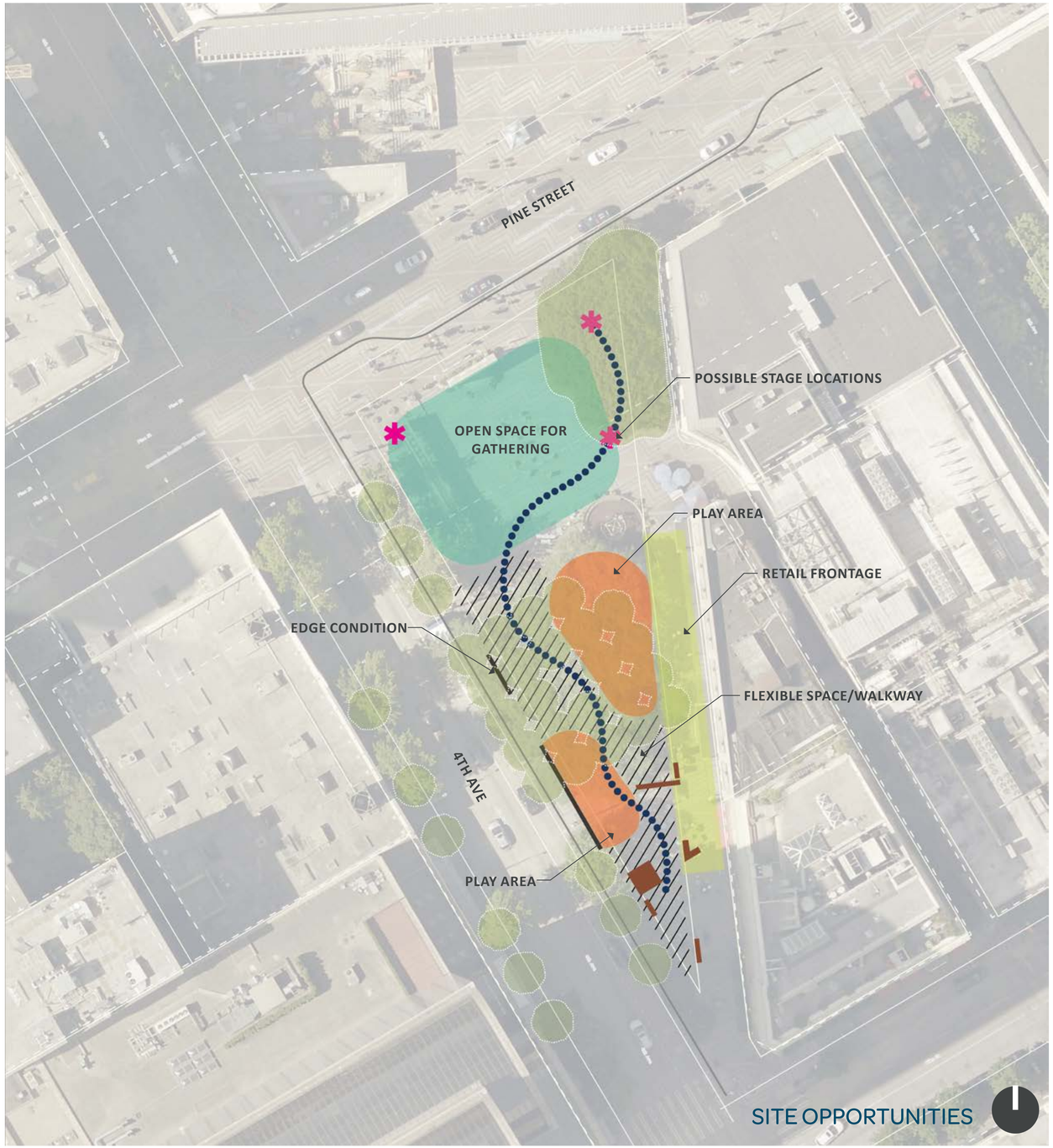
PRESENT DAY CONDITIONS



CIRCULATION

Reimagine Westlake

PARK OPPORTUNITIES



SITE OPPORTUNITIES

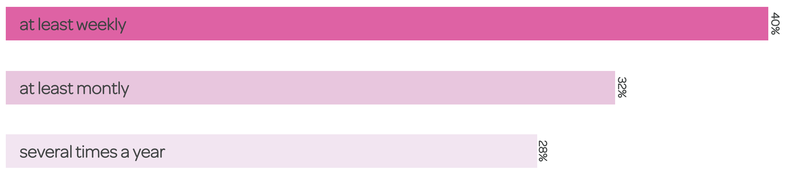


CONCEPT DESIGN

Reimagine Westlake

WHAT WE HEARD

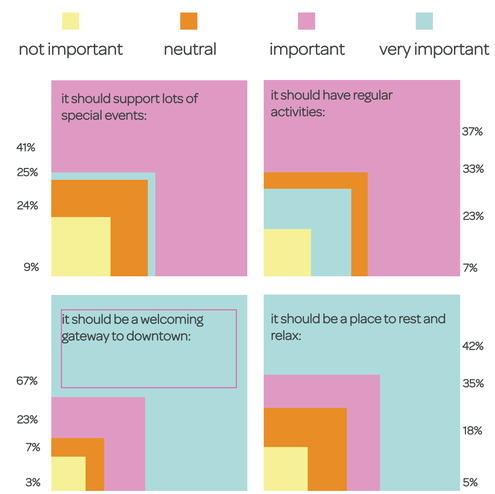
How often do you visit Westlake Park?



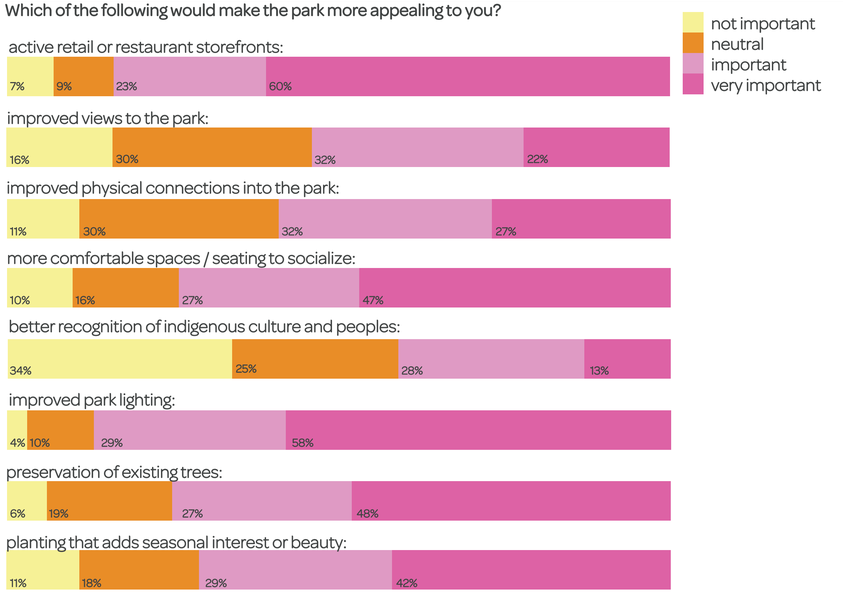
What describes your connection to downtown and Westlake Park?



How would you like Westlake Park to serve the community?



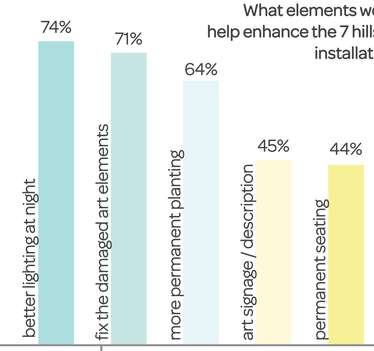
Which of the following would make the park more appealing to you?



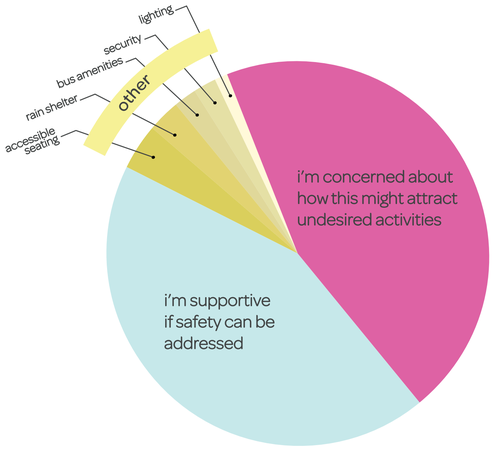
Are you supportive of more permanent benches within the tree grove?



What elements would help enhance the 7 hills art installation?



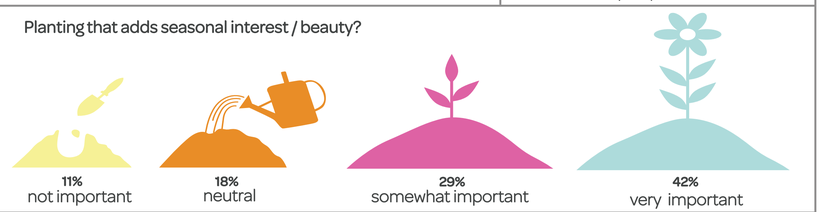
How do you feel about providing seating at the bus stop at Pine Street and 4th Avenue?



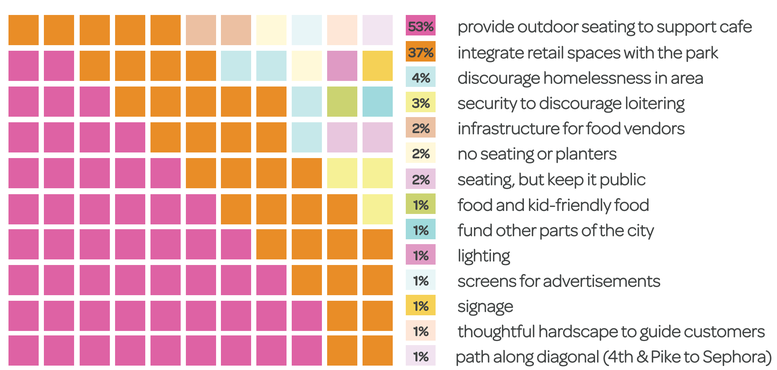
Preservation of existing trees?



Planting that adds seasonal interest / beauty?



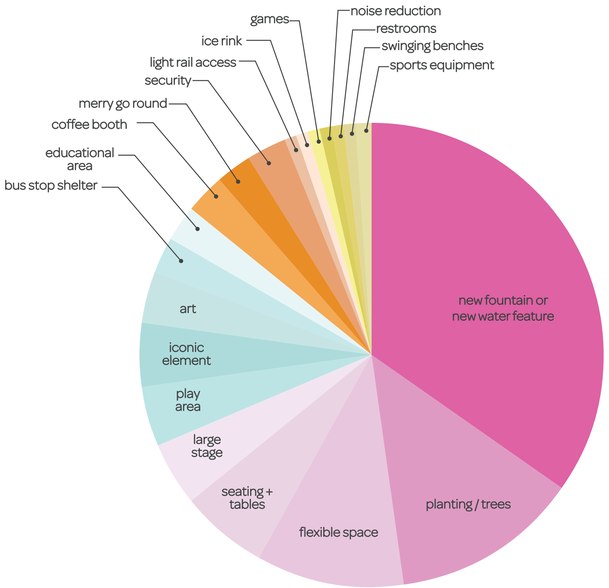
What is the most important to consider as we look to integrate park upgrades along the east edge of the site?



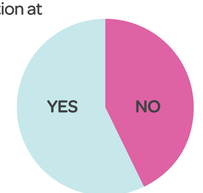
What elements would help make expanded play area successful?



The existing fountain has reached the end of its useful life and is proposed to be removed. **Do you have considerations for what could replace it?**



Do you believe an expanded play area would be a good addition at Westlake Park?



The existing stage is going to be removed. Any future events would use a temporary stage that could be set up in different areas of the park based on the needs of the special event. **Do you support this idea?**



What age groups should be accomodated?



WESTLAKE PARK

Downtown Seattle Association | Metropolitan Improvement District

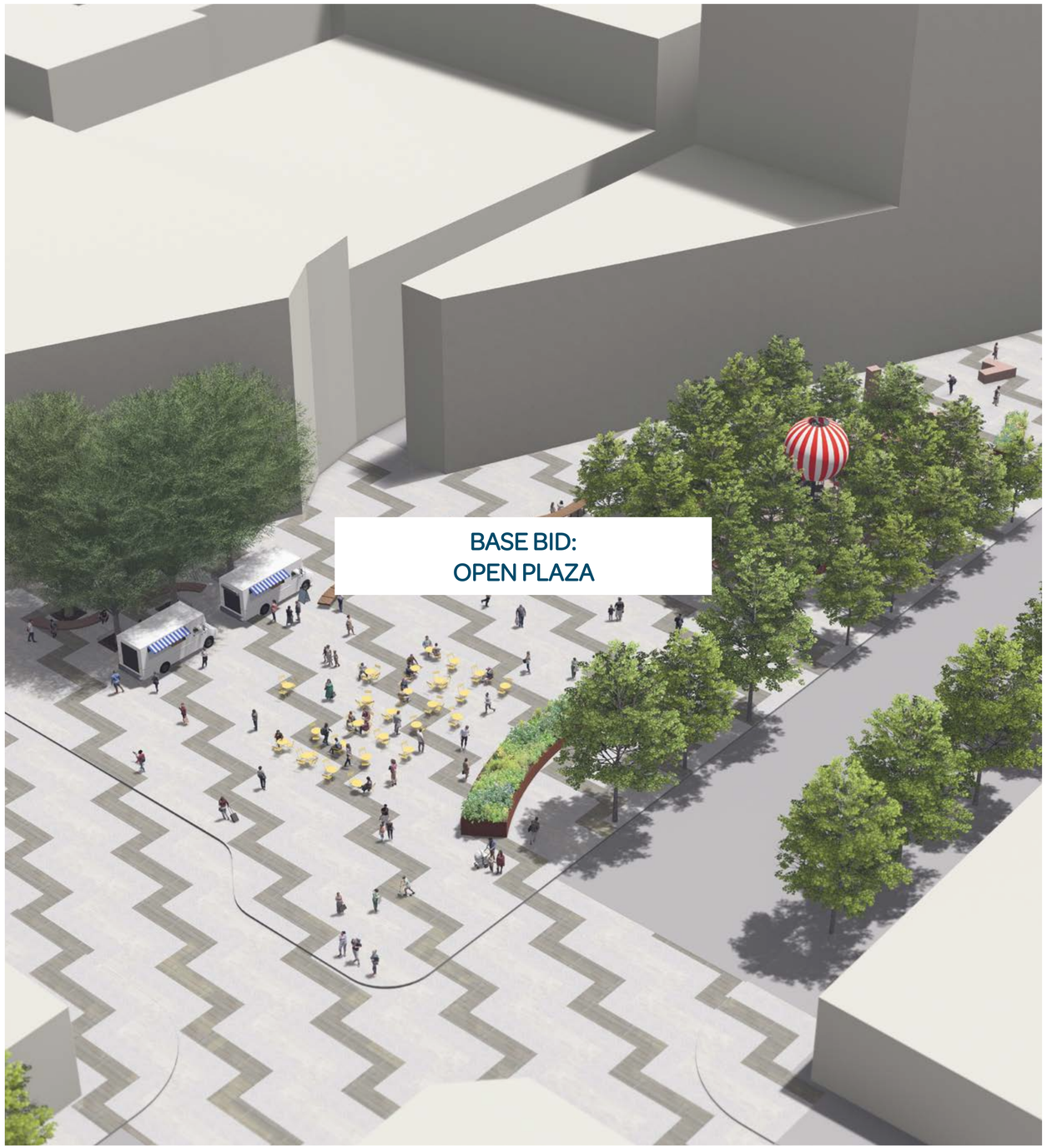
Seattle Parks & Recreation

SEATTLE PARKS FOUNDATION

PARTNERSHIP berger

Reimagine Westlake

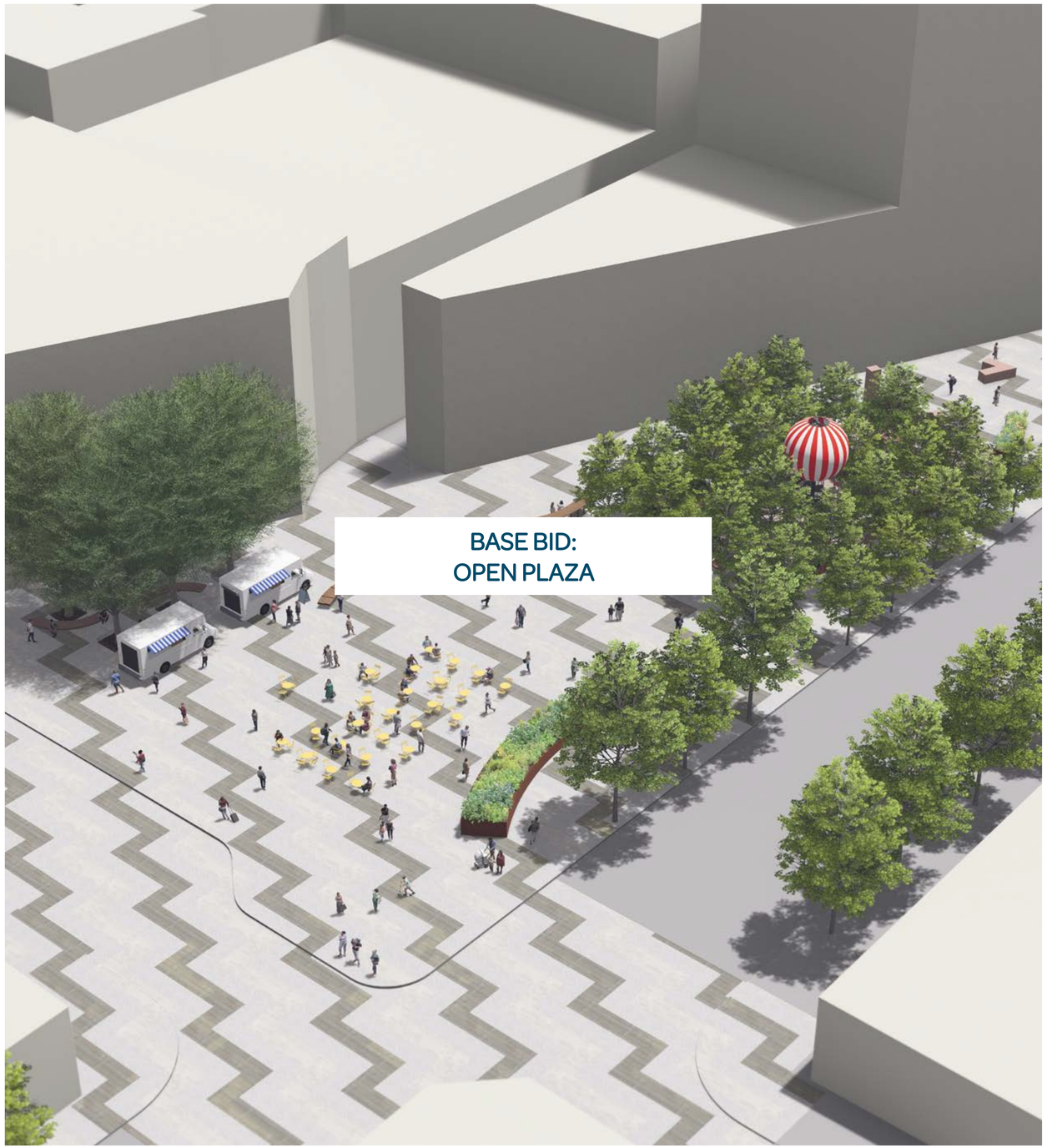
DESIGN IDEAS

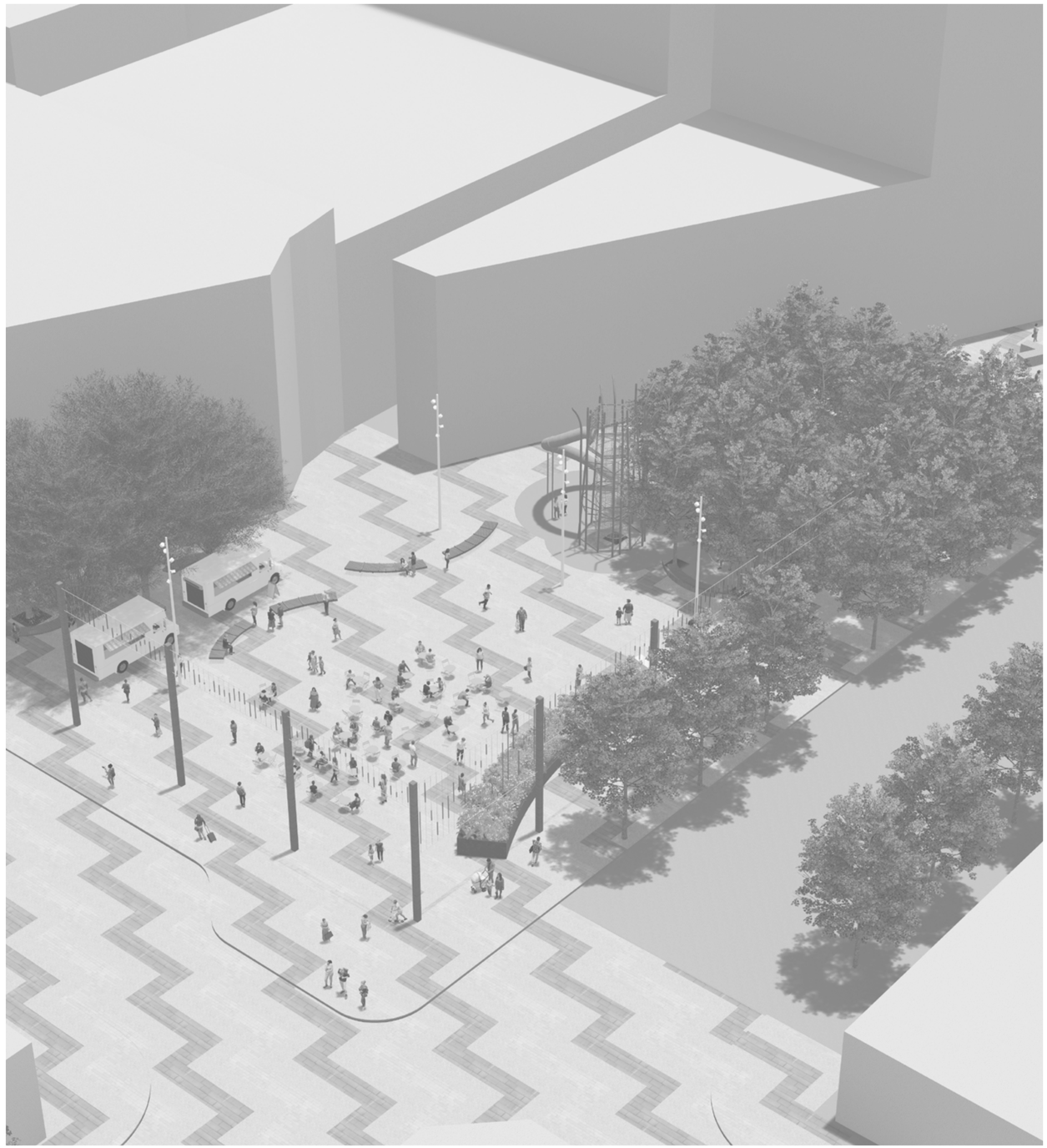




Reimagine Westlake

DESIGN IDEAS





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Reimagine Westlake

DESIGN IDEAS - BASE BID: OPEN PLAZA

FOOD TRUCKS



Reimagine Westlake

DESIGN IDEAS - BASE BID: OPEN PLAZA

FOOD TRUCKS



WESTLAKE PARK

Reimagine Westlake

DESIGN IDEAS - BASE BID: OPEN PLAZA

FOOD TRUCKS



Reimagine Westlake

DESIGN IDEAS - BASE BID: OPEN PLAZA

FOOD TRUCKS



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FOOD TRUCKS



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Reimagine Westlake

DESIGN IDEAS - BASE BID: OPEN PLAZA

FOOD TRUCKS



WESTLAKE PARK

Reimagine Westlake

DESIGN IDEAS - BASE BID: OPEN PLAZA

STAGE



Reimagine Westlake

DESIGN IDEAS - BASE BID: OPEN PLAZA

STAGE



Reimagine Westlake

DESIGN IDEAS - BASE BID: OPEN PLAZA

STAGE



Reimagine Westlake

DESIGN IDEAS - BASE BID: OPEN PLAZA

MARKET



WESTLAKE PARK

Reimagine Westlake

DESIGN IDEAS - BASE BID: OPEN PLAZA

MARKET



WESTLAKE PARK

Reimagine Westlake

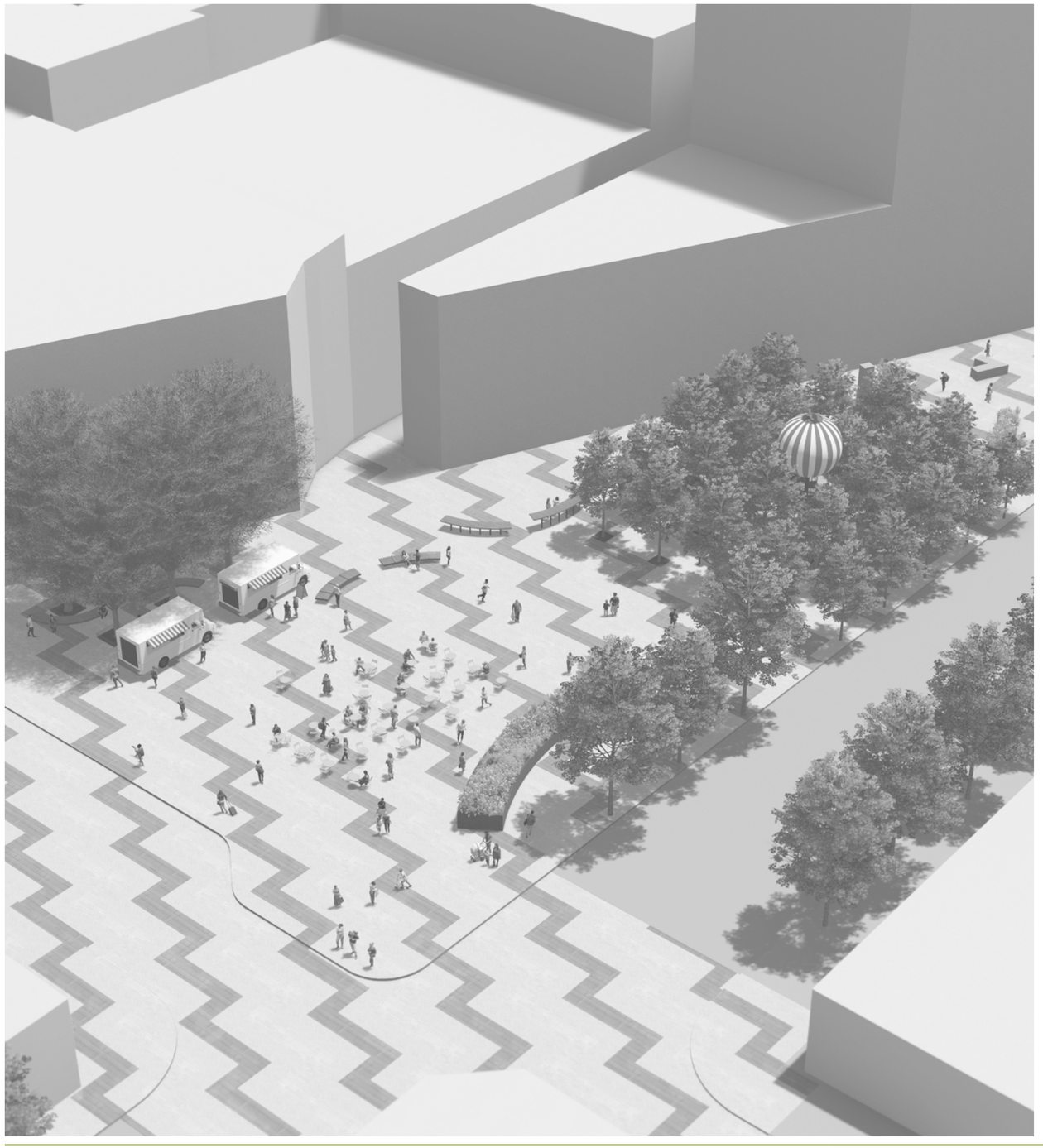
DESIGN IDEAS - BASE BID: OPEN PLAZA

MARKET



Reimagine Westlake

DESIGN IDEAS

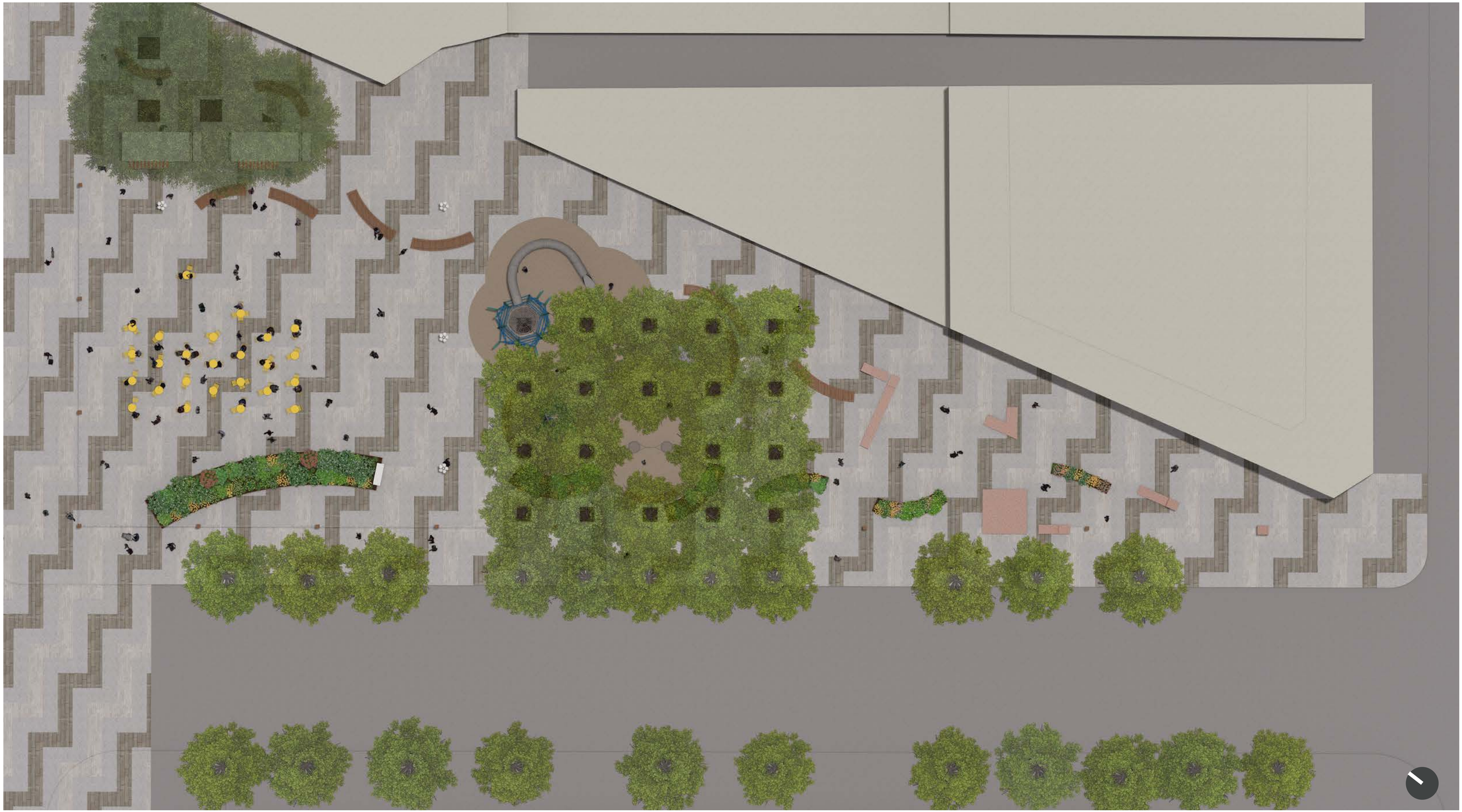




Reimagine Westlake

DESIGN IDEAS - VALUE ADD OPTION-PREFERRED: LIGHTING ELEMENT

FOOD TRUCKS



Reimagine Westlake

DESIGN IDEAS - VALUE ADD OPTION-PREFERRED: LIGHTING ELEMENT

FOOD TRUCKS



Reimagine Westlake

DESIGN IDEAS - VALUE ADD OPTION-PREFERRED: LIGHTING ELEMENT

FOOD TRUCKS



Reimagine Westlake

DESIGN IDEAS - VALUE ADD OPTION-PREFERRED: LIGHTING ELEMENT

FOOD TRUCKS



Reimagine Westlake

DESIGN IDEAS - VALUE ADD OPTION-PREFERRED: LIGHTING ELEMENT

FOOD TRUCKS



WESTLAKE PARK

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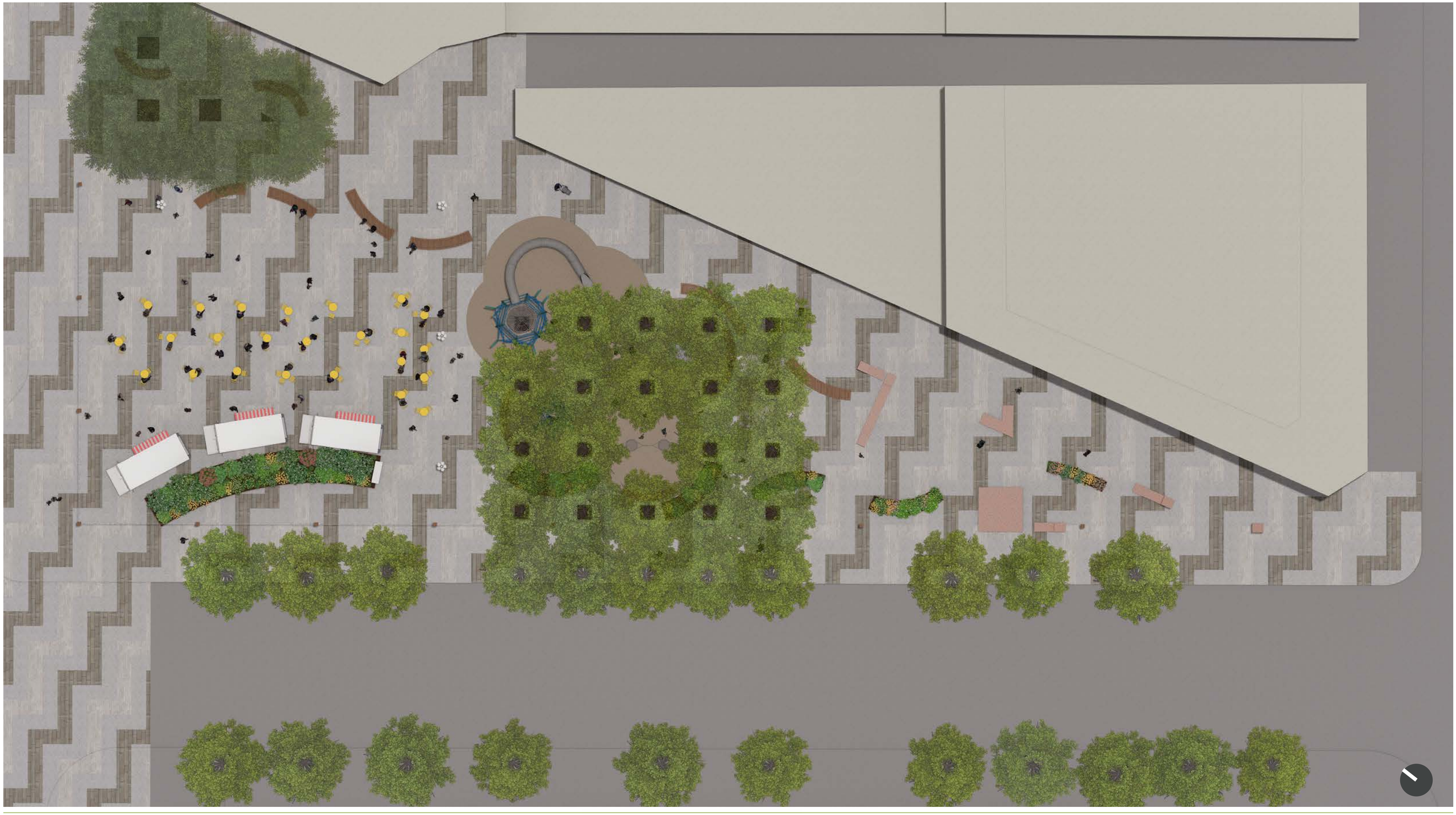
SEATTLE PARKS FOUNDATION

PARTNERSHIP berger

Reimagine Westlake

DESIGN IDEAS - VALUE ADD OPTION-PREFERRED: LIGHTING ELEMENT

FOOD TRUCKS



WESTLAKE PARK

Reimagine Westlake

DESIGN IDEAS - VALUE ADD OPTION-PREFERRED: LIGHTING ELEMENT

STAGE



Reimagine Westlake

DESIGN IDEAS - VALUE ADD OPTION-PREFERRED: LIGHTING ELEMENT

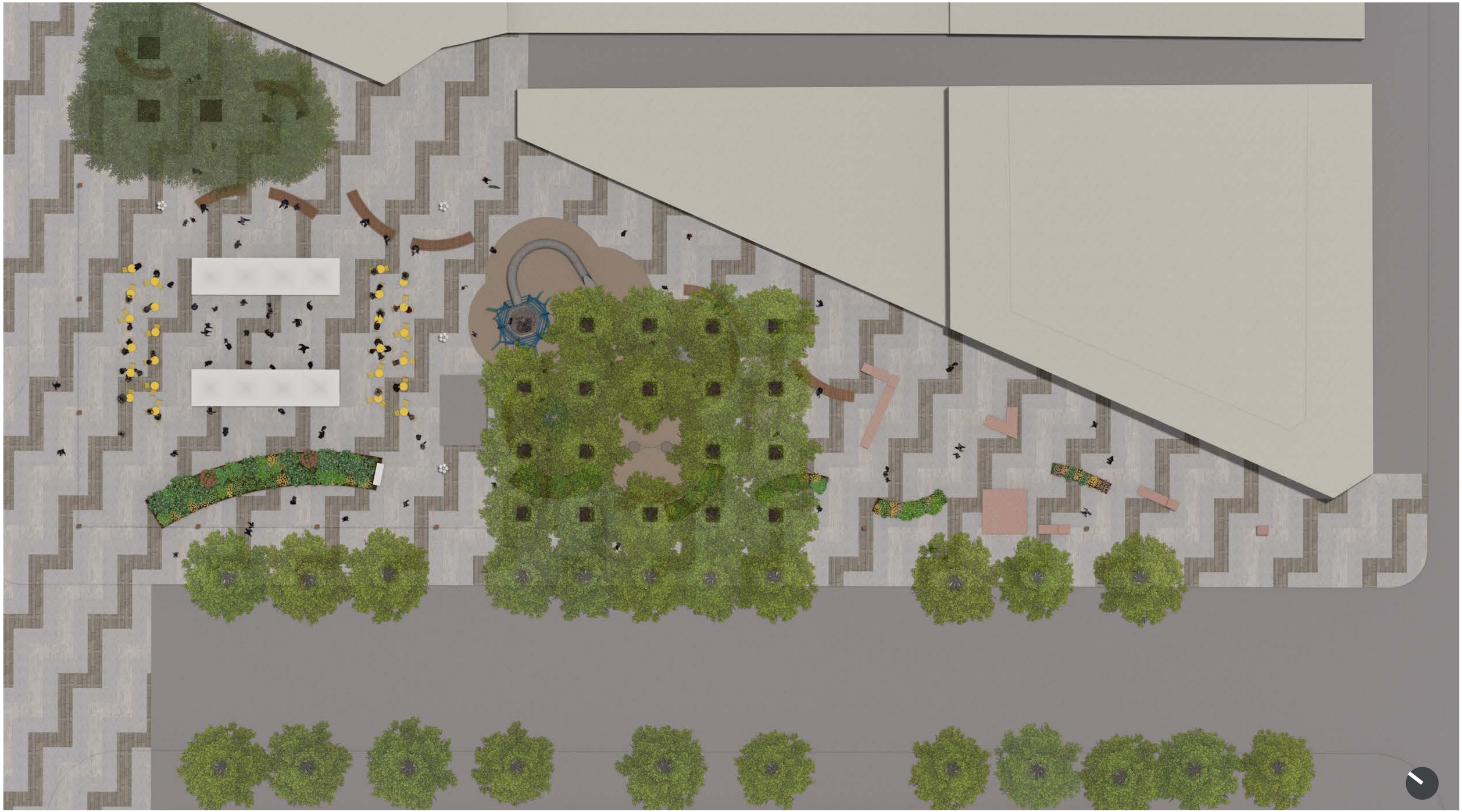
STAGE



Reimagine Westlake

DESIGN IDEAS - VALUE ADD OPTION-PREFERRED: LIGHTING ELEMENT

MARKET



Reimagine Westlake

DESIGN IDEAS - VALUE ADD OPTION-PREFERRED: LIGHTING ELEMENT

MARKET



Reimagine Westlake

DESIGN IDEAS - VALUE ADD OPTION-PREFERRED: LIGHTING ELEMENT

MARKET



Reimagine Westlake

DESIGN IDEAS - VALUE ADD OPTION-PREFERRED: LIGHTING ELEMENT

MARKET





WESTLAKE PARK

Downtown Seattle Association | Metropolitan Improvement District

Seattle Parks & Recreation

SEATTLE PARKS FOUNDATION

PARTNERSHIP berger

EXHIBIT D
REVOCABLE USE PERMIT

Attached on next page.

Seattle Parks & Recreation

Mail to:
Seattle Parks and Recreation
Attn: Property Management
Elliott Bay Office Park
300 Elliott Avenue West, Suite 100
Seattle, WA 98119

Revocable Use Permit Application for Non-Park use of park property

Permit Applicants Information

Date: _____

Applicant Name: _____

Organization /Business Name: _____

Address: _____
Street Address Suite/Unit#

_____
City State Zip

Phone: _____ **Email:** _____

Name of Park or Facility: _____

Parcel Number/Address: _____

Explain fully how you wish to use park property as defined by the questions below. Attach additional sheets if necessary. The average processing time for permits is a minimum 4 – 6 weeks.

What Type of Work Will You be Doing? (Check all that apply)

☐	Environmental Research	☐	Construction Work
☐	Forestry/Tree Work	☐	Survey work
☐	Encroachment Removal	☐	Utility Work

Logistics:

	YES	NO
Will equipment or materials be staged on park property?	☐	☐

Proposed Project Time Frame

Start Date: _____ End Date: _____

Consecutive number of days needed to complete the project: _____

1. ***What is the scope of work? Include diagrams, drawings etc.*** *(Attach additional sheets if necessary)*

"Stewardship – Equity – Accessibility"

2. **What kind of equipment will you use (weight, size etc)?**

3. ***How will you access the Permit work area? (Describe and include a route map).***

4. **Where will you need to occupy park property? Include maps, survey drawings etc.**

5. **How will your temporary use/occupancy limit or restrict public access and use of the park/facility?**

Permittee Responsibilities

Insurance Requirements

Permittee shall, at no cost to the City, maintain at all times during the Permit Period Commercial General Liability (CGL) and Automobile Liability insurance with minimum limits of $1,000,000 each occurrence combined single limit bodily injury and property damage. CGL and Automobile liability insurance shall include "The City of Seattle" as an additional insured for primary and non-contributory limits of liability with the CGL insurance policy including an ISO CG 20 12 additional insured endorsement or its equivalent designated or blanket additional insured policy provision.

Certification of Insurance, including an attached actual copy of the CGL additional insured policy provision, shall be issued to "The City of Seattle, Seattle Parks and Recreation, 300 Elliott Ave W, Suite 100, Seattle, WA 98119" and approved by the City prior to the issuance of the Permit. If you have questions, contact Parks Property and Acquisition Services at Jeanette.Geiger@seattle.gov or 206-233-7928.

Be sure to include: (Check all that apply)

- ☐ Site Plan
- ☐ Tree/Landscaping Restoration Plan

Does your work require permission from other Gov't agencies?
Provide copies of other permits.

- ☐ SDOT (Seattle Department of Transportation)
  - Street Use & or Parking Permit
  - Traffic/Pedestrian Control Plan (For arterial and high impact areas)
- ☐ SDCI (Seattle Dept of Construction & Inspections)
- ☐ Washington State Dept of Labor & Industries
- ☐ **US Army** Corps of Engineers

Fees and disclaimer

Revocable Permits to Use or Occupy Park Property, commonly called **Revocable Use Permits (RUP)**, are issued by the Superintendent of Parks and Recreation, under authority of Seattle Municipal Code (SMC) Title 18, for **various non-park uses of City of Seattle public park land**. Permits are **revocable upon thirty (30) days notice** or immediately upon failure of the Permittee to comply with the terms and conditions of the Permit. **Unauthorized use of park property, including failure to apply for and obtain a Revocable Use Permit, is unlawful and subject to enforcement actions or other remedies as specified in SMC 18.30 or other applicable law.**

Application fee (non-refundable): $200
Limited Term Permit: Min $325 for one day or $250 per day for 2 or more days.
Continuing Use Permit: determined by formula OR $650 minimum, whichever is greater. Refer to Fee Schedule
Inspection and monitoring fee(s): $200 per hour
Processing/Review Charges: $130 per hour (cost of staff time in excess of two hours)

MAKE CHECKS PAYABLE TO: Seattle Parks and Recreation

Here is the link to the Parks Revocable Use Permit application and Fee Schedule:
http://www.seattle.gov/parks/reservations/ParkPropertyUse.htm

In addition to the application fee and the permit fee (if a permit is issued), there will be other requirements, including evidence of insurance, liability waiver, restoration of park property. Additional requirements will be determined on a case-by-case basis. If you have any questions, please contact Parks Property and Acquisition Services at Jeanette.Geiger@seattle.gov or call 206-233-7928 or (fax) 206-233-7038.

Signature

I certify that my answers are true and complete to the best of my knowledge. False or misleading information in my application will result in revocation or denial of my permit.

Print Name _____ Date: _____

Signature: _____ Office Use Only **RUP#**

"Stewardship – Equity – Accessibility"


Pine St.
WESTLAKE PARK
4th Ave.

Westlake Park Improvements

Presentation to Seattle City Council

August 13th, 2025

City Council Parks, Public Utilities and Technology Committee

City of Seattle

Presentation Overview

Purpose: Today's legislation authorizes the Superintendent of Parks and Recreation to accept improvements at Westlake Park as a donation from the Seattle Parks Foundation

Agenda

- Project goals
- Partnership with Parks Foundation
- Project Background
- Project scope
- Public engagement
- Project schedule

Project Goals

- Improve guest experience
  - Enhance accessibility
  - Expand green spaces
  - Improve community amenities
  - Enhance sustainability.
- Address safety and security needs
  - Lighting
  - Vehicular Crash Mitigation
  - Reset Uneven Paving
- Address aging infrastructure
  - Including removal of the fountain and arch, modifica
    the stage
- Set the stage for future improvements
- Part of the Mayor's Downtown Activation Plan (DAP)



Agreement Between SPR and Seattle Parks Foundation

Key Terms

- Parks Foundation to be granted use of Westlake Park for the project duration
- Parks Foundation to execute the baseline project scope and transfer completed improvements to the City
- Project to be completed in accordance with City standards that are applicable for inclusion and fair labor practices
- SPR to provide fixed funding to the project (city funding added during 2025 budget process to SPR's 2025-2030 CIP)
- Parks Foundation to pursue non-SPR funds, including grants, to support the project
- City resumes management and maintenance of Westlake Park once the improvements are completed and accepted by the City



Baseline Project Scope

- Removal of out-of-commission fountain and arch
- Modify the stage for accessibility and functionality
- Electrical improvements, including infrastructure to support lighting
- Paving restoration
- Vehicle crash protection
- Installation of planting areas

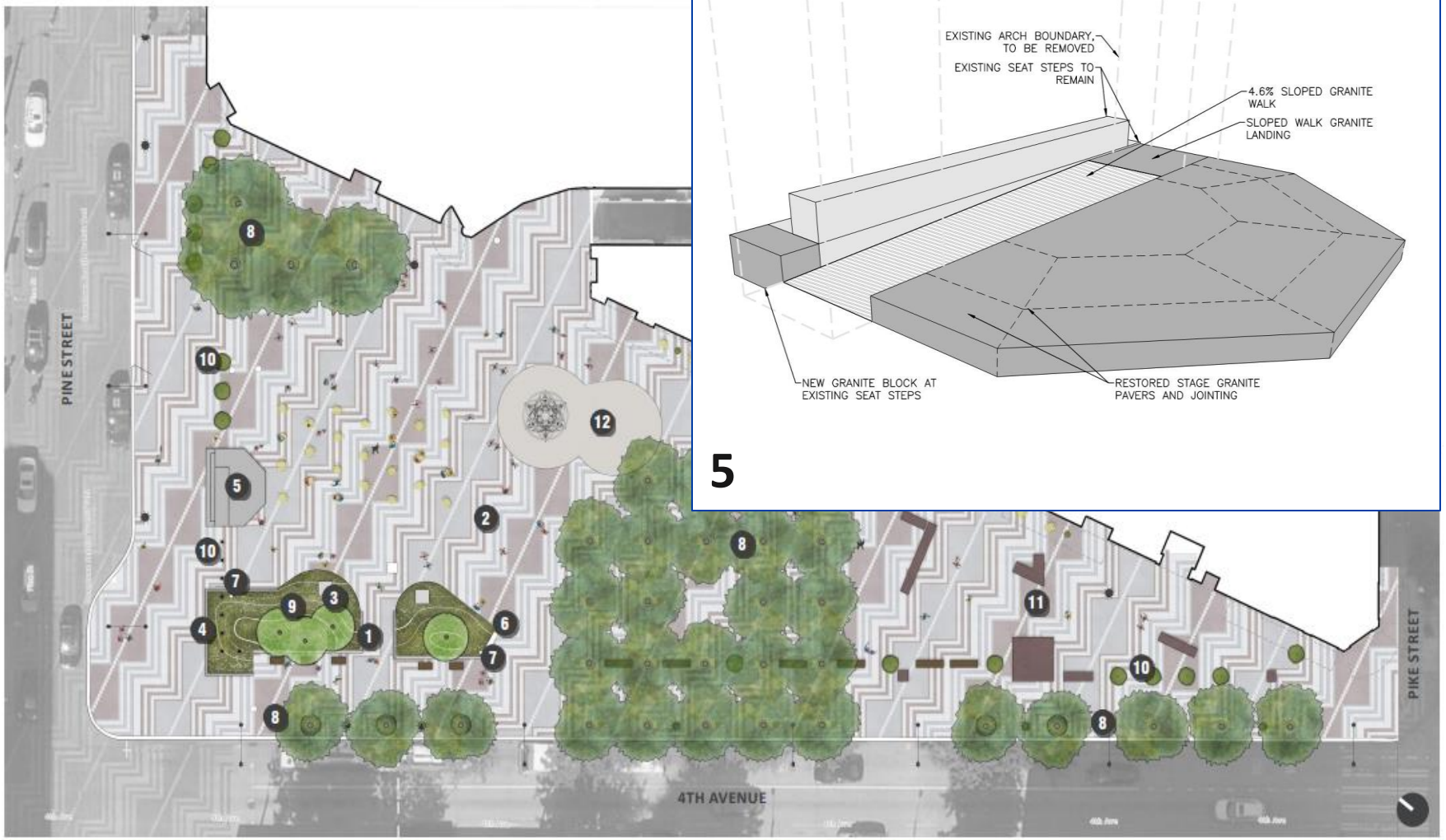
Estimated Total Project Cost: $4.8M

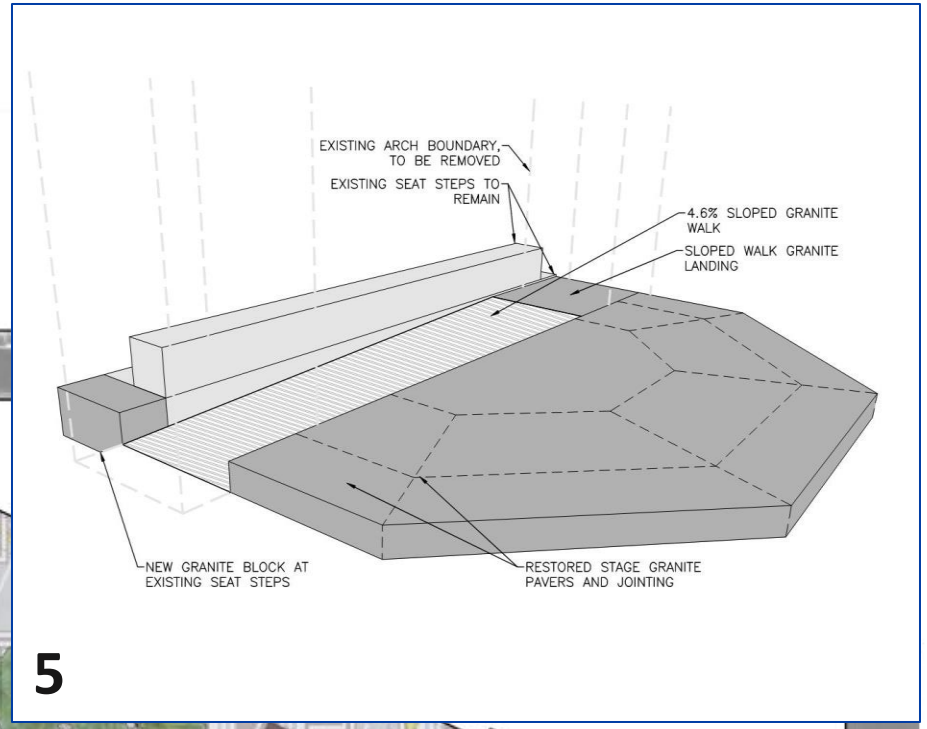




Westlake Park Improvement Project

SITE PLAN UPDATES





Park improvement legend

1. The fountain is removed
2. The existing Coast Salish basket weave pattern is maintained. Uneven pavers are leveled and restored
3. Carved granite from the arch is salvaged and incorporated into the park
4. Portions of the granite curb, surrounding the fountain, are preserved
5. The existing podium is modified for ADA accessibility, to maintain history of gatherings, free speech and events
6. Electrical upgrades are made for improved site lighting and seasonal events
7. Two new power pedestals for food trucks and event power
8. Conditions for the existing trees are improved to increase longevity and address uneven pavement
9. New landscaping and irrigation are added to enhance the gathering plaza and park
10. Crash rated bollards and deterrants are added at the perimeter of the park for pedestrian safety
11. Existing Seven Hills art installation to remain
12. Existing play area to remain

Seattle Parks & Recreation · SEATTLE PARKS FOUNDATION · PARTNERSHIP berger

Improvements Continued



Public Engagement

- Re-Imagine Westlake Charette: July 2024
- Stakeholder meeting: October 2024
- Public Open House: Nov. 2024, Concept Design
- Public Online Survey: Dec. 2024
- Public Open House: April 2025, Design Development
- Project Update: Planned for August 2025









Community Stakeholder Group

Group participants:

- Residents of nearby and adjacent buildings
- Property managers and property owners of nearby and adjacent buildings
- Downtown Community Council
- Belltown and Denny Triangle representatives
- Service providers
- Downtown Seattle Association
- Sound Transit
- City Departments including Seattle Center, SDOT, OED, DON, and ARTS
- Amazon
- The Seattle Kraken
- Friends of the Waterfront

Project Schedule

Phase 1: July 1, 2024 – November 1, 2024 - complete

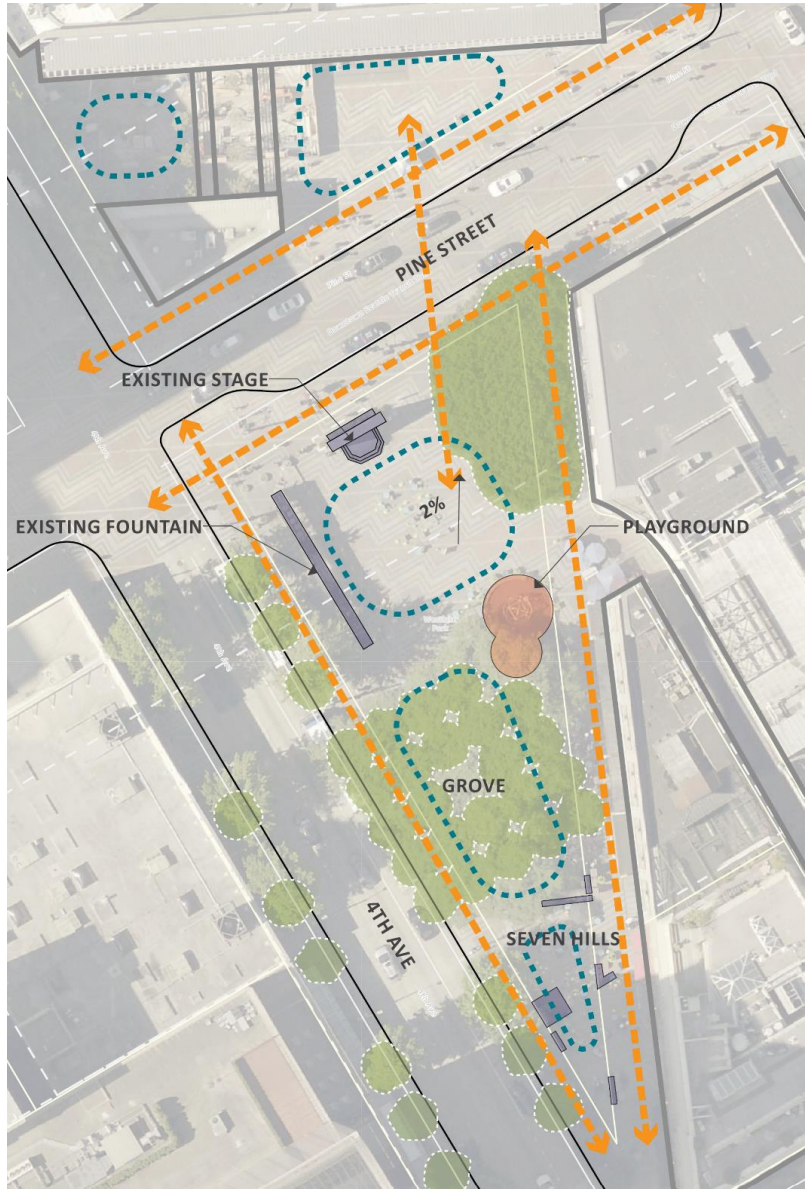
- Planning and Concept Design
- Public Outreach and Stakeholder Engagement

Phase 2: November 2024 – September 2025

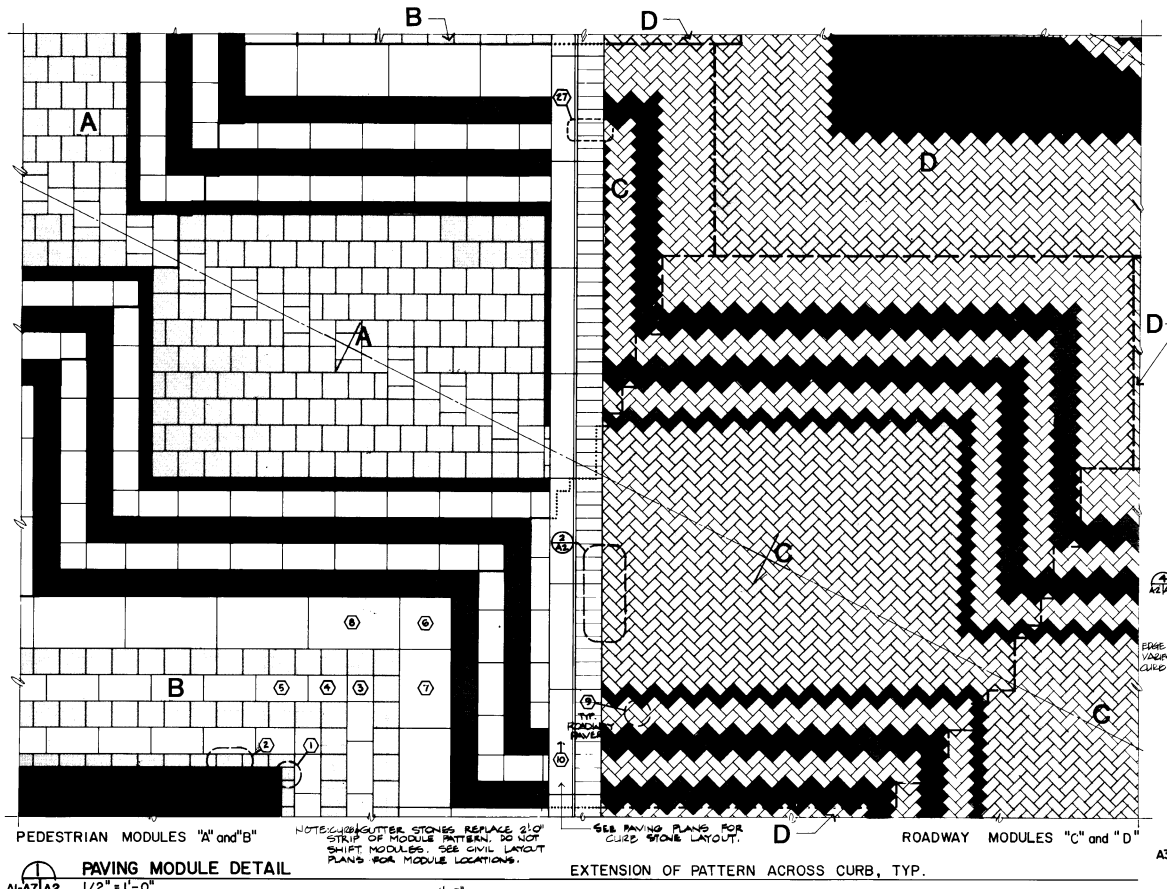
- Community Engagement including Public Open House
- Design, Engineering and Permitting
- Construction Documents and Contracting for Construction

Phase 3: September/October 2025 – April 2026

- Construction – Completion Prior to FIFA World Cup Games



Questions?



**A snip from the original 1987 Westlake Park hand-drafted plans showing the intricate Coast Salish inspired basket weave paving pattern. This project will preserve this granite paving and address areas where the pavers have heaved.*

File #: CB 121005, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to land use and zoning; updating and clarifying requirements for solid waste storage, staging areas, and access for residential, commercial, and industrial development; adding new requirements for Neighborhood Residential and industrial zones; updating provisions for alternative arrangements to meet requirements; and amending Sections 23.49.025, 23.54.040, and 23.84A.036 of the Seattle Municipal Code.

WHEREAS, the Seattle City Council adopted Ordinance 123495 in 2010 that established the existing development regulations for solid waste storage, access, and collection in Seattle Municipal Code (SMC) Section 23.54.040; and

WHEREAS, as The City of Seattle's population and housing stock continue to grow, amendments to SMC Section 23.54.040 and related subsections are required to meet the needs of increased residential, commercial, and industrial development citywide; and

WHEREAS, the proposed amendments to SMC Section 23.54.040 are intended to clarify existing code to help streamline the permitting process, codify existing collection contractor and industry practices for solid waste access and collection that currently exist in practice but not in existing code, and establish new regulations to meet the solid waste storage, access, and collection needs as the City continues to grow; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 23.49.025 of the Seattle Municipal Code, last amended by Ordinance 127099, is amended as follows:

23.49.025 Odor, noise, light/glare, and solid waste ((~~recyclable materials~~)) storage, ((~~space~~)) access, and

collection standards

* * *

D. ((~~The standards of~~)) Section 23.54.040 ((~~for~~)) shall be applied to determine the provision of solid waste ((~~and recyclable materials storage space shall be met~~)) facilities and services.

Section 2. Section 23.54.040 of the Seattle Municipal Code, last amended by Ordinance 126157, is amended as follows:

23.54.040 Solid waste ((~~and recyclable materials~~)) storage, ((~~and~~)) access, and collection

A. General provisions. For the purposes of this Section 23.54.040, compostable materials, garbage, recyclable materials, and solid waste are as defined in Chapter 21.36. "Solid waste" refers to compostable materials, garbage, and recyclable materials.

1. Except as otherwise provided in ((~~subsection 23.54.040.I, in RSL, downtown, multifamily, master planned community, and commercial zones,~~)) this Section 23.54.040, solid waste storage space ((~~for solid waste and recyclable materials containers~~)) shall be provided as shown in Table A for 23.54.040 and Table B for 23.54.040 for:

a. ((~~all~~)) All new principal structures((~~, and for~~)) and detached accessory dwelling units;

b. An addition of more than 5,000 gross square feet of non-residential use(s) to an existing structure;

c. A change of use of more than 10,000 gross square feet of non-residential use(s) in an existing structure;

d. Existing structures to which two or more live-work units are added;

e. ((~~existing~~)) Existing structures to which two or more dwelling units are added((~~.~~)) ; and

f. Existing structures to which four or more sleeping rooms are added.

((~~1.~~)) 2. Residential ((~~uses proposed to be located on separate platted lots, for which each~~

~~dwelling unit will be billed separately for utilities,~~)) development shall provide one solid waste storage ((~~area per dwelling unit that has~~)) space with minimum dimensions of ((~~2~~)) 2.5 feet by 6 feet for each dwelling unit, unless they provide solid waste storage space according to subsection 23.54.040.A.3.

((~~2.~~)) 3. Residential development for which a home ownership association, or other single entity, exists or will exist as a sole source for utility billing may meet the ((~~requirement~~)) standards in subsection ((~~23.54.040.A.1~~)) 23.54.040.A.2, or the ((~~requirement~~)) standards in Table A for 23.54.040.

((~~3.~~)) 4. Except as otherwise provided in this Section 23.54.040, ((~~Non~~)) non-residential development shall meet the ((~~requirement~~)) standards in Table ((~~A~~)) B for 23.54.040.

5. Solid waste storage spaces, solid waste staging areas, and solid waste collection locations shall meet contractor safety standards promulgated by the Director of Seattle Public Utilities.

6. Each solid waste storage space shall include solid waste containers for compostable materials, garbage, and recyclable materials.

7. A solid waste storage space may also serve as a solid waste staging area and/or solid waste collection location if the storage space meets the requirements for such area(s).

Table A for 23.54.040((:))
Shared ((~~Storage Space~~)) solid waste storage space for ((~~Solid Waste Containers~~)) residential development

Residential development[1]	**Minimum area for shared storage space**
2-8 dwelling units	84 square feet
9-15 dwelling units	150 square feet
16-25 dwelling units	225 square feet
26-50 dwelling units	375 square feet
51-100 dwelling units	375 square feet plus 4 square feet for each additional unit above 50
More than 100 dwelling units	575 square feet plus 4 square feet for each additional unit above 100, except as permitted in subsection 23.54.040.C

((~~For residential uses that are not readily described as a discrete number of dwelling units, such as congregate residences, the Director shall determine the amount of storage space required based on the number of sleeping rooms as a substitute for the number of dwelling units.~~	
~~Non-residential development (Based on gross floor area of all structures on the lot)~~	**~~Minimum area for shared storage space~~**
~~0-5,000 square feet~~	~~82 square feet~~
~~5,001-15,000 square feet~~	~~125 square feet~~
~~15,001-50,000 square feet~~	~~175 square feet~~
~~50,001-100,000 square feet~~	~~225 square feet~~
~~100,001-200,000 square feet~~	~~275 square feet~~
~~200,001 plus square feet~~	~~500 square feet~~
~~Mixed use development that contains both residential and nonresidential uses, shall meet the requirements of subsection 23.54.040.B.~~))	

Footnote to Table A for 23.54.040

[1] For residential uses that are not readily described as a discrete number of dwelling units, such as congregate residences, the Director shall determine the amount of storage space required based on the number of sleeping rooms as a substitute for the number of dwelling units, at a rate of one dwelling unit for every four sleeping rooms.

Table B for 23.54.040
Shared solid waste storage space for non-residential development

Non-residential development[1]	**Minimum area of shared storage space**
0-5,000 gross square feet	82 square feet
5,001-15,000 gross square feet	125 square feet
15,001-50,000 gross square feet	196 square feet
50,001-100,000 gross square feet	225 square feet
100,001-200,000 gross square feet	275 square feet
Greater than 200,000 gross square feet	500 square feet

Footnote to Table B for 23.54.040

[1] Based on gross floor area of all principal structures on the lot.

B. Mixed use development that contains both residential and non-residential ((~~uses~~)) use shall meet the minimum solid waste storage space area requirements shown in Table A for 23.54.040 for residential development or as modified by subsection 23.54.040.C, plus 50 percent of the solid waste storage space requirement for non-residential development shown in Table B for 23.54.040. In mixed use developments, solid

waste storage space ((~~for garbage~~)) may be ((~~shared between residential and non-residential uses, but separate spaces for recycling shall be provided~~)) located together.

1. Residential and non-residential uses may share containers for garbage.

2. Residential and non-residential uses shall use separate containers for recycling and compostable materials.

C. For development with more than 100 dwelling units, the required minimum area for residential solid waste storage space shown in Table A for 23.54.040 may be reduced by 15 percent, if the area provided as residential solid waste storage space has ((~~a~~)) minimum horizontal ((~~dimension~~)) dimensions (width and depth) of 20 feet.

D. ((~~The storage~~)) Solid waste storage space required by Table A for 23.54.040 shall meet the ((~~following~~)) minimum dimensional requirements in Table C for 23.54.040, Table D for 23.54.040, and Table E for 23.54.040, according to type of uses present.

((~~1. For developments with eight or fewer dwelling units, the minimum horizontal dimension (width and depth) for required storage space is 7 feet. For developments with nine dwelling units or more, the minimum horizontal dimension of required storage space is 12 feet;~~))

Table C for 23.54.040
Minimum solid waste storage dimensional requirements for residential development

Residential development[1]	**Minimum dimensions (width and depth)**
1-15 dwelling units	8 feet by 8 feet
16 dwelling units or more	14 feet by 14 feet

Footnote to Table C for 23.54.040

[1] For residential uses that are not readily described as a discrete number of dwelling units, such as congregate residences, the Director shall determine the amount of storage space required based on the number of sleeping rooms as a substitute for the number of dwelling units, at a rate of one dwelling unit for every four sleeping rooms.

Table D for 23.54.040
Minimum solid waste storage dimensional requirements for non-residential development

Non-residential development[1]	**Minimum dimensions (width and depth)**

1-15,000 gross square feet	8 feet by 8 feet
Greater than 15,000 square feet	14 feet by 14 feet

Footnote to Table D for 23.54.040

[1] Based on gross floor area of all principal structures on the lot.

Table E for 23.54.040

Minimum solid waste storage dimensional requirements for development with a mix of residential and non-residential uses

Development size[1,2]	**Minimum dimensions (width and depth)**
1-15 dwelling units, or up to 15,000 square feet of non-residential use gross floor area, or both	8 feet by 8 feet
16 dwelling units or more, or greater than 15,000 square feet or non-residential use gross floor area, or both	14 feet by 14 feet

Footnotes to Table E for 23.54.040

[1] For residential uses that are not readily described as a discrete number of dwelling units, such as congregate residences, the Director shall determine the amount of storage space required based on the number of sleeping rooms as a substitute for the number of dwelling units, at a rate of one dwelling unit for every four sleeping rooms.

[2] Based on gross floor area of all principal structures on the lot.

((~~2.~~)) 1. The floor of the solid waste storage space shall be level and hard-surfaced, and the floor beneath garbage or recycling compactors shall be made of concrete; and

((~~3.~~)) 2. If located outdoors, the solid waste storage space shall be screened from public view and designed to minimize light and glare impacts.

E. The location of all solid waste storage spaces shall meet the following requirements:

1. The solid waste storage space shall be located on the lot of the structure it serves and, if located ((~~outdoors~~)) outside the principal structure, shall not be located between a street-facing facade of the structure and the street (development permitted for unit lot subdivision may designate a shared solid waste storage space within the parent lot of the unit lot subdivision);

2. The solid waste storage space shall not be located in ((~~any required~~)) driveways, parking aisles, or parking spaces;

3. The solid waste storage space shall not block or impede any fire exits, any public rights-of-way, or any pedestrian or vehicular access;

4. The solid waste storage space shall be located to minimize noise and odor impacts on building occupants and beyond the lot lines of the lot; and

((~~5. The storage space shall meet the contractor safety standards promulgated by the Director of Seattle Public Utilities; and~~))

((~~6.~~)) 5. The solid waste storage space shall not be used for purposes other than solid waste ((~~and recyclable materials~~)) storage and access to or movement of solid waste containers.

F. Solid waste staging areas and solid waste collection locations

1. Solid waste staging areas located within a planting strip may not conflict with required landscaping, including but not limited to street trees, and other required public right-of-way characteristics. Evaluation of consistency with this subsection 23.54.040.F.1 shall be in consultation with the Director of Transportation.

2. The Director may allow staging of solid waste containers in the right-of-way in consultation with the Director of Transportation.

3. Solid waste staging areas and solid waste collection locations shall not be within a bus stop or within the street right-of-way area abutting a vehicular lane designated as a sole travel lane for a bus.

4. A minimum 14-foot overhead clearance shall be provided at the solid waste collection location, except as otherwise specified in subsection 23.54.040.G.

5. Solid waste carts shall be staged within 8 feet of the solid waste collection location unless an alternative staging location is approved by Seattle Public Utilities.

6. Solid waste staging and solid waste collection areas for dumpsters shall be paved with asphalt or concrete.

((~~F~~)) G. Access to solid waste containers for solid waste service providers and solid waste collection

vehicles ((~~to the storage space from the collection location~~)) shall meet the following requirements:

1. For ((~~containers~~)) dumpsters 2 cubic yards or smaller:

a. ((~~Containers~~)) Dumpsters to be manually ((~~pulled~~)) transported for collection by a solid waste service provider, shall be ((~~placed~~)) staged no more than 50 feet from ((~~a curb cut or~~)) the solid waste collection location((~~;~~)), in a manner that provides access to each container for service;

((~~b. Collection location shall not be within a bus stop or within the right-of-way area abutting a vehicular lane designated as a sole travel lane for a bus;~~))

b. The slope of the solid waste staging area and solid waste collection locations for dumpsters shall not exceed a grade of six percent;

c. ((~~Access ramps to the storage space and~~)) The slope of access paths used to move dumpsters to the solid waste collection location shall not exceed a grade of six percent; ((~~and~~))

d. An enclosed solid waste staging area for dumpsters shall have an access door or opening that is at least 6 feet wide;

e. Paths and corridors through which dumpsters are transported shall be at least 6 feet wide and shall be paved with asphalt or concrete; and

((~~d.~~)) f. Any gates or access routes for ((~~trucks~~)) solid waste collection vehicles shall be a minimum of ((~~10~~)) 12 feet wide.

2. For containers larger than 2 cubic yards, any container to be loaded for service by the front of the solid waste collection vehicle, and all containers storing compacted ((~~refuse containers~~)) materials:

a. Direct access to the containers shall be provided ((~~from the alley or street to the containers;~~)) at the solid waste collection location;

b. The slope of the solid waste collection location and solid waste staging area shall not exceed two percent;

((~~b.~~)) c. Any gates or access routes for ((~~trucks~~)) solid waste collection vehicles shall be a

minimum of ((~~10~~)) 12 feet wide;

((~~c. Collection location shall not be within a bus stop or within the street right-of-way area abutting a vehicular lane designated as a sole travel lane for a bus;~~

~~d. If accessed directly by a collection vehicle, whether into a structure or otherwise, a 24-foot overhead clearance shall be provided.~~))

d. Paths and corridors through which containers are transported shall be a minimum of 6 feet wide and shall be paved with asphalt or concrete;

e. In locations where a compactor will be placed, the solid waste storage space shall accommodate a minimum 2 feet of clearance around all sides of the compactor(s);

f. The solid waste collection location for front-load dumpsters shall have a 24-foot overhead clearance; and

g. Solid waste collection locations shall be located such that solid waste service providers do not need to reposition containers larger than 4 cubic yards or containers that store compacted materials.

3. For roll-off dumpsters (uncompacted and compacted solid waste):

a. Gates or access routes for solid waste collection vehicles shall be a minimum of 12 feet wide;

b. Direct access to the dumpsters by solid waste collection vehicles shall be provided at the solid waste collection location;

c. Overhead clearance (floor to ceiling) for a low-profile roll-off dumpster shall be a minimum of 14 feet;

d. Overhead clearance (floor to ceiling) for a roll-off dumpster of standard height shall be a minimum of 16 feet; and

e. Overhead clearance (floor to ceiling) if the container is not stored on a dock shall be a minimum of 18 feet.

((~~G. Access for occupants to the storage space from the collection location shall meet the following requirements:~~

~~1. Direct access shall be provided from the alley or street to the containers;~~

~~2. A pick-up location within 50 feet of a curb cut or collection location shall be designated that minimizes any blockage of pedestrian movement along a sidewalk or other right-of-way;~~

~~3. If a planting strip is designated as a pick-up location, any required landscaping shall be designed to accommodate the solid waste and recyclable containers within this area.~~))

H. The solid waste ((~~and recyclable materials~~)) storage space, access, solid waste staging area, and ((~~pick-up~~)) solid waste collection location specifications required in this Section 23.54.040, including the number, ((~~and sizes of containers,~~)) volume, and dimensions (width and depth) of containers and the type of solid waste, shall be included on the plans submitted with the permit application for any development subject to the requirements of this Section 23.54.040.

((~~I. The Director, in consultation with the Director of Seattle Public Utilities, has the discretion to modify the requirements of this Section 23.54.040 as a Type I decision, if the applicant proposes alternative, workable measures that meet the intent of this Section 23.54.040 and if either:~~

~~1. The applicant can demonstrate difficulty in meeting any of the requirements of this Section 23.54.040; or~~

~~2. The applicant proposes to construct or expand a structure, and the requirements of this Section 23.54.040 conflict with opportunities to increase residential densities and/or retain ground-level retail uses.~~))

((~~J.~~)) I. Ramps to accommodate solid waste container access

1. A solid waste access ramp to the street ((~~to accommodate solid waste container access~~)) that is not more than 5 feet in width may be approved by the Director of Transportation if:

a. Access to solid waste containers is not from an alley;

b. No on-site parking is provided;

c. The lot contains solid waste containers that are 1 cubic yard or larger; and

d. There are no existing solid waste access ramps ((~~to accommodate solid waste container access~~)) or other curb cuts within 150 feet of the street lot line, as measured parallel to the street lot line. For purposes of this subsection ((~~23.54.040.J.1.d~~)) 23.54.040.I.1.d, curb ramps at crosswalks are not considered existing ramps for solid waste access.

2. The standards of subsections ((~~23.54.040.J.1.a~~)) 23.54.040.I.1.a through ((~~23.54.040.J.1.d~~)) 23.54.040.I.1.d may be modified by the Director of Transportation where unusual topography, inability to temporarily stage solid waste containers in a parking lane, or other local conditions present significant challenges for accommodating solid waste container access.

J. If the requirements of this Section 23.54.040 cannot be met, the Director, after consultation with the Director of Seattle Public Utilities, may approve alternative arrangements. Such measures may be approved as a Type I decision in relation to any requirement of this Section 23.54.040, except subsection 23.54.040.I. Alternative staging arrangements may be approved as a Type I decision by the Director after consultation with the Director of Seattle Public Utilities and the Director of Transportation. Approval of alternative arrangements is at the discretion of the Director and does not obligate the Director to grant relief from any requirement or obligate the Director to provide any improvements within a right-of-way. The Director may consider, but is not limited to considering:

1. Whether adequate areas exist on the lot or in the right-of-way for staging or collecting solid waste containers;

2. Whether the solid waste requirements adequately accommodate the needs of a particular development type, such as:

a. Affordable housing;

b. Small efficiency dwelling units;

c. Congregate housing; or

d. Development using compaction of solid waste;

3. Whether alternative solid waste arrangements would result in one or more additional dwelling units being constructed; and

4. The effect on the efficiency of collection services such as:

a. Minimizing the number of days for collection service;

b. Providing safe access to the solid waste collection area; or

c. Providing an efficient route between the solid waste storage space and the solid waste collection location.

Section 3. Section 23.84A.036 of the Seattle Municipal Code, last amended by Ordinance 126157, is amended as follows:

23.84A.036 "S"

* * *

"Solarium" means a room, porch, or other area, that is designed to admit sunlight, is part of a larger structure, is enclosed substantially entirely by glass or another transparent material, and is not primarily used for the cultivation or protection of plants.

"Solid waste collection location" means the location where solid waste is collected from solid waste containers into a solid waste collection vehicle.

"Solid waste containers" include, but are not limited to, the following:

1. "Carts" are wheeled containers and available in sizes ranging from 10 gallons to 100 gallons.

2. "Dumpsters," with or without wheels, are containers designed to allow mechanical loading of solid waste onto solid waste collection vehicles, provided in volumes ranging from 0.75 cubic yards to 8 cubic yards.

3. "Roll-off dumpsters" are containers for solid waste that require a winch system to load onto the flatbed of a specialized solid waste collection vehicle. They may include compacted or uncompacted

materials.

4. "Front-load dumpsters" are containers loaded by mechanisms on the front of solid waste collection vehicles to dump solid waste and require 24 feet of overhead clearance to complete service.

5. "Low-profile roll-off dumpsters" are roll-off dumpsters with a height maximum of 88 inches.

"Solid waste incineration facilities." See "Solid waste management" under "Utility."

"Solid waste landfills." See "Solid waste management" under "Utility."

"Solid waste management." See "Utility."

"Solid waste service providers" means persons that provide solid waste management services for a solid waste management business or utility, and persons hired by site occupants to move solid waste containers on a regular basis.

"Solid waste staging area" means a location for intermediate placement of garbage, recycling, and compostable materials in preparation for collection by solid waste collection vehicles, either on private property or within the right-of-way.

"Solid waste storage space" means a location for keeping, maintaining, or storing garbage, recycling, or compostable materials from the time of disposal by users until the time of staging or collection, provided that a solid waste storage space may serve as a solid waste staging area and/or solid waste collection location if the storage space meets the requirements for such area(s).

"Solid waste transfer station." See "Solid waste management" under "Utility."

* * *

Section 4. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of its application to any person or circumstance, does not affect the validity of the remainder of this ordinance or the validity of its application to other persons or circumstances.

Section 5. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the _____ day of _____, 2025, and signed by me in open session in authentication of its passage this _____ day of _____, 2025.

_____

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2025.

_____

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2025.

_____

Scheereen Dedman, City Clerk

(Seal)

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Seattle Public Utilities	Angela Wallis	Akshay Iyengar

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to land use and zoning; updating and clarifying requirements for solid waste storage, staging areas, and access for residential, commercial, and industrial development; adding new requirements for Neighborhood Residential and industrial zones; updating provisions for alternative arrangements to meet requirements; and amending Sections 23.49.025, 23.54.040, and 23.84A.036 of the Seattle Municipal Code.

Summary and Background of the Legislation:
The solid waste (garbage, recycling, and food & yard waste) storage and access requirements of the Land Use Code are critical to helping ensure appropriate on-site storage and safe and efficient solid waste collection services for new buildings. These requirements have not been significantly updated in 15 years, a period of considerable growth in multifamily and townhome housing. In addition, the 2023 passage of HB 1110, the state "Middle Housing" law, will increase housing density in Seattle with significant impacts to solid waste storage and collection systems. The outdated land use standards need fine-tuning and updates to serve new and planned residential density.

This proposed legislation would update the solid waste storage and access regulations in the Land Use Code, Section 23.54.040, entitled "Solid waste and recyclable materials storage and access." The updated provisions for storage, staging, collection and access would apply to new development, including residential additions of two or more dwelling units, and non-residential use additions 5,000 square feet or greater or two or more live-work units.

Seattle Public Utilities (SPU), the Department of Construction and Inspections (SDCI), and Department of Transportation (SDOT) review permit applications according to these standards to ensure sufficient access and minimum space for on-site solid waste storage, as well as container staging at or near where solid waste collection occurs, including the public right-of-way.

Updates are proposed to:

- Clarify language and codify standards that address details such as minimum storage area dimensions.
- Codify standards that match actual solid waste collection requirements and industry safety standards, including clearance heights for collection trucks, staging and collection locations, and maximum slopes for placement and collection of dumpsters.

- Address solid waste storage, access, and collection in neighborhoods impacted by increased housing densities as required by the state Middle Housing bill and One Seattle Comprehensive Plan update; include industrial zones.
- Improve safety for pedestrians, collection contractors, residents, and building maintenance staff.

This proposal is consistent with goals and policies in the City's Comprehensive Plan, the state-required Solid Waste Plan, and existing waste diversion ordinances (see SMC Section 21.36.080).

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ **Yes** ☒ **No**

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? ☐ **Yes** ☒ **No**

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.
SPU does not anticipate financial impacts beyond a potential request for one TLE in SPU when permits return to pre-pandemic levels; the TLE would be funded with solid waste enterprise fund/rates. The legislation would clarify requirements for applicants by codifying existing practices and solid waste collection contract and safety requirements for solid waste storage, access, and collection for proposed structures. SPU currently provides subject-matter permit review of certain elements of SMC Section 23.54.040. The proposal would not affect SDCI total permit review volumes or create substantial new tasks or time obligations, changes in review operations, or have staffing implications.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.
N/A

Please describe any financial costs or other impacts of *not* implementing the legislation.
The legislation would increase efficiency of solid waste collection routes resulting from fewer trips and will reduce long-term solid waste collection costs for the City and ratepayers. Permit review for dense developments also protects other critical City interests and priorities, including the City's and customer investments in street trees and protecting space for temporary bicycle parking. Those benefits would not accrue without this legislation. Additionally, failing to implement the legislation would result in solid waste carts overcrowding planting strips on

collection days, risking the health of street trees (from additional soil compaction from too many carts); blocking sidewalks for pedestrians, including those with disabilities; and result in customer complaint calls to the SPU Contact Center. The legislation will ensure efficient solid waste container planning for dense developments by relying on the least amount of space necessary for storage on private property, and for collection from the public right of way.

4. OTHER IMPLICATIONS

a. Please describe how this legislation may affect any departments besides the originating department.

The proposal addresses code requirements used by SDOT, SPU, and SDCI. These departments review development proposals for their compliance with requirements and their potential effects on the use of public streets, alleys, and planting strips, the way solid waste is stored and collected, including impacts to required street trees. These departments support the legislation. The resulting clear and specific code requirements would foster more efficient and accurate plan review, and effective, coordinated long-term use of the right-of-way.

b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.

No.

c. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.

This legislation will support affordable solid waste rates for all customers by ensuring efficient solid waste and recycling storage and collection for residential development. While already the norm for new buildings, requiring co-location of compost, recycling, and garbage containers in new apartment buildings will contribute to reducing a long-time disparity and inequity in single-family and multifamily resident access to recycling and composting. Convenient access to recycling and composting that is co-located with garbage containers will increase food waste composting and recycling rates, and support Seattle's Zero Waste ordinance, the state-required Solid Waste Plan, and the City's climate mitigation goals.

Data from the 2022 American Communities Survey demonstrate Seattle 50.4% of all households of color in Seattle live in rented multifamily housing, compared to 37% of white households. Requiring compost, recycling, and garbage containers be located together in apartment buildings will increase access to recycling and composting for lower-income residents and residents of color.

In addition, the change to 2.5' x6' storage areas will ensure that dense middle housing developments have the proper space onsite to store containers, preventing them from blocking pathways required for wheelchair users and others with different mobilities.

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.
None.

iii. What is the Language Access Plan for any communications to the public?
A plain language summary of the ordinance was shared with ethnic media outlets and linked to on SPU's Web site, as well as distributed to permit applicants, developers, and architects via SDCI's Building Connections newsletter.

SPU provides the following kinds of language-specific approaches in public information about solid waste storage and disposal:

- recycling instructions in 18 languages;
- video instructions in four languages;
- targeted capability for in-language door-to-door education about sorting materials; and
- community meetings in requested languages.

d. Climate Change Implications

i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.
This legislation will likely decrease carbon and methane emissions by increasing access to composting and recycling for multifamily housing residents. This promotes greater equity in access for more non-white households and residents with lower incomes who more often rent in multifamily housing. SPU's and national studies show that resident access to co-located recycling, food waste, and garbage containers directly increases the volume of recycling and food waste separated from garbage. Diverting more recyclables and food waste from the landfill reduces related methane emissions, one of the most dangerous greenhouse gasses. The processing of recyclables into new products significantly reduces carbon emissions from virgin material extraction, transport, and production. The land application of Seattle's composted food waste captures carbon from the atmosphere and reduces Seattle's contribution to the methane generated in the Columbia Ridge Landfill in Oregon by ensuring more multifamily food waste gets composted.

ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.
Seattle's climate resiliency will likely increase because of this legislation. Seattle's garbage is sent by rail to Oregon. This legislation will enable Seattle to rely more on local composting and less on long-distance rail to manage waste. This resiliency

includes avoiding increased solid waste rates and system costs through the local management of food waste instead of sending valuable materials via rail to another state.

Increasing composting and recycling rates in lower income, more racially diverse apartment buildings can help remedy the cost burden held by these communities. Seattle multifamily buildings dispose of more material in the garbage than single-family customers (in part due to lack of access to containers) and garbage fees are much higher than compost and recycle fees. Increasing access to composting and recycling in new apartment buildings, including low-income buildings, can reduce garbage bills paid by management and thereby reduce the costs passed onto tenants in rent. Some developments may experience a modest increase in construction costs to comply with safety and storage requirements.

e. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?

The legislation does not include a major programmatic expansion. The primary measurable outcome of the proposed legislation is to encourage an increase in the multifamily recycling and composting rate that will help achieve the City's overall 70% waste diversion goal (multifamily residents create less waste on average per capita than single family residents, but the multifamily housing sector continues to grow in Seattle, with more than 50% of all residents living in multifamily housing today).

The solid waste development review standard is to begin reviews of plans for storage and access within an average of 10 days of receipt. Development review currently begins reviews within an average of just three days. It's possible that the average review start date may exceed three days from receipt when and if permit volumes increase. It is anticipated that the TLE position would allow solid waste development review to continue to provide rapid review for applicants and continue to meet the 10-day metric (solid waste is not an official review stop and does not delay permitting).

5. CHECKLIST

☒ **Is a public hearing required?**

☒ **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?**

☐ **If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?**

☐ **Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**

6. ATTACHMENTS

Summary Attachments: None

Solid Waste Container Storage and Access Improvements

July 23, 2025

Parks, Public Utilities and Technology Committee
Seattle City Council

Angela Wallis, Development Review Supervisor
Seattle Public Utilities
Solid Waste Planning & Program Management Division

Purpose of Legislation

- Meet city and customer solid waste storage and access needs for changing development patterns by ensuring minimum storage space for containers and access for collection vehicles to service.

- Provide clarity for developers

- Codify industry standards



What is SMC 23.54.040?

Land Use Code

- Establishes **minimum solid waste storage and access requirements for new or expanded** buildings
- Governed by SDCI
- SPU **provides subject-matter review** and co-approval of solid waste storage & access



Developer Input & Response

- Interviewed 7 Seattle-based large and medium developers
- Briefed Mayor's Housing Subcabinet, Master Builders
  - Also offered briefings to AIA, HDC, ULI Northwest, NAIOP
- SEPA Notice (March '25) – no comments received
- Shared proposal with and requested comment from ~25 members of the development community
  - General support/neutral comments/no response



Support Housing Density

Cart storage solutions for middle housing

- Proper storage space on private property
- Storage space in all zones
- Flexible storage and service options
- Prevent ROW conflicts
  - Protect space for trees, bike parking, pedestrians



Clarify Code

Streamline Design by Providing Definitions

- *staging area*
- *collection location*
- *storage area*
- *solid waste container types*

Safety: Codify slope maximums and dimensions

- truck access
- pedestrian & truck driver safety
- dumpster service



Questions


600 Alaskan Wy
604 Alaskan Wy
Seattle, Washington
Google Street View
Feb 2023
See more dates
Share
Alaskan Wy
citizen
305
304
fast ferry
eattle fast ferry

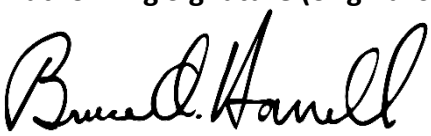
Legislation Text

File #: Appt 03270, **Version:** 1

Appointment of Jeremy Febus as member, Seattle Public Utilities Customer Review Panel, for a term to July 31, 2028.

The Appointment Packet is provided as an attachment.

City of Seattle Boards & Commissions Notice of Appointment

Appointee Name: Jeremy Febus		
Board/Commission Name: Seattle Public Utilities Customer Review Panel		**Position Title:** *Member*
X Appointment ***OR*** **Reappointment**	**City Council Confirmation required?** **X** Yes No	
Appointing Authority: City Council **X** Mayor Other: *Fill in appointing authority*	**Term of Position:** 8/1/2025 to 7/31/2028 ☐ *Serving remaining term of a vacant position*	
Residential Neighborhood: Maple Leaf	**Zip Code:** 98115	**Contact Phone No.:** [redacted]
Background: **Jeremy Febus (District 5/ Maple Leaf)** Jeremy is a civil engineer with hands-on expertise in utility infrastructure, operations, and technical challenges. A Seattle resident for over 30 years and a licensed professional since 1998, he engages with SPU both professionally and as a community member. Jeremy is deeply committed to ensuring the city's infrastructure is resilient, thoughtfully planned, and built to serve the needs of all residents.		
Authorizing Signature (original signature):  **Date Signed (appointed):** **July 22nd, 2025**	**Appointing Signatory:** Bruce A. Harrell Mayor of Seattle	

**Term begin and end date is fixed and tied to the position and not the appointment date.*

View results

Respondent

32 Anonymous

11:46
Time to complete

Instructions

Thank you for your interest in partnering with Seattle Public Utilities (SPU) to help shape the future of your utility and the environment! This spring, SPU has an exciting opportunity to get involved: the Customer Review Panel (CRP).

Application Deadline: Friday, May 30, 2025.

For more information or to request assistance with this form, please contact:

SPU_CorpPolicy@seattle.gov or (206) 256-6171

Personal Information for Application

Please complete the information below for your volunteer application

1. First and Last Name *

Jeremy Febus

2. Pronouns *

he/him

3. Email Address *

[redacted]

Please enter an email

4. Phone number *

[redacted]

5. Address *

[redacted]

6. Neighborhood *

Maple Leaf

7. Employer & Occupation *

KPFF - Civil Engineer and a licensed PE

8. Would you be participating as a representative of your employer, organization, or community group? *

- ( ) Yes
- (•) No
- ( ) Maybe

9. Are you currently employed or contracted with the City of Seattle? *

- (•) Yes
- ( ) No

Community Experiences & Memberships

Help SPU learn about your experiences, connections, and memberships in community.

10. Describe one topic you would like SPU's Customer Review Panel to address.

In my experience as a professional engineer working on new housing in the City of Seattle, I find that existing policies often work against new housing, housing affordability, improved mobility and accessibility, and other significant public interests, in the name of "protecting rate payers" or as a CYA action. The utility should work more cooperatively with bigger picture sustainability, affordability, equity, and resiliency goals.

11. Seattle Public Utilities actively seeks candidates who represent diverse community perspectives. Please describe your experience with SPU's services and programs and the unique perspectives you might be able to contribute in this role.

As a practicing civil engineer for 27 years and a City of Seattle resident for 31 years I am passionate about passionate about ensuring that our city is thriving and enduring. I actually work with SPU staff as an applicant or representative of applicants on a regular basis, and have a deep awareness of the actual application and implementation of SPU codes and policies and how they affect larger city planning, community, and infrastructure goals

12. Describe the connections you have in your community. Include any community advocacy, civic engagement, or organizational affiliations

I am a founding member of Clean Lake Union, a partner at Seattle based KPFF Consulting Engineers (the largest private engineering practice based in Seattle), a public school volunteer, a Rainier Scholars volunteer, a Food Lifeline volunteer, and an active, engaged citizen.

13. Is there anything else you would like us to know?

Demographics

Please complete the demographic questions below.

14. Age Range

- ○ 18-34
- ○ 35-49
- ◉ 50-64
- ○ 65+

15. Race/Ethnicity (please select all that apply)

- ☑ Caucasian / White
- ☐ African American / Black
- ☐ American Indian or Alaska Native
- ☐ Chinese
- ☐ Japanese
- ☐ Korean
- ☐ Vietnamese
- ☐ Hispanic / Latino
- ☐ Native Hawaiian
- ☐ Filipino
- ☐ Samoan
- ☐ Asian Indian
- ☐ Chamorro
- ☐ Other Asian (e.g., Pakistani, Cambodian, Hmong, etc.)
- ☐ Other Pacific Islander (e.g., Tongan, Fijian, Marshallese, etc.)
- ☐ Other

16. Gender (enter below)

Male

17. How did you hear about this opportunity?

word of mouth

18.

I certify that the above application information is accurate and complete to the best of my knowledge. I understand that the information provided is subject to public records request unless it is specifically exempt from the Washington State Public Records Act. *

- (●) Yes
- ( ) No

Seattle Public Utilities Customer Review Panel

11 Members: Pursuant to *Resolution 31825, all* members subject to City Council confirmation, *3*-year terms:

- *5* City Council-appointed
- *6* Mayor-appointed
- 0 *Other* Appointing Authority-appointed (specify):

Roster:

*D	**G	RD	Position No.	Position Title	Name	Term Begin Date	Term End Date	Term #	Appointed By
	F	2	1.	Member	Nafiso Samatar	8/1/2024	7/31/2027	1	Mayor
	F	1	2.	Member	Robin Schwartz	8/1/2025	7/31/2028	2	Council
	F	2	3.	Member	Miki Sodos	8/1/2024	7/31/2027	2	Mayor
	M	n/a	4.	Member	Manav Goel	8/1/2024	7/31/2027	1	Council
	F	6	5.	Member	Allison Mettler	8/1/2024	7/31/2027	1	Mayor
	F	6	6.	Member	Gretchen Glaub	8/1/2024	7/31/2027	2	Council
	M	5	7.	Member	Jeremy Febus	8/1/2025	7/31/2028	1	Mayor
	F	4	8.	Member	Rita Howard	8/1/2025	7/31/2028	1	Council
	F	1	9.	Member	Amanda Richer	8/1/2025	7/31/2028	2	Mayor
	F	2	10.	Member	Ebony Rose Frazier	8/1/2025	7/31/2028	2	Council
	M	7	11.	Member	Raj Kumar	8/1/2025	7/31/2028	2	Mayor

SELF-IDENTIFIED DIVERSITY CHART

	(1) Male	(2) Female	(3) Transgender	(4) NB/ O/ U	(5) Asian	(6) Black/ African American	(7) Hispanic/ Latino	(8) American Indian/ Alaska Native	(9) Other	Caucasian/ Non-Hispanic	Pacific Islander	Middle Eastern	Multiracial
Mayor													
Council													
Other													
Total													

Key:

***D** List the corresponding *Diversity Chart* number (1 through 9)
****G** List *gender*, **M**= Male, **F**= Female, **T**= Transgender, **NB=** Non-Binary **O=** Other **U**= Unknown
RD Residential Council District number 1 through 7 or N/A

Diversity information is self-identified and is voluntary.

SPU Customer Review Panel Appointments

August 13, 2025
Parks, Public Utilities and Technology Committee
Seattle City Council

Andrew Lee, General Manager and CEO
Justin Chan, Strategic Business Planning and Policy Advisor
Seattle Public Utilities
General Manager's Office

Purpose

Obtain Council approval for four reappointments and two new appointments to the SPU Customer Review Panel.



SPU Customer Review Panel (CRP)

- Formed in 2013 to provide advice and recommendations to the Mayor and City Council on the utility's Strategic Business Plan and rates.
- Includes representatives from private, public and nonprofit sectors, utility experts, business leaders, and community representatives.
- 6 mayoral appointees and 5 council appointees. Members serve 3-year terms and may be reappointed once.





Recruitment Strategy

- In 2024 and 2025, SPU conducted joint recruitment for CRP and the Solid Waste Advisory Committee (SWAC) using a single application to streamline outreach and maximize impact. The goal was to engage a diverse swath of candidates reflecting various backgrounds, neighborhoods, experiences, and perspectives.
- Recruitment channels included:
  - SPU and DON Social media
  - DON social media, PACE grads, Engagement Coordinators)
  - City newsletters (DON, OSE)
  - City Councilmember newsletters
  - Current CRP, SWAC members, SWAC Waste Industry partners
  - Community and ethnic media (South Seattle Emerald & NW Asian Weekly)
  - SPU employees



Recruitment Results



- Recent recruitment efforts increased the diversity of the panel, bringing in a broader range of perspectives and lived experiences to guide SPU’s work.
- Reappointment of four current CRP members - two for Mayor's Office and two for City Council appointments.
- SPU received 13 highly qualified applicants for two available seats - one for Mayor’s Office approval and one for City Council approval.

Members Recommended for Re-Appointment

Ebony Frazier (District 2 – Council Appointed)

- ADA Coordinator, Africatown board member, and anti-racism advocate supporting equity.

Raj Kumar (District 7 – Mayor Appointed)

- Former Nestlé Purina conservation manager; volunteers on AARP tax aid and food security.

Amanda Richer (District 1 – Mayor Appointed)

- Community Liaison and advocate for unhoused rights and equitable water access.

Robin Schwartz (District 1 – Council Appointed)

- South Park resident working with Duwamish River Community Coalition, focused on climate resilience and environmental justice.

Recommended New Appointment

Jeremy Febus (District 5 – Mayor Appointment)

- A civil engineer for over 25 years, Jeremy brings hands-on technical insight and works closely with SPU as both a professional and customer. He is committed to transparent, holistic planning that connects infrastructure decisions to housing affordability, safety, and environmental quality, particularly in surface and stormwater management.

Rita Howard (District 4 – Council Appointment)

- Rita is a retired technical writer, teacher, artist, and community advocate with deep ties to older adults, working families, and BIPOC communities. She is on the board of commissioners for the Seattle Housing Authority and is a past president of the Mayor's Council on African American Elders. Rita combines creativity and technical rigor with a strong equity lens.

Next Steps

- PPUT committee consideration
- Full Council consideration and vote
- Next CRP meeting on Monday, September 8, 2025

Questions



Legislation Text

File #: Appt 03271, **Version:** 1

Reappointment of Ebony Rose Frazier as member, Seattle Public Utilities Customer Review Panel, for a term to July 31, 2028.

The Appointment Packet is provided as an attachment.

City of Seattle Boards & Commissions Notice of Appointment

Appointee Name: Ebony Rose Frazier		
Board/Commission Name: Seattle Public Utilities Customer Review Panel		**Position Title:** *Member*
Appointment ***OR*** **X Reappointment**	**City Council Confirmation required?** **X** Yes No	
Appointing Authority: **X City Council** Mayor Other: *Fill in appointing authority*	**Term of Position: *** 8/1/2025 **to** 7/31/2028 ☐ *Serving remaining term of a vacant position*	
Residential Neighborhood: Rainier Beach	**Zip Code:** 98178	**Contact Phone No.:** [redacted]

Background:

Ebony Rose Frazier (District 2- Rainier Beach) Ebony Rose Frazier is a King County employee working in the Community Corrections Division with youth. Ebony is on the Executive Board of Africatown, and a lead volunteer with Gifts of Hope. She has also worked with Atlantic Street Center in creating a youth mentoring program. Ebony sees the importance of connecting community to government work, helping community to understand how things work and operate. She will bring her experience as a Black woman to work with SPU on ways to model inclusive, equitable practices.

Authorizing Signature (original signature): **Date Signed (appointed):** 07/23/25	**Appointing Signatory:** *Joy Hollingsworth* *Seattle City Councilmember*

**Term begin and end date is fixed and tied to the position and not the appointment date.*

#3

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, April 21, 2022 9:44:53 AM
Last Modified: Thursday, April 21, 2022 9:51:38 AM
Time Spent: 00:06:44

Page 2: Applicant Information

Q1

First Name

Ebony Rose

Q2

Last Name

Frazier

Q3

Please provide your contact information.

Email [redacted]

Phone [redacted]

Q4

Address

I have a permanent address (enter below),
Address:
[redacted]

Q5

Neighborhood InformationYou can lookup your Council District Number here.

Council District Number **2**

Neighborhood Name **Upper Rainier Beach**

Q6

Who is your employer?

King County

Q7

What is your primary occupation or expertise?

Project/Program Manager

Q8

Are you currently employed by or contract with the City of Seattle?

No

Q9

Describe the connections you have in your community. Include any community advocacy, civic engagement, or organizational affiliations.

I'm a board member for Africatown and I frequently volunteer with Gifts of Hope organization,

Q10

Describe one topic you would like SPU's Customer Review Panel to address.

High rates

Q11

Seattle Public Utilities actively seeks CRP members who represent the diverse experiences of SPU customers. Describe how your experience as a SPU customer might lend a unique perspective to the CRP.

I have lived experience as a Black woman and I live in one of the most diverse neighborhoods in Seattle. I am a college graduate. Additionally, I have a Master of Public Affairs degree from the Evans School of Public Policy and Governance at UW.

Q12

Agree with the following statement: "I certify that the above application information is accurate and complete to the best of my knowledge. I understand that the information provided is subject to public records request unless it is specifically exempt from the Washington State Public Records Act." *

Agree

Page 3: Optional Survey

Q13

Describe your Race/Ethnicity (Select all that apply)

Black/African American

Q14

Please describe your gender identity (Select all that apply)

Female

Q15

How did you hear about the openings on SPU's Customer Review Panel?

From a City of Seattle employee.

Seattle Public Utilities Customer Review Panel

11 Members: Pursuant to *Resolution 31825, all* members subject to City Council confirmation, *3*-year terms:

- *5* City Council-appointed
- *6* Mayor-appointed
- 0 *Other* Appointing Authority-appointed (specify):

Roster:

*D	**G	RD	Position No.	Position Title	Name	Term Begin Date	Term End Date	Term #	Appointed By
	F	2	1.	Member	Nafiso Samatar	8/1/2024	7/31/2027	1	Mayor
	F	1	2.	Member	Robin Schwartz	8/1/2025	7/31/2028	2	Council
	F	2	3.	Member	Miki Sodos	8/1/2024	7/31/2027	2	Mayor
	M	n/a	4.	Member	Manav Goel	8/1/2024	7/31/2027	1	Council
	F	6	5.	Member	Allison Mettler	8/1/2024	7/31/2027	1	Mayor
	F	6	6.	Member	Gretchen Glaub	8/1/2024	7/31/2027	2	Council
	M	5	7.	Member	Jeremy Febus	8/1/2025	7/31/2028	1	Mayor
	F	4	8.	Member	Rita Howard	8/1/2025	7/31/2028	1	Council
	F	1	9.	Member	Amanda Richer	8/1/2025	7/31/2028	2	Mayor
	F	2	10.	Member	Ebony Rose Frazier	8/1/2025	7/31/2028	2	Council
	M	7	11.	Member	Raj Kumar	8/1/2025	7/31/2028	2	Mayor

SELF-IDENTIFIED DIVERSITY CHART

	(1) Male	(2) Female	(3) Transgender	(4) NB/ O/ U	(5) Asian	(6) Black/ African American	(7) Hispanic/ Latino	(8) American Indian/ Alaska Native	(9) Other	Caucasian/ Non-Hispanic	Pacific Islander	Middle Eastern	Multiracial
Mayor													
Council													
Other													
Total													

Key:

***D** List the corresponding *Diversity Chart* number (1 through 9)
****G** List *gender*, **M**= Male, **F**= Female, **T**= Transgender, **NB=** Non-Binary **O=** Other **U**= Unknown
RD Residential Council District number 1 through 7 or N/A

Diversity information is self-identified and is voluntary.

Legislation Text

File #: Appt 03272, **Version:** 1

Appointment of Rita Howard as member, Seattle Public Utilities Customer Review Panel, for a term to July 31, 2028.

The Appointment Packet is provided as an attachment.

City of Seattle Boards & Commissions Notice of Appointment

Appointee Name: Rita Howard		
Board/Commission Name: Seattle Public Utilities Customer Review Panel		**Position Title:** *Member*
X Appointment ***OR*** **Reappointment**	**City Council Confirmation required?** **X** Yes No	
Appointing Authority: **X** City Council Mayor Other: *Fill in appointing authority*	**Term of Position:** 8/1/2025 **to** 7/31/2028 ☐ *Serving remaining term of a vacant position*	
Residential Neighborhood: Ravenna	**Zip Code:** 98115	**Contact Phone No.:** [redacted]
Background: **Rita Howard (District 4 / Ravenna)** Rita is a retired technical writer, teacher, artist, and community advocate with deep ties to older adults, working families, and BIPOC communities. She works with Seattle Housing Authority and has served on the Mayor's Council on African American Elders. Rita combines creativity and technical rigor with a strong equity lens. She is passionate about clean water and sanitation to vulnerable populations and is an advocate for environmental health issues like microplastics.		
Authorizing Signature (original signature): **Date Signed (appointed):** 07/23/25	**Appointing Signatory:** *Joy Hollingsworth* *Seattle City Councilmember*	

**Term begin and end date is fixed and tied to the position and not the appointment date.*

View results

Respondent

29 Anonymous

08:53
Time to complete

Instructions

Thank you for your interest in partnering with Seattle Public Utilities (SPU) to help shape the future of your utility and the environment! This spring, SPU has an exciting opportunity to get involved: the Customer Review Panel (CRP).

Application Deadline: Friday, May 30, 2025.

For more information or to request assistance with this form, please contact:

SPU_CorpPolicy@seattle.gov or (206) 256-6171

Personal Information for Application

Please complete the information below for your volunteer application

1. First and Last Name *

Rita Howard

2. Pronouns *

She her

3. Email Address *

[redacted]

Please enter an email

4. Phone number *

[redacted]

5. Address *

[redacted]

6. Neighborhood *

Ravenna

7. Employer & Occupation *

Retired

8. Would you be participating as a representative of your employer, organization, or community group? *

- ( ) Yes
- ( ) No
- (•) Maybe

9. Are you currently employed or contracted with the City of Seattle? *

- ( ) Yes
- (•) No

Community Experiences & Memberships

Help SPU learn about your experiences, connections, and memberships in community.

10. Describe one topic you would like SPU's Customer Review Panel to address.

Clean water without plastic bottles

11. Seattle Public Utilities actively seeks candidates who represent diverse community perspectives. Please describe your experience with SPU's services and programs and the unique perspectives you might be able to contribute in this role.

I am a Black woman activist with strong Black community and local neighborhood ties. I am a long time, SPU Customer and have advocated for waste reduction and lowered energy usage in my community.

12. Describe the connections you have in your community. Include any community advocacy, civic engagement, or organizational affiliations

I am part of the community garden in my neighborhood. I manage a therapeutic garden for the Harriet Tubman health center, I serve on the board of commissioners for the Seattle Housing Authority as a resident commissioner.

13. Is there anything else you would like us to know?

I am organized, creative, and articulate. I'm very involved in sustainability and environmental issues in all of the arenas in which I work.

Demographics

Please complete the demographic questions below.

14. Age Range

- ○ 18-34
- ○ 35-49
- ○ 50-64
- ◉ 65+

15. Race/Ethnicity (please select all that apply)

- ☐ Caucasian / White
- ☑ African American / Black
- ☐ American Indian or Alaska Native
- ☐ Chinese
- ☐ Japanese
- ☐ Korean
- ☐ Vietnamese
- ☐ Hispanic / Latino
- ☐ Native Hawaiian
- ☐ Filipino
- ☐ Samoan
- ☐ Asian Indian
- ☐ Chamorro
- ☐ Other Asian (e.g., Pakistani, Cambodian, Hmong, etc.)
- ☐ Other Pacific Islander (e.g., Tongan, Fijian, Marshallese, etc.)
- ☐ Other

16. Gender (enter below)

Female

17. How did you hear about this opportunity?

Bobby Coleman, Director of assist ability at SHA

18.

I certify that the above application information is accurate and complete to the best of my knowledge. I understand that the information provided is subject to public records request unless it is specifically exempt from the Washington State Public Records Act. *

- (●) Yes
- ( ) No

Seattle Public Utilities Customer Review Panel

11 Members: Pursuant to *Resolution 31825, all* members subject to City Council confirmation, *3*-year terms:

- *5* City Council-appointed
- *6* Mayor-appointed
- 0 *Other* Appointing Authority-appointed (specify):

Roster:

*D	**G	RD	Position No.	Position Title	Name	Term Begin Date	Term End Date	Term #	Appointed By
	F	2	1.	Member	Nafiso Samatar	8/1/2024	7/31/2027	1	Mayor
	F	1	2.	Member	Robin Schwartz	8/1/2025	7/31/2028	2	Council
	F	2	3.	Member	Miki Sodos	8/1/2024	7/31/2027	2	Mayor
	M	n/a	4.	Member	Manav Goel	8/1/2024	7/31/2027	1	Council
	F	6	5.	Member	Allison Mettler	8/1/2024	7/31/2027	1	Mayor
	F	6	6.	Member	Gretchen Glaub	8/1/2024	7/31/2027	2	Council
	M	5	7.	Member	Jeremy Febus	8/1/2025	7/31/2028	1	Mayor
	F	4	8.	Member	Rita Howard	8/1/2025	7/31/2028	1	Council
	F	1	9.	Member	Amanda Richer	8/1/2025	7/31/2028	2	Mayor
	F	2	10.	Member	Ebony Rose Frazier	8/1/2025	7/31/2028	2	Council
	M	7	11.	Member	Raj Kumar	8/1/2025	7/31/2028	2	Mayor

SELF-IDENTIFIED DIVERSITY CHART

	(1) Male	(2) Female	(3) Transgender	(4) NB/ O/ U	(5) Asian	(6) Black/ African American	(7) Hispanic/ Latino	(8) American Indian/ Alaska Native	(9) Other	Caucasian/ Non-Hispanic	Pacific Islander	Middle Eastern	Multiracial
Mayor													
Council													
Other													
Total													

Key:

***D** List the corresponding *Diversity Chart* number (1 through 9)
****G** List *gender*, **M**= Male, **F**= Female, **T**= Transgender, **NB=** Non-Binary **O=** Other **U**= Unknown
RD Residential Council District number 1 through 7 or N/A

Diversity information is self-identified and is voluntary.

Legislation Text

File #: Appt 03273, **Version:** 1

Reappointment of Raj Kumar as member, Seattle Public Utilities Customer Review Panel, for a term to July 31, 2028.

The Appointment Packet is provided as an attachment.

City of Seattle Boards & Commissions Notice of Appointment

Appointee Name: Raj Kumar		
Board/Commission Name: Seattle Public Utilities Customer Review Panel		**Position Title:** *Member*
Appointment ***OR*** **X Reappointment**	**City Council Confirmation required?** **X** Yes No	
Appointing Authority: City Council **X Mayor** Other: *Fill in appointing authority*	**Term of Position: *** 8/1/2025 **to** 7/31/2028 ☐ *Serving remaining term of a vacant position*	
Residential Neighborhood: Queen Anne	**Zip Code:** 98119	**Contact Phone No.:** [redacted]

Background:

Raj Lumar (District 7- Queen Anne) Raj is dedicated to waste reduction, both personally and professionally. With more than 35 years of experience managing energy, water, and waste at 20 manufacturing plants and the corporate headquarters of Nestlé Purina USA in St. Louis, he successfully reduced waste by 700,000 tons over eight years. Now based in Seattle, Raj volunteers his time preparing taxes for low-income seniors with AARP, teaching math and physics to teens working toward their GED with Seattle Education Alliance, and growing food in his P-Patch for Mary's Place. Raj is passionate about educating the community on practical ways to reduce waste and conserve resources, striving to create a better world for future generations.

Authorizing Signature (original signature): **Date Signed (appointed):** **July 22nd, 2025**	**Appointing Signatory:** Bruce A. Harrell Mayor of Seattle

**Term begin and end date is fixed and tied to the position and not the appointment date.*

#10

COMPLETE

Collector: Web Link 3 (Web Link)
Started: Thursday, May 12, 2022 4:19:12 PM
Last Modified: Thursday, May 12, 2022 4:21:00 PM
Time Spent: 00:01:48

Page 2: Applicant Information

Q1

First Name

Raj

Q2

Last Name

Kumar

Q3

Please provide your contact information.

Email [redacted]

Phone [redacted]

Q4

Address

I have a permanent address (enter below),
Address:
[redacted]

Q5

Neighborhood InformationYou can lookup your Council District Number here.

Council District Number **7**

Neighborhood Name **Queen Anne**

Q6

Who is your employer?

Nestle USA

Q7

What is your primary occupation or expertise?

Management of energy, water and waste.

Q8

Yes

Are you currently employed by or contract with the City of Seattle?

Q9

Describe the connections you have in your community. Include any community advocacy, civic engagement, or organizational affiliations.

Currently, I am a Treasurer of the Home Owners Association at McGraw Square Queen Anne, Seattle.

Q10

Describe one topic you would like SPU's Customer Review Panel to address.

Effective management of waste by reductioin of generation of waste, recycling, and composting to minimize waste going to landfills.

Q11

Seattle Public Utilities actively seeks CRP members who represent the diverse experiences of SPU customers. Describe how your experience as a SPU customer might lend a unique perspective to the CRP.

I spent more than 35 years managing energy, water and reduction of waste for 20 manufacturing plants and corporate headquarters of Nestle USA in St. Louis, MO. I am a SPU customer also, and I will be able to weigh both - customer and utility to help make the best policies for SPU.

Q12

Agree

Agree with the following statement: "I certify that the above application information is accurate and complete to the best of my knowledge. I understand that the information provided is subject to public records request unless it is specifically exempt from the Washington State Public Records Act." *

Page 3: Optional Survey

Q13

Respondent skipped this question

Describe your Race/Ethnicity (Select all that apply)

Q14

Please describe your gender identity (Select all that apply)

Respondent skipped this question

Q15

How did you hear about the openings on SPU's Customer Review Panel?

Respondent skipped this question

Seattle Public Utilities Customer Review Panel

11 Members: Pursuant to *Resolution 31825, all* members subject to City Council confirmation, *3*-year terms:

- *5* City Council-appointed
- *6* Mayor-appointed
- 0 *Other* Appointing Authority-appointed (specify):

Roster:

*D	**G	RD	Position No.	Position Title	Name	Term Begin Date	Term End Date	Term #	Appointed By
	F	2	1.	Member	Nafiso Samatar	8/1/2024	7/31/2027	1	Mayor
	F	1	2.	Member	Robin Schwartz	8/1/2025	7/31/2028	2	Council
	F	2	3.	Member	Miki Sodos	8/1/2024	7/31/2027	2	Mayor
	M	n/a	4.	Member	Manav Goel	8/1/2024	7/31/2027	1	Council
	F	6	5.	Member	Allison Mettler	8/1/2024	7/31/2027	1	Mayor
	F	6	6.	Member	Gretchen Glaub	8/1/2024	7/31/2027	2	Council
	M	5	7.	Member	Jeremy Febus	8/1/2025	7/31/2028	1	Mayor
	F	4	8.	Member	Rita Howard	8/1/2025	7/31/2028	1	Council
	F	1	9.	Member	Amanda Richer	8/1/2025	7/31/2028	2	Mayor
	F	2	10.	Member	Ebony Rose Frazier	8/1/2025	7/31/2028	2	Council
	M	7	11.	Member	Raj Kumar	8/1/2025	7/31/2028	2	Mayor

SELF-IDENTIFIED DIVERSITY CHART

	(1) Male	(2) Female	(3) Transgender	(4) NB/ O/ U	(5) Asian	(6) Black/ African American	(7) Hispanic/ Latino	(8) American Indian/ Alaska Native	(9) Other	Caucasian/ Non-Hispanic	Pacific Islander	Middle Eastern	Multiracial
Mayor													
Council													
Other													
Total													

Key:

***D** List the corresponding *Diversity Chart* number (1 through 9)
****G** List *gender*, **M**= Male, **F**= Female, **T**= Transgender, **NB=** Non-Binary **O=** Other **U**= Unknown
RD Residential Council District number 1 through 7 or N/A

Diversity information is self-identified and is voluntary.

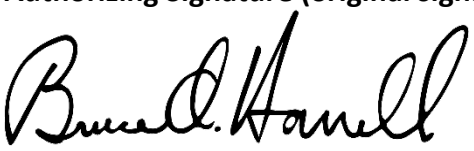
Legislation Text

File #: Appt 03274, **Version:** 1

Reappointment of Amanda Richer as member, Seattle Public Utilities Customer Review Panel, for a term to July 31, 2028.

The Appointment Packet is provided as an attachment.

City of Seattle Boards & Commissions Notice of Appointment

Appointee Name: Amanda Richer		
Board/Commission Name: Seattle Public Utilities Customer Review Panel		**Position Title:** *Member*
Appointment ***OR*** **X Reappointment**	**City Council Confirmation required?** **X** Yes No	
Appointing Authority: City Council **X Mayor** Other: *Fill in appointing authority*	**Term of Position: *** 8/1/2025 **to** 7/31/2028 ☐ *Serving remaining term of a vacant position*	
Residential Neighborhood: Genesee / West Seattle	**Zip Code:** 98126	**Contact Phone No.*:*** [redacted]
Background: **Amanda Richer (District 1- Genessee)** Amanda brings the invaluable perspective of lived experience as a formerly unhoused woman. She works at the local, regional, and national levels on issues impacting unhoused communities, partnering with organizations such as Health One, Healthcare for the Homeless, Seattle Dog, and the National Alliance to End Homelessness. Amanda has contributed to initiatives like Adopt-a-Street and Seattle's Comprehensive Plan, always centering the voices of those experiencing homelessness. She is a passionate advocate for ensuring equitable access to clean water and understands deeply the environmental, health, social, and mental impacts that lack of access can have.		
Authorizing Signature (original signature):  **Date Signed (appointed):** **July 22nd, 2025**	**Appointing Signatory:** Bruce A. Harrell Mayor of Seattle	

**Term begin and end date is fixed and tied to the position and not the appointment date.*

#2

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, April 13, 2022 8:13:19 PM
Last Modified: Wednesday, April 13, 2022 8:23:50 PM
Time Spent: 00:10:30

Page 2: Applicant Information

Q1

First Name

Amanda

Q2

Last Name

Richer

Q3

Please provide your contact information.

Email [redacted]

Phone [redacted]

Q4

Address

I have a permanent address (enter below),
Address:
[redacted]

Q5

Neighborhood InformationYou can lookup your Council District Number here.

Council District Number **1**

Neighborhood Name **Genessee**

Q6

Who is your employer?

Self Employed

Q7

What is your primary occupation or expertise?

Displacement Consultant

Q8

Are you currently employed by or contract with the City of Seattle?

Yes

Q9

Describe the connections you have in your community. Include any community advocacy, civic engagement, or organizational affiliations.

Connections with service providers, those with lived experience, and those currently experiencing homelessness. I am Vice Chair of the Healthcare Network for the Homeless Governance Council, Community Liaison for Department of Neighborhoods, Project Manager for Shelterapp/Outreach App, Advocate and Speaker for National Alliance to End Homelessness, participate in outreach events, etc...

Q10

Describe one topic you would like SPU's Customer Review Panel to address.

Clean and regular access to water for marginalized populations.

Q11

Seattle Public Utilities actively seeks CRP members who represent the diverse experiences of SPU customers. Describe how your experience as a SPU customer might lend a unique perspective to the CRP.

I have lived in Seattle without having regular access to clean water and now have access. These are completely different worlds within our city. People trying to filter and wash in runoff and those with the ability to turn on a tap and drink and clean themselves without safety concerns due to contaminants.

Q12

Agree with the following statement: "I certify that the above application information is accurate and complete to the best of my knowledge. I understand that the information provided is subject to public records request unless it is specifically exempt from the Washington State Public Records Act." *

Agree

Page 3: Optional Survey

Q13

Describe your Race/Ethnicity (Select all that apply)

White/Caucasian

Q14 **Female**

Please describe your gender identity (Select all that apply)

Q15

How did you hear about the openings on SPU's Customer Review Panel?

Email

Seattle Public Utilities Customer Review Panel

11 Members: Pursuant to *Resolution 31825, all* members subject to City Council confirmation, *3*-year terms:

- *5* City Council-appointed
- *6* Mayor-appointed
- 0 *Other* Appointing Authority-appointed (specify):

Roster:

*D	**G	RD	Position No.	Position Title	Name	Term Begin Date	Term End Date	Term #	Appointed By
	F	2	1.	Member	Nafiso Samatar	8/1/2024	7/31/2027	1	Mayor
	F	1	2.	Member	Robin Schwartz	8/1/2025	7/31/2028	2	Council
	F	2	3.	Member	Miki Sodos	8/1/2024	7/31/2027	2	Mayor
	M	n/a	4.	Member	Manav Goel	8/1/2024	7/31/2027	1	Council
	F	6	5.	Member	Allison Mettler	8/1/2024	7/31/2027	1	Mayor
	F	6	6.	Member	Gretchen Glaub	8/1/2024	7/31/2027	2	Council
	M	5	7.	Member	Jeremy Febus	8/1/2025	7/31/2028	1	Mayor
	F	4	8.	Member	Rita Howard	8/1/2025	7/31/2028	1	Council
	F	1	9.	Member	Amanda Richer	8/1/2025	7/31/2028	2	Mayor
	F	2	10.	Member	Ebony Rose Frazier	8/1/2025	7/31/2028	2	Council
	M	7	11.	Member	Raj Kumar	8/1/2025	7/31/2028	2	Mayor

SELF-IDENTIFIED DIVERSITY CHART

	(1) Male	(2) Female	(3) Transgender	(4) NB/ O/ U	(5) Asian	(6) Black/ African American	(7) Hispanic/ Latino	(8) American Indian/ Alaska Native	(9) Other	Caucasian/ Non-Hispanic	Pacific Islander	Middle Eastern	Multiracial
Mayor													
Council													
Other													
Total													

Key:

***D** List the corresponding *Diversity Chart* number (1 through 9)
****G** List *gender*, **M**= Male, **F**= Female, **T**= Transgender, **NB=** Non-Binary **O=** Other **U**= Unknown
RD Residential Council District number 1 through 7 or N/A

Diversity information is self-identified and is voluntary.

Legislation Text

File #: Appt 03275, **Version:** 1

Reappointment of Robin Schwartz as member, Seattle Public Utilities Customer Review Panel, for a term to July 31, 2028.

The Appointment Packet is provided as an attachment.

City of Seattle Boards & Commissions Notice of Appointment

Appointee Name: Robin Schwartz		
Board/Commission Name: Seattle Public Utilities Customer Review Panel		**Position Title:** *Member*
Appointment ***OR*** **X Reappointment**	**City Council Confirmation required?** **X** Yes No	
Appointing Authority: **X City Council** Mayor Other: *Fill in appointing authority*	**Term of Position:** 8/1/2025 **to** 7/31/2028 ☐ *Serving remaining term of a vacant position*	
Residential Neighborhood: South Park	**Zip Code:** 98108	**Contact Phone No.:** [redacted]

Background:

Robin Schwartz (District 1- South Park) Robin Schwartz is a South Park resident, heavily involved in the Duwamish Community through Duwamish River Community Coalition, Concord Intl Elementary PTA, Duwamish Valley Affordable Housing Coalition, and South Park Neighborhood Association. Robin is passionate about climate resilience in the Duwamish Valley along with outreach and education regarding this topic. She wants to use her privilege to help all, particularly those most impacted like renters and low-income people.

Authorizing Signature (original signature):  **Date Signed (appointed):** 07/23/25	**Appointing Signatory:** *Joy Hollingsworth* *Seattle City Councilmember*

**Term begin and end date is fixed and tied to the position and not the appointment date.*

First Name

Robin

Last Name

Schwartz she/hers

Email, Address, Phone Number

[redacted]

[redacted]

[redacted]

Describe the connections you have in your community. Include any community advocacy, civic engagement, or organizational affiliations.

connections: Duwamish River Community Coalition, Concord Intl Elementary PTA, Duwamish Valley Affordable Housing Coalition, South Park Neighborhood Association

Describe one topic you would like SPU's Customer Review Panel to address.

one topic I want to see SPU address: climate resilience in the Duwamish Valley/outreach and education regarding this topic

Seattle Public Utilities actively seeks CRP members who represent the diverse experiences of SPU customers. Describe how your experience as a SPU customer might lend a unique perspective to the CRP

my experience: I am a community member in South Park which has historically been underrepresented by City policy. I hope that my relationships with other community members will help bridge the gap between SPU and SP neighbors.

Seattle Public Utilities Customer Review Panel

11 Members: Pursuant to *Resolution 31825, all* members subject to City Council confirmation, *3*-year terms:

- *5* City Council-appointed
- *6* Mayor-appointed
- 0 *Other* Appointing Authority-appointed (specify):

Roster:

*D	**G	RD	Position No.	Position Title	Name	Term Begin Date	Term End Date	Term #	Appointed By
	F	2	1.	Member	Nafiso Samatar	8/1/2024	7/31/2027	1	Mayor
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	M	n/a	4.	Member	Manav Goel	8/1/2024	7/31/2027	1	Council
	F	6	5.	Member	Allison Mettler	8/1/2024	7/31/2027	1	Mayor
	F	6	6.	Member	Gretchen Glaub	8/1/2024	7/31/2027	2	Council
	M	5	7.	Member	Jeremy Febus	8/1/2025	7/31/2028	1	Mayor
	F	4	8.	Member	Rita Howard	8/1/2025	7/31/2028	1	Council
	F	1	9.	Member	Amanda Richer	8/1/2025	7/31/2028	2	Mayor
	F	2	10.	Member	Ebony Rose Frazier	8/1/2025	7/31/2028	2	Council
	M	7	11.	Member	Raj Kumar	8/1/2025	7/31/2028	2	Mayor

SELF-IDENTIFIED DIVERSITY CHART

	(1) Male	(2) Female	(3) Transgender	(4) NB/ O/ U	(5) Asian	(6) Black/ African American	(7) Hispanic/ Latino	(8) American Indian/ Alaska Native	(9) Other	Caucasian/ Non-Hispanic	Pacific Islander	Middle Eastern	Multiracial
Mayor													
Council													
Other													
Total													

Key:

***D** List the corresponding *Diversity Chart* number (1 through 9)
****G** List *gender*, **M**= Male, **F**= Female, **T**= Transgender, **NB=** Non-Binary **O=** Other **U**= Unknown
RD Residential Council District number 1 through 7 or N/A

Diversity information is self-identified and is voluntary.

File #: CB 121051, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the solid waste system of Seattle Public Utilities; revising rates and charges for solid waste services; revising credits to low-income customers for solid waste services; adding solid waste service categories; and amending Sections 21.36.010, 21.36.012, 21.36.016, 21.40.050, 21.40.060, 21.40.070, 21.40.080, 21.40.085, and 21.76.040 of the Seattle Municipal Code.

WHEREAS, Ordinance 126689 adopted solid waste rates for 2023, 2024, and 2025; and

WHEREAS, Resolution 30695 established financial policy targets for the Solid Waste Fund; and

WHEREAS, Resolution 31516 amended Resolution 30695 to strengthen the Solid Waste Fund's financial policies by adding an additional debt service coverage policy; and

WHEREAS, Ordinance 125050 amended and updated certain provisions of the Utility Discount Program, which will provide discounted solid waste rates or credits to more eligible low-income customers; and

WHEREAS, Resolution 32136 adopted a six-year Strategic Business Plan for Seattle Public Utilities, which guides utility investments, service levels, and rate paths through 2030; and

WHEREAS, the Strategic Business Plan included increases in the capital and operating requirements of the Solid Waste Fund, with a resulting increase in revenue requirements; and

WHEREAS, credits for qualified low-income customers should be revised when solid waste rates change; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 21.40.050 of the Seattle Municipal Code, last amended by Ordinance 126689, is amended as follows:

21.40.050 Residential can rates and charges

A. Charges for residential can garbage and rubbish collection and disposal service shall be in accordance with the following schedules:

1. All residences with curbside/alley garbage container pickup: a charge per month or portion thereof, for once-a-week service for each service unit subscribed to, billed directly to the owner, homeowner association, or occupant thereof as follows:

~~((Service Units~~	~~Effective through March 31, 2023~~	~~Effective April 1, 2023~~	~~Effective April 1, 2024~~	~~Effective April 1, 2025~~
	~~Rates per Service Unit~~	~~Rates per Service Unit~~	~~Rates per Service Unit~~	~~Rates per Service Unit~~
~~Micro-can (10-12 gallon)~~	~~$26.45~~	~~$26.85~~	~~$27.55~~	~~$28.25~~
~~Mini-can (18-20 gallon)~~	~~$32.40~~	~~$32.90~~	~~$33.75~~	~~$34.65~~
~~32 gallon can~~	~~$42.15~~	~~$42.80~~	~~$43.90~~	~~$45.05~~
~~60 to 65 gallon cart~~	~~$84.20~~	~~$85.45~~	~~$87.65~~	~~$89.95~~
~~90 to 96 gallon cart~~	~~$126.40~~	~~$128.30~~	~~$131.65~~	~~$135.05~~))

Service Units	Effective through March 31, 2026	Effective April 1, 2026	Effective April 1, 2027	Effective April 1, 2028
	Rates per Service Unit	Rates per Service Unit	Rates per Service Unit	Rates per Service Unit
Micro-can (10-12 gallon)	$28.25	$29.20	$30.15	$31.15
Mini-can (18-20 gallon)	$34.65	$35.80	$37.00	$38.20
32 gallon can	$45.05	$46.55	$48.10	$49.70
60 to 65 gallon cart	$89.95	$92.90	$95.95	$99.10
90 to 96 gallon cart	$135.05	$139.50	$144.10	$148.85

2. All residences with backyard garbage container pickup: a charge per month or portion thereof, for once-a-week service for each service unit subscribed to, billed directly to the owner, homeowner association, or occupant as follows:

~~((Service Units~~	~~Effective through March 31, 2023~~	~~Effective April 1, 2023~~	~~Effective April 1, 2024~~	~~Effective April 1, 2025~~

	~~**Rates per Service Unit**~~	~~**Rates per Service Unit**~~	~~**Rates per Service Unit**~~	~~**Rates per Service Unit**~~
~~32 gallon can~~	~~$58.85~~	~~$59.75~~	~~$61.30~~	~~$62.90~~
~~60 to 65 gallon cart~~	~~$118.00~~	~~$119.75~~	~~$122.85~~	~~$126.05~~
~~90 to 96 gallon cart~~	~~$177.00~~	~~$179.65~~	~~$184.35~~	~~$189.10~~))

Service Units	**Effective through March 31, 2026**	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
	Rates per Service Unit	**Rates per Service Unit**	**Rates per Service Unit**	**Rates per Service Unit**
32 gallon can	$62.90	$65.00	$67.15	$69.40
60 to 65 gallon cart	$126.05	$130.20	$134.50	$138.90
90 to 96 gallon cart	$189.10	$195.35	$201.80	$208.45

3. Multiunit residential consolidated curbside/alley garbage collection service. Multiunit residences with a single combined utility account may consolidate garbage into fewer service units than the number of dwelling units on the premises. Upon request, multiunit residences with multiple combined utility accounts, such as townhouse complexes, may consolidate garbage service if such premises share a single water irrigation meter for which a homeowners association is financially responsible and agrees to be financially responsible for the combined utility account, or as determined by the General Manager/CEO. In the event of consolidation, the total consolidated service volume divided by the number of dwelling units must be at least equal to the minimum equivalent service volume per unit, as determined by the General Manager/CEO.

4. Minimum charge, no pickup service. A charge per month or portion thereof of $6.85 shall be billed directly to the owner, homeowner association, or occupant of any residence not subscribing to pickup service to cover landfill closure costs, billing, collection, Low Income Rate Assistance, and hazardous waste costs. To be eligible for the minimum charge (zero container rate), a customer may not generate any garbage or rubbish for collection or disposal. With occupied premises, the customer must demonstrate a consistent and effective practice of selective purchasing to minimize refuse, of recycling materials whenever practical, and of composting any yardwaste generated on the premises, and the customer must have qualified for the rate on or

before December 31, 1988. A customer is not eligible for the zero container rate by hauling the customer's garbage and rubbish to a transfer station or disposal site, or by disposal in another customer's containers or by the use of prepaid stickers. Vacant dwelling units in multiunit residences where each dwelling unit receives a separate combined utility bill qualify for the minimum charge where the conditions of this subsection 21.40.050.A.4 are met. Vacant dwelling units in multiunit residences with a single combined utility account do not qualify for the minimum charge.

5. Extra bundles. A customer may place an extra bundle with its container for regular pickup. The charge will be billed directly to the owner or occupant, unless a prepaid sticker is used. A prepaid sticker authorizes pickup of the bundle when placed with the customer's container. The sticker must be affixed to the bundle in order for the bundle to be picked up by the collector, and the customer not to be billed. The following charges will apply to each extra bundle:

((~~Effective through March 31, 2023: $13.05 per bundle~~

~~Effective April 1, 2023: $13.25 per bundle~~

~~Effective April 1, 2024: $13.60 per bundle~~

~~Effective April 1, 2025: $13.95 per bundle~~))

Effective through March 31, 2026: $13.95 per bundle

Effective April 1, 2026: $14.40 per bundle

Effective April 1, 2027: $14.90 per bundle

Effective April 1, 2028: $15.40 per bundle

6. Bulky and white goods pickup. Charges for the pickup of bulky and white goods, as well as additional charges for items containing hazardous waste such as chlorofluorocarbons (CFCs), shall be billed as follows:

	((**~~Effective March 30, 2009~~**
~~Bulky/White Goods Pickup (per item)~~	~~$30.00~~
~~Hazardous Waste Charge (per item)~~	~~$8.00~~))

	Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
Bulky/White Goods Pickup (per item)	$30.00	$31.00	$32.00	$33.00
Hazardous Waste Charge (per item)	$8.00	$8.25	$8.55	$8.80

7. Curbside electronics recycling pickup. Curbside electronics pickup service will be available by customer request to all residential can accounts. Each pickup of up to three electronic products set out at the curb shall be billed at $20. Each pickup of compact fluorescent lightbulbs (CFLs) or household batteries shall be billed at $5. The General Manager/CEO may establish additional conditions for electronic products eligible for pickup.

8. Included special items pickup. Special item pickup service is available by customer request to all residential can accounts. Eligible recipients shall request special assistance at no additional charge for each of the pickups no more than once per year:

Effective April 1, 2026: 1 battery bag pickup, 1 special items box pickup

Effective April 1, 2027: 1 battery bag pickup, 1 special items box pickup, 1 electronics pickup, 1 bulky pickup

((~~8~~))9. Curbside/alley compostable waste. A collection charge for weekly service will be billed monthly directly to the owner, homeowner association, or occupant, according to the following schedule:

((~~Service Units~~	**~~Effective through March 31, 2023~~**	**~~Effective April 1, 2023~~**	**~~Effective April 1, 2024~~**	**~~Effective April 1, 2025~~**
	~~Rates per Service Unit~~	**~~Rates per Service Unit~~**	**~~Rates per Service Unit~~**	**~~Rates per Service Unit~~**
~~Mini can (10 to 20 gallon)~~	~~$7.00~~	~~$7.10~~	~~$7.30~~	~~$7.50~~
~~32 gallon can~~	~~$10.50~~	~~$10.65~~	~~$10.95~~	~~$11.25~~
~~90-96 gallon can~~	~~$13.40~~	~~$13.60~~	~~$13.95~~	~~$14.30~~
~~Extra bundle~~	~~$6.75~~	~~$6.85~~	~~$7.05~~	~~$7.25~~))

Service Units	**Effective through March 31, 2026**	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
	Rates per Service Unit	**Rates per Service Unit**	**Rates per Service Unit**	**Rates per Service Unit**
Mini can (10 to 20 gallon)	$7.50	$7.75	$8.00	$8.25
32 gallon can	$11.25	$11.60	$12.00	$12.40
90-96 gallon can	$14.30	$14.75	$15.25	$15.75
Extra bundle	$7.25	$7.50	$7.75	$8.00

((~~9~~))10. Mandatory curbside/alley compostable waste service and exemptions. Curbside/alley compostable waste service shall be mandatory for all residential solid waste can accounts, except customers who qualify for a home composting exemption or customers with no garbage pickup service, per the provisions of subsection 21.40.050.A.4. To qualify for the home composting exemption, customers must actively compost all vegetative food waste on-site, agree to comply with public and environmental health guidelines and allow Seattle Public Utilities representatives to evaluate their composting methods.

((~~10~~))11. New/changed account: a charge of $10 for the establishment of a new account or for each change in an existing account. This charge shall apply when the owner or property manager of any single-family residence or multifamily structure (duplex, triplex, fourplex, or structure with five or more units) establishes a new account or requests any change in ((~~his/her~~)) the account requiring a change in account number or customer number. The new/changed account charge is not applicable to customers qualified for Low Income Rate Assistance.

((~~11~~))12. Physical disability exemption. An exemption will be provided to qualified residents to allow for backyard collection at curbside rates when the resident is physically unable to take garbage and rubbish containers to the curb. Qualifying criteria shall include, but are not limited to, the resident's physical condition, qualification for backyard service in other City programs, a physician's recommendation, the presence of other physically capable persons in the household, special topography, and other unique property conditions, taking into account the contractors' ability to provide different combinations of container sizes to

make curbside pickup feasible.

B. All residential customers requesting and receiving nondetachable container (can) special, nonroutine collection service for garbage, yardwaste, or recyclable materials. The following charges shall apply to special collections of all nondetachable containers (cans), bundles, or bundles-of-yardwaste:

~~**Service Units**~~	~~**((Effective through March 31, 2023**~~	~~**Effective April 1, 2023**~~	~~**Effective April 1, 2024**~~	~~**Effective April 1, 2025**~~
	~~**Rates per Service Unit**~~	~~**Rates per Service Unit**~~	~~**Rates per Service Unit**~~	~~**Rates per Service Unit**~~
~~First unit~~	~~$51.65~~	~~$52.45~~	~~$53.80~~	~~$55.20~~
~~Each additional unit~~	~~$5.55~~	~~$5.65~~	~~$5.80~~	~~$5.95~~))

Service Units	**Effective through March 31, 2026**	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
	Rates per Service Unit	**Rates per Service Unit**	**Rates per Service Unit**	**Rates per Service Unit**
First unit	$55.20	$57.05	$58.95	$60.90
Each additional unit	$5.95	$6.15	$6.35	$6.55

C. Ancillary and elective (A&E) service charges. The following charges shall apply to residential can customers receiving any of the A&E services listed in the table below.

~~**((Service Units**~~	~~**Effective through March 31, 2023**~~	~~**Effective April 1, 2023**~~	~~**Effective April 1, 2024**~~	~~**Effective April 1, 2025**~~
	~~**Rates per Service Unit**~~	~~**Rates per Service Unit**~~	~~**Rates per Service Unit**~~	~~**Rates per Service Unit**~~
~~Deliveries/Pickups/Swap-outs of Cans or Toters~~	~~$32.35~~	~~$32.85~~	~~$33.70~~	~~$34.60~~
~~Can or Cart Pressure Washing~~	~~$12.90~~	~~$13.10~~	~~$13.45~~	~~$13.80~~))

Service Units	**Effective through March 31, 2026**	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
	Rates per Service Unit	**Rates per Service Unit**	**Rates per Service Unit**	**Rates per Service Unit**
Deliveries/Pickups/Swap-outs of Cans or Toters	$34.60	$35.75	$36.95	$38.15
Can or Cart Pressure Washing	$13.80	$14.25	$14.70	$15.20

* * *

Section 2. Section 21.40.060 of the Seattle Municipal Code, last amended by Ordinance 126689, is amended as follows:

21.40.060 Residential detachable container rates and charges

A. Account charges. A monthly fixed fee will be charged to each residential detachable container solid waste account, according to the following schedule:

((~~Effective through March 31, 2023: $46.35~~

~~Effective April 1, 2023: $47.05~~

~~Effective April 1, 2024: $48.25~~

~~Effective April 1, 2025: $49.50~~))

Effective through March 31, 2026: $49.50

Effective April 1, 2026: $51.15

Effective April 1, 2027: $52.85

Effective April 1, 2028: $54.60

B. Uncompacted container rates. There is imposed upon residential premises that use detachable containers without mechanical compactors a monthly charge for garbage and rubbish collection and disposal service in accordance with the following formula:

(A*m) + ((B*cy)*m), where:

A = Trip rate

B = Volume rate

m = number of trips per month

cy = number of cubic yards picked up at each collection

The following trip and volume rates will apply:

	~~((Effective through March 31, 2023~~	~~Effective April 1, 2023~~	~~Effective April 1, 2024~~	~~Effective April 1, 2025~~
~~Trip Rate~~	~~$34.70~~	~~$35.20~~	~~$36.10~~	~~$37.05~~
~~Volume Rate~~	~~$26.75~~	~~$27.15~~	~~$27.85~~	~~$28.55~~))

	Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
Trip Rate	$37.05	$38.25	$39.50	$40.80
Volume Rate	$28.55	$29.50	$30.45	$31.45

C. Compacted container rates. There is imposed upon residential premises that use detachable containers with compactors a monthly charge for garbage and rubbish collection and disposal service in accordance with the following formula:

(A*m) + ((B*cy)*m), where:

A = Trip rate

B = Volume rate

m = number of trips per month

cy = number of cubic yards picked up at each collection

The following trip and volume rates will apply:

	~~((Effective through March 31, 2023~~	~~Effective April 1, 2023~~	~~Effective April 1, 2024~~	~~Effective April 1, 2025~~
~~Trip Rate~~	~~$34.70~~	~~$35.20~~	~~$36.10~~	~~$37.05~~
~~Volume Rate~~	~~$54.30~~	~~$55.10~~	~~$56.55~~	~~$58.00~~))

	Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
Trip Rate	$37.05	$38.25	$39.50	$40.80
Volume Rate	$58.00	$59.90	$61.90	$63.95

D. Pre-paid bag service. Customers located in specific areas designated by Seattle Public Utilities, and who permanently store garbage containers in the right-of-way, will be required to subscribe to pre-paid bag service, in lieu of detachable container service, for garbage and rubbish collection and disposal, subject to the following

charges:

	~~((Effective through March 31, 2023~~	~~Effective April 1, 2023~~	~~Effective April 1, 2024~~	~~Effective April 1, 2025~~
~~15 gallon bag~~	~~$5.55~~	~~$5.65~~	~~$5.80~~	~~$5.95~~
~~30 gallon bag~~	~~$7.90~~	~~$8.00~~	~~$8.20~~	~~$8.40~~))

	Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
15 gallon bag	$5.95	$6.15	$6.35	$6.55
30 gallon bag	$8.40	$8.70	$9.00	$9.30

Compostable waste bag rates for pre-paid bag service shall be 32 percent less than the corresponding rates above for garbage service. Recycling bags shall be provided free of charge. Yardwaste shall not be mixed with garbage, refuse, or rubbish for disposal.

Bags set out for collection that are not pre-paid shall be charged at the rate for extra bundles, per subsection 21.40.060.H.

E. Mixed-use building. The General Manager/CEO of Seattle Public Utilities will determine the appropriate residential collection service level for a mixed-use building according to the estimated amount of residential garbage or refuse generated and to be collected by the City.

F. Charges for lockable containers. Customers using detachable containers (compacted or noncompacted) may have a lock installed by the collection contractors, subject to the following charges. Only customers who own their own containers may install their own locks.

	~~((Effective through March 31, 2023~~	~~Effective April 1, 2023~~	~~Effective April 1, 2024~~	~~Effective April 1, 2025~~
~~Lock installation~~	~~$127.65~~	~~$36.00~~	~~$36.95~~	~~$37.90~~
~~Extra key~~	~~$9.15~~	~~$8.00~~	~~$8.20~~	~~$8.40~~
~~Extra padlock~~	~~$18.25~~	~~$18.00~~	~~$18.45~~	~~$18.95~~))

	Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
Lock installation	$37.90	$39.15	$40.45	$41.80
Extra key	$8.40	$8.70	$9.00	$9.30

Extra padlock	$18.95	$19.60	$20.25	$20.90

G. All residential customers receiving detachable container special, nonroutine collection service for garbage, compostable waste, or recycling materials. The following charges shall apply to special collections of all detachable containers or bundles of garbage, compostable waste, or recycling materials. These charges shall be in addition to any charges applicable to regular solid waste collection and disposal service.

Special collections will be charged at 130 percent of the rate for a single pickup of the same size detachable container, per subsections 21.40.060.B and 21.40.060.C.

H. Extra bundles of garbage. A customer may place extra bundles of garbage with the customer's container for regular pickup, according to the following schedule:

((~~Effective through March 31, 2023: $13.05~~

~~Effective April 1, 2023: $13.25~~

~~Effective April 1, 2024: $13.60~~

~~Effective April 1, 2025: $13.95~~))

Effective through March 31, 2026: $13.95

Effective April 1, 2026: $14.40

Effective April 1, 2027: $14.90

Effective April 1, 2028: $15.40

The charge will be billed directly to the owner or occupant.

I. Bulky and white goods pickup. Charges for the pickup of bulky and white goods, as well as additional charges for items containing hazardous waste such as chlorofluorocarbons (CFCs), shall be billed as follows:

	((~~Effective March 30, 2009~~
~~Bulky/White Goods Pickup (per item)~~	~~$30.00~~
~~Hazardous Waste Charge (per item)~~	~~$8.00~~))

	Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
Bulky/White Goods Pickup (per item)	$30.00	$31.00	$32.00	$33.00
Hazardous Waste Charge (per item)	$8.00	$8.25	$8.55	$8.80

J. Curbside electronics recycling pickup. Curbside electronics pickup service will be available by customer request to residential detachable container accounts, with approval by the applicable solid waste account owner or designee. Each pickup of up to three electronic products set out at the curb shall be billed at $20. Each pickup of compact fluorescent lightbulbs (CFLs) or household batteries shall be billed at $5. The General Manager/CEO may establish additional conditions for electronic products eligible for pickup.

K. Included special items pickup. Special item pickup service is available by customer request to residential detachable container accounts. Eligible recipients shall request special assistance at no additional charge for each of the pickups no more than once per year:

Effective April 1, 2026: 1 battery bag pickup, 1 special items box pickup

Effective April 1, 2027: 1 battery bag pickup, 1 special items box pickup, 1 electronics pickup, 1 bulky pickup

((~~K~~))L. Residential detachable container customers who are not required to subscribe to pre-paid bag garbage service have the option to subscribe to either residential can curbside/alley compostable waste collection service per the terms of subsection ((~~21.40.050.A.8~~)) 21.40.050.A.9 or commercial compostable waste collection service per the terms of Section 21.40.070. Customers who are required to subscribe to pre-paid bag garbage service have the option to subscribe to either one or more residential can curbside/alley compostable waste collection services per the terms of subsection ((~~21.40.050.A.8~~)) 21.40.050.A.9 or pre-paid bag compostable waste collection service per the terms of subsection 21.40.060.D. Detachable container customers are not subject to the provisions of subsection ((~~21.40.050.A.9~~)) 21.40.050.A.10, which requires mandatory curbside/alley compostable waste service as of March 30, 2009. It shall be mandatory for all

residential detachable container customer accounts to subscribe to one of the compostable waste services described in this subsection ((~~21.40.060.K~~)) 21.40.060.L, except in the following circumstances:

1. Existing structures: Existing residential structures that do not have adequate storage space for compostable waste may be exempt from all or portions of this subsection ((~~21.40.060.K~~)) 21.40.060.L if so determined by the General Manager/CEO of Seattle Public Utilities. The General Manager/CEO of Seattle Public Utilities, in cases where space constraints are determined to exist, shall also evaluate the feasibility of shared compostable waste containers by contiguous businesses or multifamily structures.

2. New or expanded structures: New residential structures that have demonstrated difficulty in meeting the solid waste and recyclable materials storage space specifications required under Section 23.54.040 may be exempt from all or portions of this Chapter 21.40 as determined by the General Manager/CEO of Seattle Public Utilities.

((~~L~~))M. Ancillary and elective (A&E) service charges. The following charges shall apply to residential detachable container customers receiving any of the A&E Services listed in the table below.

((~~Type of Service~~	~~Effective through March 31, 2023~~	~~Effective April 1, 2023~~	~~Effective April 1, 2024~~	~~Effective April 1, 2025~~
~~**Deliveries/Pickups/Swap-outs:**~~				
~~Can/Toter~~	~~$32.35~~	~~$32.85~~	~~$33.70~~	~~$34.60~~
~~Detachable Container~~	~~$38.85~~	~~$39.45~~	~~$40.50~~	~~$41.55~~
~~Drop Box (2-8 CY)~~	~~$51.65~~	~~$52.40~~	~~$53.75~~	~~$55.15~~
~~Drop Box (10-40 CY)~~	~~$80.95~~	~~$82.15~~	~~$84.30~~	~~$86.50~~
~~**Pickup Ancillary Services:**~~				
~~Can/Cart Roll Out (>50 ft or up/down stairs)~~	~~$3.30~~	~~$3.35~~	~~$3.45~~	~~$3.55~~
~~Roll Out, Container (<3 CY)~~	~~$9.55~~	~~$9.70~~	~~$9.95~~	~~$10.20~~
~~Reposition, Container (>2 CY)~~	~~$9.55~~	~~$9.70~~	~~$9.95~~	~~$10.20~~
~~Entering Secured Buildings~~	~~$6.50~~	~~$6.60~~	~~$6.75~~	~~$6.95~~
~~**Container Special Services:**~~				
~~Detachable Container Washing and Steam Cleaning, per Container~~	~~$48.55~~	~~$49.30~~	~~$50.60~~	~~$51.90~~
~~Drop Box Washing and Steam Cleaning, per Drop Box~~	~~$64.65~~	~~$65.60~~	~~$67.30~~	~~$69.05~~

~~Can/Cart Pressure Washing~~	~~$12.90~~	~~$13.10~~	~~$13.45~~	~~$13.80~~
~~**Compactor/Drop Box Special Services:**~~				
~~Compactor Disconnect/Reconnect Cycle~~	~~$54.95~~	~~$55.75~~	~~$57.20~~	~~$58.70~~
~~Dry Run~~	~~$113.20~~	~~$114.90~~	~~$117.90~~	~~$120.95~~
~~**Other Ancillary Services:**~~				
~~Hourly Paid Special, Truck and Driver~~	~~$291.10~~	~~$295.45~~	~~$303.15~~	~~$311.05~~
~~Hourly Paid Special, Swamper~~	~~$96.90~~	~~$98.35~~	~~$100.90~~	~~$103.50~~))

Type of Service	**Effective through March 31, 2026**	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
Deliveries/Pickups/Swap-outs:				
Can/Toter	$34.60	$35.75	$36.95	$38.15
Detachable Container	$41.55	$42.90	$44.30	$45.75
Drop Box (2-8 CY)	$55.15	$56.95	$58.85	$60.80
Drop Box (10-40 CY)	$86.50	$89.35	$92.30	$95.35
Pickup Ancillary Services:				
Can/Cart Roll Out (>50 ft or up/down stairs)	$3.55	$3.70	$3.85	$4.00
Roll Out, Container (<3 CY)	$10.20	$10.55	$10.90	$11.25
Reposition, Container (>2 CY)	$10.20	$10.55	$10.90	$11.25
Entering Secured Buildings	$6.95	$7.20	$7.45	$7.70
Container Special Services:				
Detachable Container Washing and Steam Cleaning, per Container	$51.90	$53.60	$55.35	$57.20
Drop Box Washing and Steam Cleaning, per Drop Box	$69.05	$71.35	$73.70	$76.15
Can/Cart Pressure Washing	$13.80	$14.25	$14.70	$15.20
Compactor/Drop Box Special Services:				
Compactor Disconnect/Reconnect Cycle	$58.70	$60.65	$62.65	$64.70
Dry Run	$120.95	$124.95	$129.05	$133.30
Other Ancillary Services:				
Hourly Paid Special, Truck and Driver	$311.05	$321.30	$331.90	$342.85
Hourly Paid Special, Swamper	$103.50	$106.90	$110.45	$114.10

Section 3. Section 21.40.070 of the Seattle Municipal Code, last amended by Ordinance 126689, is amended as follows:

21.40.070 Commercial collection rates and charges

A. Commercial solid waste service rates and charges. There is imposed upon all commercial establishments in the City receiving container or drop service from one of the City's contract collectors of commercial solid waste or one of the City's contract collectors of commercial compostable waste the following schedule of rates and charges:

1. Account charges. In addition to any fees for service charged to commercial establishments, per the provisions of this subsection 21.40.070.A, a fixed fee will be charged to each commercial solid waste account, according to the following schedule:

((~~Effective through March 31, 2023: $31.20~~

~~Effective April 1, 2023: $31.65~~

~~Effective April 1, 2024: $32.45~~

~~Effective April 1, 2025: $33.30~~))

Effective through March 31, 2026: $33.30

Effective April 1, 2026: $34.40

Effective April 1, 2027: $35.55

Effective April 1, 2028: $36.70

2. Container service rates. The following charges shall apply to commercial establishments receiving container service for solid waste. Compostable waste container service rates shall be 32 percent less than the corresponding rate for primary container service for solid waste (the basic service charge including container rent multiplied by 0.68), plus any applicable taxes. Commercial container service customers may subscribe to one or more residential can curbside/alley compostable waste collection services per the terms of

subsection ((~~21.40.050.A.8~~)) 21.40.050.A.9.

The charge for each detachable container will be calculated in accordance with the following formula:

(A*m) + ((B*cy)*m), where:

A = Trip rate

B = Volume rate

m = number of pickups per month

cy = number of cubic yards picked up at each collection

The following trip and volume rates will apply for uncompacted or compacted material:

	((~~Effective through March 31, 2023~~	~~Effective April 1, 2023~~	~~Effective April 1, 2024~~	~~Effective April 1, 2025~~
~~Trip Rate~~	~~$20.30~~	~~$20.60~~	~~$21.15~~	~~$21.70~~
~~Uncompacted Volume Rate~~	~~$34.35~~	~~$34.85~~	~~$35.75~~	~~$36.70~~
~~Compacted Volume Rate~~	~~$69.75~~	~~$70.80~~	~~$72.65~~	~~$74.55~~))

	Effective through March 31, 2026	Effective April 1, 2026	Effective April 1, 2027	Effective April 1, 2028
Trip Rate	$21.70	$22.40	$23.15	$23.90
Uncompacted Volume Rate	$36.70	$37.90	$39.15	$40.45
Compacted Volume Rate	$74.55	$77.00	$79.55	$82.20

3. Pre-paid bag service. Customers located in specific areas designated by Seattle Public Utilities, and who permanently store garbage containers in the right-of-way, will be required to subscribe to pre-paid bag service, in lieu of detachable container service, for garbage and rubbish collection and disposal, subject to the following charges:

	((~~Effective through March 31, 2023~~	~~Effective April 1, 2023~~	~~Effective April 1, 2024~~	~~Effective April 1, 2025~~
~~15 gallon bag~~	~~$5.55~~	~~$5.65~~	~~$5.80~~	~~$5.95~~
~~30 gallon bag~~	~~$7.90~~	~~$8.00~~	~~$8.20~~	~~$8.40~~))

	Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
15 gallon bag	$5.95	$6.15	$6.35	$6.55
30 gallon bag	$8.40	$8.70	$9.00	$9.30

Customers required to subscribe to pre-paid bag garbage service may also subscribe to either residential can curbside/alley compostable waste collection service per the terms of subsection ((~~21.40.050.A.8~~)) 21.40.050.A.9 or pre-paid bag compostable waste collection service, at rates which shall be 32 percent less than the rates specified above for pre-paid bag garbage collection. Yardwaste shall not be mixed with garbage, refuse, or rubbish for disposal. Compostable waste service is optional.

Bags set out for collection that are not pre-paid shall be charged at the rate for extra bundles, per subsection 21.40.070.A.6.

4. Special container pickup charges. Special collections will be charged at 130 percent of the rate for a single pickup of the same size detachable container, per subsection 21.40.070.A.2.

5. Can-unit pickup rates. Customers receiving regularly scheduled can-unit pickup service for one or more cans will be charged according to the following schedule:

	((~~Effective through March 31, 2023~~	**~~Effective April 1, 2023~~**	**~~Effective April 1, 2024~~**	**~~Effective April 1, 2025~~**
~~Per 10-20 gallon can pickup~~	~~$9.05~~	~~$9.20~~	~~$9.45~~	~~$9.70~~
~~Per 32 gallon can pickup~~	~~$13.15~~	~~$13.35~~	~~$13.70~~	~~$14.05~~
~~Per 60-65 gallon can pickup~~	~~$25.80~~	~~$26.20~~	~~$26.90~~	~~$27.60~~
~~Per 90-96 gallon can pickup~~	~~$30.30~~	~~$30.75~~	~~$31.55~~	~~$32.35~~))

	Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
Per 10-20 gallon can pickup	$9.70	$10.00	$10.35	$10.70
Per 32 gallon can pickup	$14.05	$14.50	$15.00	$15.50
Per 60-65 gallon can pickup	$27.60	$28.50	$29.45	$30.40
Per 90-96 gallon can pickup	$32.35	$33.40	$34.50	$35.65

When a set number of units are serviced each week, the customer may be billed at a flat monthly collection

charge equal to 4.33 times the applicable unit rate, times the number of units serviced each week.

Special collections will be charged at 130 percent of the rate for a single pickup of the same size container, per the rates listed in this subsection 21.40.070.A.

6. Extra garbage and bulky waste collection. The charges for extra garbage collection will be assessed per bundle. Any such charges will be in addition to the customer's regular container collection service charges.

((~~Effective through March 31, 2023: $13.05 per bundle~~

~~Effective April 1, 2023: $13.25 per bundle~~

~~Effective April 1, 2024: $13.60 per bundle~~

~~Effective April 1, 2025: $13.95 per bundle~~))

Effective through March 31, 2026: $13.95 per bundle

Effective April 1, 2026: $14.40 per bundle

Effective April 1, 2027: $14.90 per bundle

Effective April 1, 2028: $15.40 per bundle

Bulky waste and white goods pickup. Charges for the pickup of bulky waste and white goods, as well as additional charges for items containing hazardous waste such as chlorofluorocarbons (CFCs), shall be billed as follows:

	((~~Effective January 1, 2011~~
~~Bulky Waste/White Goods Pickup (per item)~~	~~$30.00~~
~~Hazardous Waste Charge (per item)~~	~~$8.00~~))

	Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
Bulky/White Goods Pickup (per item)	$30.00	$31.00	$32.00	$33.00
Hazardous Waste Charge (per item)	$8.00	$8.25	$8.55	$8.80

7. Overload container charges. A container whose contents exceed 1 foot above the top of the container will be charged at the applicable extra garbage collection rate, per subsection 21.40.070.A.6.

8. Drop box service rates. The following charges shall apply to commercial establishments receiving drop box service for solid waste. Compostable waste container service rates shall be 32 percent less than the corresponding rate for drop box service for solid waste (the basic service charge multiplied by 0.68).

The following price schedules shall apply for drop box service for both compacted and noncompacted material:

	~~((Effective through March 31, 2023~~	~~Effective April 1, 2023~~	~~Effective April 1, 2024~~	~~Effective April 1, 2025~~
~~**Permanent Account Pickup**~~				
~~Up to 8 cu yd~~	~~$191.90~~	~~$194.80~~	~~$199.85~~	~~$205.05~~
~~Over 8 cu yd~~	~~$257.65~~	~~$261.50~~	~~$268.30~~	~~$275.30~~
~~**Special/Temporary Pickup**~~				
~~Up to 8 cu yd~~	~~$211.15~~	~~$214.30~~	~~$219.85~~	~~$225.55~~
~~Over 8 cu yd~~	~~$283.40~~	~~$287.65~~	~~$295.15~~	~~$302.80~~
~~**Monthly Account/Rental**~~	~~$133.45~~	~~$135.45~~	~~$138.95~~	~~$142.55~~))

	Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
Permanent Account Pickup				
Up to 8 cu yd	$205.05	$211.80	$218.80	$226.00
Over 8 cu yd	$275.30	$284.40	$293.80	$303.50
Special/Temporary Pickup				
Up to 8 cu yd	$225.55	$233.00	$240.70	$248.65
Over 8 cu yd	$302.80	$312.80	$323.10	$333.75
Monthly Account/Rental	$142.55	$147.25	$152.10	$157.10

9. Ancillary and elective (A&E) service charges. The following charges shall apply to commercial establishments receiving any of the A&E services listed in the table below:

	~~((Effective through March 31, 2023~~	~~Effective April 1, 2023~~	~~Effective April 1, 2024~~	~~Effective April 1, 2025~~
~~**Deliveries/Pickups/Swap-outs:**~~				

~~Can/Toter~~	~~$32.35~~	~~$32.85~~	~~$33.70~~	~~$34.60~~
~~Detachable Container~~	~~$38.85~~	~~$39.45~~	~~$40.50~~	~~$41.55~~
~~Drop Box (2-8 CY)~~	~~$51.65~~	~~$52.40~~	~~$53.75~~	~~$55.15~~
~~Drop Box (10-40 CY)~~	~~$80.95~~	~~$82.15~~	~~$84.30~~	~~$86.50~~
~~**Pickup Ancillary Services:**~~				
~~Can/Cart Roll Out (>50 fit or up/down stairs)~~	~~$3.30~~	~~$3.35~~	~~$3.45~~	~~$3.55~~
~~Roll Out, Container (<3 CY)~~	~~$9.55~~	~~$9.70~~	~~$9.95~~	~~$10.20~~
~~Reposition, Container (>2 CY)~~	~~$9.55~~	~~$9.70~~	~~$9.95~~	~~$10.20~~
~~Entering Secured Buildings~~	~~$6.50~~	~~$6.60~~	~~$6.75~~	~~$6.95~~
~~**Container Special Services:**~~				
~~Detachable Container Washing and Steam Cleaning, per Container~~	~~$48.55~~	~~$49.30~~	~~$50.60~~	~~$51.90~~
~~Drop Box Washing and Steam Cleaning, per Drop Box~~	~~$64.65~~	~~$65.60~~	~~$67.30~~	~~$69.05~~
~~Can/Cart Pressure Washing~~	~~$12.90~~	~~$13.10~~	~~$13.45~~	~~$13.80~~
~~**Compactor/Drop Box Special Services:**~~				
~~Compactor Disconnect/Cycle~~	~~$54.95~~	~~$55.75~~	~~$57.20~~	~~$58.70~~
~~Dry Run~~	~~$113.20~~	~~$114.90~~	~~$117.90~~	~~$120.95~~
~~**Other Ancillary Services:**~~				
~~Hourly Paid Special, Truck and Driver~~	~~$291.10~~	~~$295.45~~	~~$303.15~~	~~$311.05~~
~~Hourly Paid Special, Swamper~~	~~$96.90~~	~~$98.35~~	~~$100.90~~	~~$103.50~~))

	Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
Deliveries/Pickups/Swap-outs:				
Can/Toter	$34.60	$35.75	$36.95	$38.15
Detachable Container	$41.55	$42.90	$44.30	$45.75
Drop Box (2-8 CY)	$55.15	$56.95	$58.85	$60.80
Drop Box (10-40 CY)	$86.50	$89.35	$92.30	$95.35
Pickup Ancillary Services:				
Can/Cart Roll Out (>50 fit or up/down stairs)	$3.55	$3.70	$3.85	$4.00
Roll Out, Container (<3 CY)	$10.20	$10.55	$10.90	$11.25
Reposition, Container (>2 CY)	$10.20	$10.55	$10.90	$11.25
Entering Secured Buildings	$6.95	$7.20	$7.45	$7.70
Container Special Services:				

Detachable Container Washing and Steam Cleaning, per Container	$51.90	$53.60	$55.35	$57.20
Drop Box Washing and Steam Cleaning, per Drop Box	$69.05	$71.35	$73.70	$76.15
Can/Cart Pressure Washing	$13.80	$14.25	$14.70	$15.20
Compactor/Drop Box Special Services:				
Compactor Disconnect/Reconnect Cycle	$58.70	$60.65	$62.65	$64.70
Dry Run	$120.95	$124.95	$129.05	$133.30
Other Ancillary Services:				
Hourly Paid Special, Truck and Driver	$311.05	$321.30	$331.90	$342.85
Hourly Paid Special, Swamper	$103.50	$106.90	$110.45	$114.10

10. Disposal fee for MSW and processing fee for compostable waste drop box service. Disposal fees for MSW drop box service shall be assessed on each MSW drop box load at the rates set forth below, measured on a per tip basis rounded to the next highest 0.01 ton.

((~~Effective through March 31, 2023: $219.75 per ton~~

~~Effective April 1, 2023: $223.05 per ton~~

~~Effective April 1, 2024: $228.85 per ton~~

~~Effective April 1, 2025: $234.80 per ton~~))

Effective through March 31, 2026: $234.80 per ton

Effective April 1, 2026: $242.55 per ton

Effective April 1, 2027: $250.55 per ton

Effective April 1, 2028: $258.80 per ton

Processing fees for compostable waste drop box service shall be assessed on each compostable waste drop box load and measured on a per tip basis rounded to the next highest 0.01 ton. Charges for this service shall be as follows:

((~~Effective through March 31, 2023: $110.00 per ton~~

~~Effective April 1, 2023: $111.65 per ton~~

~~Effective April 1, 2024: $114.55 per ton~~

~~Effective April 1, 2025: $117.55 per ton~~))

Effective through March 31, 2026: $117.55 per ton

Effective April 1, 2026: $121.45 per ton

Effective April 1, 2027: $125.45 per ton

Effective April 1, 2028: $129.60 per ton

11. Payment of charges-Delinquency and lien

a. Collection and disposal charges shall be against the premises served, and when such charges have not been paid within 90 days after billing, service shall be discontinued and the charges may constitute a lien against the premises served. Notice of the City's lien specifying the amount due and the period covered and giving the legal description of the premises sought to be charged may be filed with the County Auditor within the time required and may be foreclosed in the manner and within the time prescribed for liens for labor and material, as authorized by RCW 35.21.140.

b. Penalty interest at the rate of 12 percent per year, computed monthly, shall be added to collection and disposal charges that become delinquent. Penalty interest shall be imposed on all such charges that remain unpaid 30 days after their bill date and shall continue until such charges are paid.

* * *

Section 4. Section 21.40.080 of the Seattle Municipal Code, last amended by Ordinance 126689, is amended as follows:

21.40.080 Recycling and disposal station rates

A. Basic rates

The following charges will apply at the City's recycling and disposal stations.

The per ton rate, subject to the minimum charge, will apply to all vehicles.

		((~~**Effective through March 31, 2023**~~	~~**Effective April 1, 2023**~~
~~Recyclables~~		~~No Charge~~	~~No Charge~~
~~Garbage~~	~~per ton~~	~~$157~~	~~$165~~
	~~minimum rate~~	~~$33~~	~~$35~~
~~Yard Waste~~	~~per ton~~	~~$119~~	~~$125~~
	~~minimum rate~~	~~$23~~	~~$24~~
~~Wood Waste~~	~~per ton~~	~~$119~~	~~$125~~
	~~minimum rate~~	~~$22~~	~~$24~~
~~Tires (maximum of four~~	~~per load~~	~~$14~~	~~$15~~
~~Appliances (maximum o~~	~~per appliance~~	~~$30~~	~~$32~~
	~~per appliance if included with garbage~~	~~$8~~	~~$9~~))

		Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
Recyclables*		No Charge	No Charge	No Charge	No Charge
Garbage	per ton	$165	$174	$183	$193
	minimum	$35	$37	$39	$41
Yard Wast	per ton	$125	$132	$139	$146
	minimum	$24	$25	$27	$28
Wood Was	per ton	$125	$132	$139	$146
	minimum	$24	$25	$27	$28
Tires (maximum four per lo	per load	$15	$16	$17	$18
Appliance (maximum two per loa	per appliar	$32	$34	$36	$38
	per appliar included w garbage	$9	$9	$10	$11

*Contaminant-free clean recyclables

* * *

D. Charitable organizations reusing goods

1. Qualified charitable organizations shall be charged on an ongoing basis, rather than on an occasional or incidental basis, for the disposal of refuse generated within Seattle only, that is deposited at City recycling and disposal stations, at the following rates.

((~~Effective through March 31, 2023: $89.50 per ton~~

~~Effective April 1, 2023: $94.00 per ton~~))

Effective through March 31, 2026: $94.00 per ton

Effective April 1, 2026: $99.20 per ton

Effective April 1, 2027: $104.30 per ton

Effective April 1, 2028: $110.00 per ton

2. Qualified charitable organizations may dispose of white goods at no charge under the following conditions:

a. White goods must be delivered directly to the City's selected vendor for white good processing ("vendor").

b. By the tenth of each month, the qualified charitable organization must provide Seattle Public Utilities with dated receipts from the vendor for all of the white goods disposed of in the previous month.

c. The number of white goods disposed of in a calendar year may not exceed the average the number of white goods delivered to City recycling and disposal stations by the qualified charitable organization in 1997 and 1998. If the ((~~above~~)) conditions listed in subsections 21.40.080.D.2.a and 21.40.080.D.2.b are not met or if limits set forth in this subsection 21.40.080.D.2.c are exceeded, qualified charitable organizations shall be charged at a per-unit rate equal to that established by contract between the City and its selected vendor.

3. For purposes of this subsection 21.40.080.D, a charitable organization shall be considered a

qualified charitable organization if found by the General Manager/CEO of Seattle Public Utilities, or the General Manager/CEO's authorized agent, after application by such organization to the General Manager/CEO, to:

a. Be a credit customer of Seattle Public Utilities;

b. Be a nonprofit charitable organization recognized as such by the Internal Revenue Service; and

c. Be engaged, as a primary form of its doing business, in processing abandoned goods for resale or reuse.

* * *

H. The Seattle Housing Authority shall be charged for the disposal of up to 5,800 tons per calendar year of refuse that is deposited at City recycling and disposal stations, at the following rates.

((~~Effective through March 31, 2023: $89.50 per ton~~

~~Effective April 1, 2023: $94.00 per ton~~))

Effective through March 31, 2026: $94.00 per ton

Effective April 1, 2026: $99.20 per ton

Effective April 1, 2027: $104.30 per ton

Effective April 1, 2028: $110.00 per ton

If the actual tons delivered in a calendar year exceed this maximum, the Seattle Housing Authority shall be charged the per ton rate for refuse set forth in subsection 21.40.080.A for the additional tons.

* * *

Section 5. Subsection 21.40.085.A of the Seattle Municipal Code, which section was last amended by Ordinance 125985, is amended as follows:

21.40.085 Commercial railyard rate

A. Nonresidential, non-contract solid waste generated within the City and directed by the City to the

Argo Yard or its successor facility for transport and disposal shall be charged at the following rates per ton, with the specified total minimum charges per disposal:

~~((Effective date~~	~~Per ton rate~~	~~Total minimum charge~~
~~Effective through March 31, 2023~~	~~$140.55~~	~~$3,511.80~~
~~April 1, 2023~~	~~$142.70~~	~~$3,567.50~~
~~April 1, 2024~~	~~$146.45~~	~~$3,661.25~~
~~April 1, 2025~~	~~$150.30~~	~~$3,757.50~~))

Effective date	Per ton rate	Total minimum charge
Effective through March 31, 2026	$150.30	$3,757.50
April 1, 2026	$155.30	$3,881.50
April 1, 2027	$160.45	$4,009.60
April 1, 2028	$165.75	$4,141.95

* * *

Section 6. Subsection 21.76.040.B of the Seattle Municipal Code, which section was last amended by Ordinance 126909, is amended as follows:

21.76.040 Rate discounts

* * *

B. Solid waste. Certified customers billed directly for Seattle Public Utilities solid waste services shall receive a rate discount equal to 0.5 times the total current residential garbage can or detachable container and compostable waste collection charges. Certified customers who pay for solid waste services indirectly through their rent shall receive the following rate credits based on type of collection service and consistent with Section 21.76.050:

	~~((Effective through March 31, 2023~~	~~Effective April 1, 2023~~	~~Effective April 1, 2024~~	~~Effective April 1, 2025~~
~~Garbage can customers~~	~~$21.10~~	~~$21.40~~	~~$21.95~~	~~$22.50~~
~~Detachable container customers~~	~~$17.20~~	~~$17.45~~	~~$17.90~~	~~$18.35~~
~~Yard waste customers~~	~~$6.80~~	~~$6.90~~	~~$7.10~~	~~$7.30~~))

	Effective through March 31, 2026	**Effective April 1, 2026**	**Effective April 1, 2027**	**Effective April 1, 2028**
Garbage can customers	$22.50	$23.25	$24.00	$24.80
Detachable container customers	$18.35	$18.95	$19.60	$20.25
Yard waste customers	$7.30	$7.55	$7.80	$8.05

* * *

Section 7. Section 21.36.010 of the Seattle Municipal Code, last amended by Ordinance 122446, is amended as follows:

21.36.010 Definitions A-B((.))

* * *

7. "Asbestos material" means any material containing at least one (((~~1~~))) percent asbestos ((~~as determined by polarized light microscopy using the Interim Method of the Determination of Asbestos in Bulk Insulation Samples contained in Appendix A of Subpart F in 40 C.F.R. Part 763~~)), unless it can be demonstrated that the material does not release asbestos fibers when crumbled, pulverized or otherwise disturbed.

8. "Asbestos-containing waste material" means any waste that contains asbestos. This term includes asbestos waste from control devices, contaminated clothing, asbestos waste material, materials used to enclose the work area during an asbestos project, and bags or containers that previously contained asbestos.

9. “Battery bag” means a 1 gallon plastic bag containing household batteries commonly used in household items such as remote controls, flashlights, clocks, toys, smoke detectors, cameras, and cordless phones.

* * *

13. "Bundle-of-yardwaste" means ((~~"~~))yardwaste((~~" defined in Section 21.36.016~~)) that is placed in a container or securely tied so that none of the ((~~material~~)) yardwaste blows away or falls out upon lifting and so that ((~~it~~)) the yardwaste is not easily broken apart. Its longest dimension may not exceed ((~~four~~ ()) 4 ((~~)~~)) feet in

length; its diameter may not be over ((~~two (~~)) 2 ((~~)~~)) feet; and its weight may not exceed ((~~sixty (~~)) 60 ((~~)~~)) pounds.

Section 8. Section 21.36.012 of the Seattle Municipal Code, last amended by Ordinance 122844, is amended as follows:

21.36.012 Definitions C-E ((~~.~~))

* * *

18. "Dangerous waste" means those solid wastes designated in WAC 173-303-070 through WAC ((~~173-303-103~~)) 173-303-102 as dangerous or extremely hazardous waste.

* * *

25. "Electronics" means items no greater than 2 feet by 2 feet by 2 feet such as household batteries, televisions, computer equipment, radios, calculators, video and audio equipment, phones, cameras, and similar electronic devices ((~~which~~)) , that contain circuit boards. Electronics are ((~~further defined~~)) classified as ((~~"hand-held" Electronics, which are Electronics that are~~)) : hand-held if they are held in the hand, such as phones, cameras, and hand-held music players((~~, etc~~)); ((~~"screened" Electronics, which are Electronics with screens~~)) screened if they contain screens, such as ((~~TV's,~~)) televisions and computer monitors((~~, etc.~~)); and ((~~"other" Electronics which are Electronics that~~)) other if they are not held-held or screened, such as ((~~CPU's~~)) CPUs, keyboards, table radios, and DVD players((~~, etc~~)). Electronics do not include speakers, small appliances, or other household products.

* * *

Section 9. Section 21.36.016 of the Seattle Municipal Code, last amended by Ordinance 122842, is amended as follows:

21.36.016 Definitions R-Z((~~.~~))

* * *

15. "Special ((~~Event Service~~)) event service" means services requiring container and/or drop box

delivery and pickup at events ((~~which~~)) that serve the general public with a duration of one (((~~1~~))) week or less, and which are not part of a series of events sponsored by the same customer. Examples of qualifying events include Bumbershoot, Folklife, and Seafair. Payment for services will include daily rental, time rates, disposal charges ((~~as well as~~)) , and applicable taxes.

16. "Special items box" means a box no greater than 2 feet by 2 feet by 2 feet for multiple small special items (electronics, household batteries, small appliances, etc.) with a maximum weight limit of 60 pounds.

* * *

Section 10. This ordinance does not affect any existing right acquired or liability or obligation incurred under the sections amended or repealed in this ordinance or under any rule or order adopted under those sections, nor does it affect any proceeding instituted under those sections.

Section 11. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of its application to any person or circumstance, does not affect the validity of the remainder of this ordinance or the validity of its application to other persons or circumstances.

Section 12. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the _____ day of _____, 2025, and signed by me in open session in authentication of its passage this _____ day of _____, 2025.

_____

President _____ of the City Council

Approved / returned unsigned / vetoed this ____day of _____, 2025.

_____

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2025.

_____

Scheereen Dedman, City Clerk

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Seattle Public Utilities	Spencer Huang	Akshay Iyengar

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the solid waste system of Seattle Public Utilities; revising rates and charges for solid waste services; revising credits to low-income customers for solid waste services; and amending Sections 21.36.010, 21.36.012, 21.36.016, 21.40.050, 21.40.060, 21.40.070, 21.40.080, 21.40.085, and 21.76.040 of the Seattle Municipal Code.

Summary and Background of the Legislation: The ordinance would adjust Seattle Public Utilities' solid waste rates on April 1st of 2026, 2027, and 2028. Rate adjustments were last approved in 2022 for the years 2023, 2024 and 2025. The ordinance proposes the following increases to most residential and commercial solid waste rates on April 1st of each year: 3.3% in 2026, 3.3% in 2027, and 3.3% in 2028. Transfer station rates will be increased on April 1st of each year: 5.2% in 2026, 5.2% in 2027, and 5.2% in 2028.

The proposed rate increases would fund operating expenses, completion of planned capital projects, and account for uncertainty during the rate period. The proposed rate adjustments are consistent with the average overall rate path of 4.7% per year as approved by the City Council through the Seattle Public Utilities Strategic Business Plan in 2024.This legislation also adjusts credits for low-income customers through the Utility Discount Program (UDP).

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ **Yes** ☒ **No**

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? ☒ **Yes** ☐ **No**

Revenue Change ($); General Fund	**2025**	**2026 est.**	**2027 est.**	**2028 est.**
	$0	$903,586	$929,520	$956,219
Revenue Change ($); Other Funds	**2025**	**2026 est.**	**2027 est.**	**2028 est.**
	$0	$6,903,893	$12,273,508	$10,391,385

3.a. Appropriations

☐ **This legislation adds, changes, or deletes appropriations.**

3.b. Revenues/Reimbursements

☒ **This legislation adds, changes, or deletes revenues or reimbursements.**

Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept	Revenue Source	2025 Revenue	2026 Estimated Revenue
General Fund			No Change	$903,586
SWF – 45010	SPU	Rates	No Change	$6,903,893
TOTAL				$7,807,479

Revenue/Reimbursement Notes: 2026 revenues are estimates.

3.c. Positions

☐ **This legislation adds, changes, or deletes positions.**

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.
Several City departments incur solid waste costs. These costs will change commensurate with the rate changes proposed in this legislation.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.
N/A.

Please describe any financial costs or other impacts of *not* implementing the legislation.
The Solid Waste Fund would not fully recover the cost of its business operations and meet its financial policy targets.

Please describe how this legislation may affect any City departments other than the originating department.
Several City departments incur solid waste costs. These costs will change commensurate with the rate changes proposed in this legislation. Utility Tax payments to the general fund will increase.

4. OTHER IMPLICATIONS

a. Is a public hearing required for this legislation? No

b. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation? Yes. RCW 35.21.157 requires cities that contract for the collection of solid waste, or provide for the collection of solid waste directly, notify the public of proposed rate increases.

c. Does this legislation affect a piece of property? No.

d. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.
This legislation includes increased funding to the Utility Discount Program that provides rate relief to low-income customers**.**

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.

iii. What is the Language Access Plan for any communications to the public?
SPU does extensive outreach for the Strategic Business Plan. The rate path in this legislation is consistent with the rate path outlined in the SBP. SBP outreach includes a significant Ethnic Media component with in-language advertising targeting Spanish, Chinese, Korean, and Somali speakers.

e. Climate Change Implications

i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.
N/A.

ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.
N/A.

f. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?
N/A.

g. Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?
N/A.

5. ATTACHMENTS

Summary Attachments:
Summary Exhibit A – 2026-2028 Solid Waste Rate Study

EXHIBIT A

Seattle Public Utilities
2026-2028
Solid Waste Rate Study

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PREFACE - STRATEGIC BUSINESS PLAN COMPARISON

Seattle City Council Resolution 32136, passed September 3, 2024, adopted a six-year Strategic Business Plan (SBP) for Seattle Public Utilities (SPU) which guides utility investments, service levels, and rate paths through 2030. While not a formal rate package, the SBP does give guidance and create accountability for the rate setting process. Table 0-1 compares the overall solid waste increases for 2026-2028 proposed as part of this legislation with those in the SBP.

Table 0-1 Comparison of Overall Solid Waste Weighted Average Rate Increases, 2026-2028

	2026	2027	2028
Strategic Business Plan	*3.1%*	*3.4%*	*3.4%*
Proposed	**3.2%**	**3.5%**	**3.5%**

During this time, there have been changes to the proposed increases on an annual basis, but the total increases during the overall 2026-2028 rate period stay relatively unchanged.

1. EXECUTIVE SUMMARY

Seattle Public Utilities (SPU) provides solid waste services to residences and businesses in the City of Seattle ("City") through the Solid Waste Fund (SWF). The SWF is supported almost entirely by utility fee revenue. Solid waste customers are either billed by SPU (residential customers) or by collection contractors (commercial customers). Contractors pick up garbage, recyclables, and organics from residences and business and deliver garbage and organics to SPU's transfer stations and recyclables to a contractor recycling facility in SODO. SPU transfers garbage from the transfer stations to a railhead for transport to a contracted disposal site in Oregon. Organics are either picked up by processing contractors or delivered by SPU to contractor-owned sites. In addition, SPU, through the SWF, oversees the City's Clean City program, provides conservation programs and outreach, oversees hazardous waste disposal programs in conjunction with King County, and maintains and rehabilitates historic landfill sites.

Residential and commercial rates were last increased by 1.5 percent on April 1, 2023, 2.6 percent on April 1, 2024, and 2.6 percent on April 1, 2025 as part of the 2023-2025 Solid Waste Rate Study. Transfer Station rates last increased by 5.1 percent on April 1, 2023.

Key elements of the current rate proposal include:

1. **Shifting Demand**: Solid waste demand has gradually shifted back to pre-COVID-19 pandemic levels. Residential and commercial demand have recovered since 2022, showing strong resiliency. The current projections for solid waste demand during the rate study period continue to project stable revenues as well as accounting for the shift to multifamily housing.

2. **Update to Major Contracts:** The utility has two major contracts that need to be renewed during this rate period: recycling processing in 2027 and long-haul disposal in 2028. Due to the current macroeconomic setting and additional improvements requested, SPU anticipates both new contracts to come with cost increases.

3. **Completion of Major Capital Facilities:** During this rate period, SPU will commence, build, and enter service phase two of the South Transfer Station. The impact on rates of higher capital spending is substantially offset by the availability of high cash reserves entering the rate period.

4. **Redemption of Outstanding Debt:** SPU developed a plan in 2023, identifying an opportunity for savings through debt retirement. Assuming proper market conditions, $131 million in cash will be used from 2024-2029 to retire the SWF's outstanding debt by 2030, resulting in interest savings of almost $30 million.

1.1 Rate Drivers

Changes in Demand Forecast

Customer counts and subscription levels affect revenues and costs. The impact on rates is incorporated into the tables below.

Contracts, Operations and Maintenance, and Taxes

The current inflationary environment is accompanied by higher contract expense. Contract costs are expected to increase with demand in addition to inflation. For this study, the City's inflationary estimates are utilized. By 2026 contract expenses are expected to be $152.0 million, a $6.4 million increase from the prior year. O&M in 2026 is expected to be $65.9 million, a $4.0 million increase from 2025 projections. Total taxes paid will rise slightly as revenues increase.

Capital Financing

Annual capital financing expense is projected to be relatively high during this rate period, with large capital projects entering the construction phase. Current projections are $19.8 million in 2026, $21.2 million in 2027, and $14.4 million in 2028, with exclusive use of operating cash to fund expenses for the rate period. Cash reserves will be used to finance the CIP through the rate period (see Other Funding Sources below).

Other Funding Sources

Other funding sources include asset sales, recycling commodity revenue, miscellaneous revenues, Rate Stabilization Fund (RSF) withdrawals, and cash contributions. Cash reserves built up during the prior rate period combined with excess revenues generated by meeting the debt service coverage ratio (DSC) binding constraints will be used to fund capital expense. There are no RSF transactions anticipated during the 2026-2028 period. Recycling commodity revenue has recovered since the 2018 recycling ban and the Covid-19 period, and stable commodity rates are expected to continue throughout the proposed rate study period.

Special Item Pickup Service

Seattle Public Utilities will introduce a new special item pickup service during the next rate period to expand solid waste offerings and support landfill diversion, as well as enforcing electronic waste and battery bans. The service will roll out in phases to allow time for customer outreach, billing system updates, and contractor capacity planning. In 2026, residential customers will receive one special item box and one battery collection bag. In 2027, the service will expand to include one large electronics box and one bulky furniture pickup. These services will be provided at no additional cost and are included in the current rates proposed.

1.2 Rate, Bill, and Financial Performance Impacts

Table 1-1 presents the change in the revenue requirement and the monthly impact of rate increases on typical residential can customers, a selection of dumpster customers, and self-haul customers.

The rate study proposes equal increases across residential and commercial rates of 3.3 percent on April 1, 2026; 3.3 percent on April 1, 2027; and 3.3 percent on April 1, 2028. Transfer station rates are proposed to increase 5.2 percent on April 1, 2026; 5.2 percent on April 1, 2027; and 5.2 percent on April 1, 2028.

Because the rate increase is only in effect for nine months of the year, an increase weighted for the April effective date is used. See Table 1-1.

Table 1-1: Proposed Solid Waste Revenue Requirements and Bill Impacts

	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
Rate Revenue Requirement *($ millions)*	$254.5	$263.5	$276.7	$288.1
Sample Bills				
Single-Family	$59.35	$61.30	$63.30	$65.40
32 gallon garbage, 96 gallon yardwaste, 96 gallon recycling				
Multi-Family	$683	$706	$729	$753
3 cubic yard detach, 96 gallon foodwaste, 3 cubic yard recycling, typical of a 30 unit building				
Commercial	$610	$630	$651	$672
3 cubic yard detach, option recycling, typical of a busy coffee shop or medium size restaurant				
Self-Haul, per ton	$157	$165	$165	$165
Self-Haul, minimum fee	$35	$37	$39	$41
Rate Increases				
Weighted Average		3.2%	3.5%	3.5%
April 1, Residential/Commercial		3.3%	3.3%	3.3%
April 1, Transfer Stations		5.2%	5.2%	5.2%

Solid Waste Fund (SWF) financial performance is projected to continue to remain stable during the proposed rate period. The proposed rate increases will continue to maintain this financial strength while providing the lowest rates possible. Table 1-2 displays the current and projected financial performance for the SWF.

Table 1-1: SWF Financial Policy Performance 2024-2029 ($ millions)

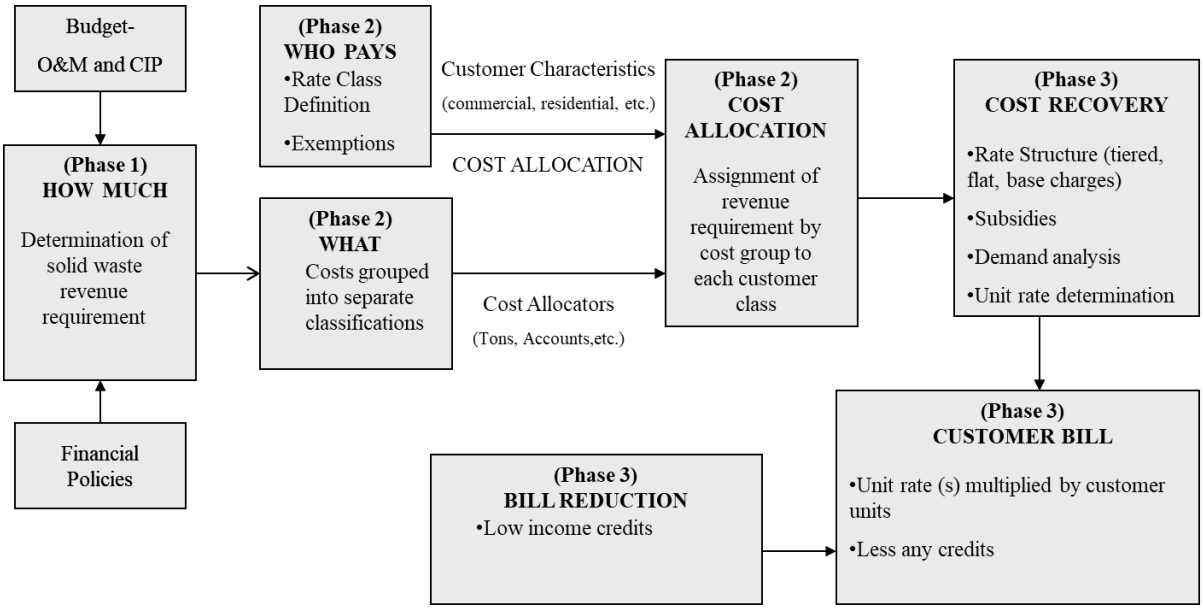
Policy	Target	2024 Actual	2025 Projected	2026 Proposed	2027 Proposed	2028 Proposed	2029 Estimated
Net Income	Generally Positive	**$62.5**	**$27.3**	**$17.7**	**$7.8**	**$0.5**	**$0.2**
Debt Service Coverage	1.7 (w Credit for Taxes)	**8.10**	**12.69**	**16.15**	**14.29**	**13.50**	**13.62**
	1.5 (w/o Credit for	**5.64**	**7.05**	**7.87**	**5.78**	**4.77**	**4.84**
Cash Balance Year End	Year-End Balance:	**$194.7**	**$184.2**	**$180.4**	**$171.5**	**$165.1**	**$145.0**
	20 days contract expense	*$7.6*	*$8.0*	*$8.3*	*$9.0*	*$9.6*	*$10.0*
	45 days operating	*$27.2*	*$30.5*	*$31.8*	*$33.8*	*$35.6*	*$36.9*
Cash Financing of CIP	10% or $2.5M ($2003)	**$7.3**	**$20.8**	**$19.8**	**$21.2**	**$14.4**	**$21.3**
	Minimum	*$4.1*	*$4.3*	*$4.4*	*$4.6*	*$4.7*	*$4.9*

2. INTRODUCTION

SPU finances the acquisition, operation, and maintenance of Seattle's solid waste system through the Solid Waste Fund (SWF). As an enterprise fund, the SWF functions like a self-supporting business that must generate operating revenues, predominately through user charges (rates), set to be sufficient to cover all operating costs and meet financial policy targets. This document provides a summary of the 2026-2028 Solid Waste Rate Study and outlines the financial and policy issues that go into calculating solid waste rates. The Solid Waste Comprehensive Plan, available on SPU's website, provides more information about the solid waste system in general.

2.1 Ratemaking Process Overview

The following diagram displays the phases involved in the development of solid waste rates:



Chapter 3 of this document discusses Phase 1 (Revenue Requirement). Chapter 4 addresses Phase 2 (Cost Allocation), while chapters 5 and 6 discuss Demand and Rate Design, which are included in Phase 3.

2.2 Rate Setting Objectives

To set rates, SPU considers several factors to help evaluate policy and rate design decisions under consideration.

- **Revenue Requirement:** Solid waste rates should be sufficient to meet the SWF's revenue requirement.
- **Equity:** Rates should reflect a fair apportionment of the different costs of providing service among groups of customers.
- **Customer Payment of Cost of Service:** Each customer class should generate sufficient revenue to cover both direct and indirect costs of service to the customer class over time.
- **Conservation:** The rate structure should encourage waste reduction and recycling activities.
- **Rate Stability:** The rate structure and level should be changed in an orderly manner over time.

- **Customer Understanding:** The rate structure should be clear and understandable to the customer.
- **Financial Stability:** Revenue recovery from rates and other revenue sources should ensure financial stability, consistent with financial policies of the City.
- **System and Administrative Costs:** The rate structures should minimize long and short-term administrative costs, including customer service, billing, and contract administration.
- **Rate Impact Mitigation:** Mitigation of the impacts of solid waste rate increases to certain customers based on social or economic factors may be considered and implemented.

2.3 Financial Policy Overview

Financial policies provide a guiding framework for rate setting for the solid waste utility. These policies represent a balance between the competing goals of fiscal conservatism through higher rates today and minimizing these same rates by spreading costs over time to future ratepayers. The direct effect of the policies is to determine the level at which solid waste rates shall be set, given estimated costs and demand, and to define the general manner in which the capital improvement program is to be financed.

The indirect effects of the policies are to:

- Shape the financial profile that the SWF presents to lenders and other members of the financial community;
- Establish the SWF's exposure to financial risk; and
- Allocate the SWF's costs between current and future ratepayers.

The current SWF financial policies were adopted by City Council in 2004 by Resolution 30695, except for the debt service coverage without credit for taxes policy which was adopted by Council in 2014 by Resolution 31516. The policies and associated targets are as follows:

Financial Policy Rate Impacts

In any future year, the minimum revenue requirement is the lowest amount of revenue necessary to simultaneously satisfy all financial policies in that year. Typically, rates are set to just meet all financial policies in each year, with the financial target requiring the most revenue defined as the binding constraint. For the current rate study, however, rates are set to keep rate increases relatively smooth over the three-year path. As a result, additional revenue is generated in 2026-2028 which is then used to increase cash financing of the capital program and pay off outstanding debt. Positive net income is projected to become the binding constraint in 2028.

Net Income

SPU targets generally positive net income. Positive net income is a contingency against projection variances and uncertainties regarding revenues. It is also a signal to bond rating agencies that the City is committed to establishing fees that cover costs.

Debt Service Coverage Ratio

A high debt service coverage ratio (DSC) assures that enough revenue is available to cover both debt payment obligations and ongoing operations.

The SWF has two coverage targets associated with two calculation methodologies:

- 1.7 times debt service cost in each year, with credit for City taxes
- 1.5 times debt service cost in each year, without credit for City taxes

The second policy was approved in 2014 to preserve the SWF's bond rating as the fund proceeded through its cyclical capital investment cycle. Under this policy, revenue used to pay taxes to the City is not considered available for making debt service payments. Under the bond covenant however, City taxes are subservient to debt payments.

Operating Cash Balance

The base policy is to maintain an operating cash balance of at least 20 days contract expense, sufficient cash on hand to pay operating expenses, taking into account the lag between cash disbursements and cash receipts, and to provide a reserve against projection variances. For 2024, the last year with actuals, contract costs for collection, transfer, and processing of solid waste were $139.2 million, resulting in a 20 days cash target of $7.6 million. In 2026 the cash target is projected to be $8.3 million.

Since 2015 SPU has sought to maintain higher year-end SWF cash balances on a planning basis, equivalent to 45 days of operating expense. The expectation is that this higher cash balance, combined with the more stringent debt service coverage ratio described above, will enable the SWF to better maintain its bond rating and will provide flexibility in case of financial hardship or major policy changes. Under this unofficial policy, the cash target for 2024 was $27.2 million. The projected cash target for 2026 is $31.7 million.

Cash Contribution to the Capital Improvement Program (CIP)

The Cash-to-CIP policy mandates a cash contribution to capital investment that is the greater of 10 percent of total CIP or $2.5 million in 2003 dollars (as adopted by Resolution 30695 in 2004). This policy mitigates rapid increase in debt and maintains a minimum investment into the system. The 2024 (last year of actuals) target, inflated from 2003 dollars, was $4.1 million. The 2026 target, the first year of the new rate period, is $4.4 million. SPU proposes, however, to maintain higher cash contribution levels to keep debt service coverage obligations low. Sufficient cash reserves and available revenue exist to finance the entirety of the 2026-2028 CIP without incurring any additional debt.

3. REVENUE REQUIREMENT

The Rates Revenue Requirement is the total revenue to be recovered each year from direct service rates. Rates revenues, together with other funding sources (operating cash reserves and non-rates revenues), cover Solid Waste system cash expenses and meet the SWF's financial policy requirements (see Section 3).

Table 3-1 summarizes changes in the components of the SWF rates revenue requirement from 2025 to 2028. The 2025 revenue requirement is from the 2023-2025 rate study and any changes represent changes from the assumptions made when the last rate study was completed.

Table 3-1: Components of the Change in the Solid Waste Revenue Requirement ($ millions)

	2025	2026		2027		2028	
	Adopted	Proposed	Change	Proposed	Change	Proposed	Change
Expenditures ($M)							
Operations & Maintenance (O&M)							
Contracts O&M	145.5	152.0	6.4	164.2	12.2	175.0	10.9
Other O&M	60.9	65.9	5.0	68.5	2.6	71.3	2.7
Total O&M	**206.5**	**217.9**	**11.4**	**232.7**	**14.8**	**246.3**	**13.6**
Taxes	**34.5**	**40.4**	**5.8**	**41.4**	**1.1**	**42.6**	**1.2**
Capital Financing							
Cash Financing (Target)	4.1	4.4	0.4	4.6	0.2	4.7	0.2
Cash Financing (Additional)	20.5	15.4	(5.2)	16.6	1.3	9.7	(7.0)
Debt Service	14.6	4.2	(10.4)	4.2	(0.0)	4.2	0.0
Total Capital Financing	**39.2**	**24.0**	**(15.2)**	**25.4**	**1.4**	**18.6**	**(6.8)**
Other Financial Policies	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(0.0)**	**(0.0)**
Total SWF Funding Requirement	**280.2**	**282.2**	**2.0**	**299.5**	**17.3**	**307.5**	**8.0**
Other Funding Sources							
Prior Year Operating Cash	(16.3)	(3.9)	12.5	(8.8)	(4.9)	(6.4)	2.4
RSF Deposit (Withdrawal)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Rates Revenue	(9.4)	(16.9)	(7.5)	(17.0)	(0.1)	(17.0)	0.0
Total Other Funding Sources	**(25.7)**	**(20.8)**	**4.9**	**(25.8)**	**(5.0)**	**(23.4)**	**2.4**
Net Rates Revenue Requirement	**254.5**	**261.4**	**6.9**	**273.7**	**12.3**	**284.1**	**10.4**

2025 may not match documents included with the 2023-2025 Rate Study or SBP. Categories have been adjusted to be comparable to Proposed rates.

The expenditures section of Table 3-1 presents the operating fund cash spending components that make up the SWF Funding Requirement. The Other Financial Policies section of the table presents any additional revenues required to meet policy targets in excess of cash expense. The Other Funding Sources section presents non-rates sources of funding which reduce what must be recovered through direct service rates, the reduction being represented as a negative contribution to the net revenue requirement.

Under the current proposal, the SWF rates net revenue requirement rises from $254.5 million in 2025 to $261.4 million in 2026, with annual increases of $6.9 million in 2026, $12.3 million in 2027, and $10.4 million in 2028. Expenditure increases are driven primarily by increased contract expense and, to a lesser degree, increased tax expense. 2026 branch O&M, or SPU's expenses for equipment, salaries, etc., is up $5.0 million from 2025 adopted rates, with additional largely inflationary increases in 2027 and 2028.

Capital Financing decreases over the rate study period due to a declining debt service schedule on existing bonds. No additional bonds are expected.

The following sections include more detailed descriptions of the components of change in the rates revenue requirement.

3.1 Operations and Maintenance (O&M)

Adopted 2025 rates assumed $145.5 million in contract O&M. Inflation is the key driver in contract and other O&M increases.

Contracts O&M consists of payments to solid waste collections and landfill contractors. In addition to the introduction of the special item pickup service, SPU anticipates a new contract for recycling processing in 2027 and a new contract for long haul disposal in 2028.

"Other O&M" consists of expenses required to maintain the solid waste system as well as the solid waste system's share of the City and SPU's overall administrative expenses (i.e., finance, customer service, etc.). O&M does not include debt service or taxes, which are discussed below.

3.2 Taxes

Table 3-2 presents the projected change in SWF tax expense between 2025 and 2028. SWF tax expenses include state and city taxes on revenues and City tonnage taxes (transfer tax).

Table 3-1: Taxes ($ millions)

	2025 Projected	2026 Proposed	2027 Proposed	2028 Proposed
Solid Waste Utility Tax				
Solid Waste Utility Tax	28.2	29.0	29.9	30.8
Tonnage Tax	5.9	5.9	6.0	6.0
Total City Taxes	**34.0**	**34.9**	**35.9**	**36.8**
State B&O Tax	**5.2**	**5.2**	**5.4**	**5.6**
Total Taxes	**39.2**	**40.2**	**41.2**	**42.4**
State Refuse Tax	*7.2*	*7.5*	*7.7*	*8.0*

City and state revenue taxes increase with increased revenue. The City's solid waste utility tax rate for the current proposal is planned at 14.2 percent, unchanged since April 1, 2017.

The tonnage tax is a City-levied per-ton tax on non-recycled solid waste transferred for disposal in Seattle. SPU pays the tax as both a collector of solid waste and an operator of a transfer station in the City. The tax is also paid by other entities for the non-contract tons they transfer within the City limits. The tax is paid to the City's General Fund. Solid waste rates are set to recover the cost of paying the tonnage taxes to the City.

Since 2005, the SWF has classified state refuse tax expense as a payable rather than an expense. As such, these taxes (both the expense and the revenue associated with them) are not included on the SWF income statement included in *Appendix A Statement of Operating Results*. This procedure has no effect on the net income of SWF, as both revenue and expense are reduced equally. However, these taxes are included in Table 3-2 for informational purposes.

3.3 Capital Financing Expense

Solid waste system capital projects are funded through a combination of operating cash and debt. SPU is planning to fully finance CIP with operating cash through the rate period. Projects in this timeline include the construction of the South Recycling Center, the South Park remediation project, and the SWF's shared portion of City-wide shared cost projects such as IT upgrades. Total planned capital spending for the rate period is $55 million.

Annual capital financing expense stays steady at around $20 million in 2026, $21 million in 2027, and $14 million in 2028.

Table 3-3 presents capital spending (CIP) and financing assumptions during the rate period and how this financing impacts rates.

Table 3-2: Change in Cash Financing of the CIP ($ millions)

	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
Total CIP	$20.8	$19.8	$21.2	$14.4
Cash Financial Policy Minimums				
$2.5 million (2003 nominal $), Or;	4.1	4.4	4.6	4.7
10% of CIP	2.1	2.0	2.1	1.4
Active Financial Policy Minimum	4.3	4.4	4.6	4.7
CIP Financing Breakdown				
Cash Financed	24.6	19.8	21.2	14.4
Debt Financed	-	-	-	-
Cash Financed %	100%	100%	100%	100%
Cash Financing Detail				
Financial Policy Minimum	4.1	4.4	4.6	4.7
Additional Incremental	20.5	15.4	16.6	9.7
Total Cash to CIP	24.6	19.8	21.2	14.4
Total Debt Service	14.6	4.2	4.2	4.2
Rate Drivers				
Change in Cash Financing		(1.0)	1.4	(6.8)
Change in Debt Service		(1.8)	0.0	0.0
Total Rate Impact		(2.8)	1.4	(6.8)

Debt Service

SPU does not expect to issue any additional SWF debt in the foreseeable future. The utility redeemed $60.3 million of outstanding debt in 2024 and $26.3 million in 2025. Assuming proper market conditions, the Fund could redeem $13.3 million in 2026, $7.9 million in 2027, $8.1 million in 2028, and $15.2 million in 2029. As a result of these redemptions, annual debt service will continue to decrease throughout the rate period. Keeping debt service low by financing as much CIP as possible through cash

instead of debt will minimize the amount of revenue the SWF will need to raise in future years to satisfy debt service coverage financial policies.

Cash Financing

As discussed in Chapter 2, the minimum cash contribution to the CIP is the greater of 10 percent of the CIP in a given year or $2.5 million (in 2003 nominal dollars converted to current nominal dollars). During the proposed rate period, the $2.5 million target ($4.4 to $4.7 million per year in rate period nominal dollars) is the larger of the two targeted amounts, equating to a minimum financial target cash contribution of $13.7 million during the proposed rate period.

The SWF is projected to fund its $54 million in capital expenditures with operating cash between 2026 and 2028. SPU has chosen to not issue additional debt to minimize the need for future rate increases driven by debt service coverage. SWF cash reserves are sufficient to fund this increased capital financing expense due to a 2015-instituted change in the way that the fund calculates debt service coverage (see Financial Policies below). Continued strong operating results also contribute to the financial viability of cash financing the CIP during the rate period.

3.4 Financial Policies

The impact of financial policies on the revenue requirement varies depending on which target is binding (see Section 2.3 for further discussion of financial policies and binding constraints). Revenues must be sufficient to cover all cash operating expense AND to meet net income, debt service coverage, cash contribution to CIP and operating cash balance targets. Where the binding constraint is meeting cash targets, rates are set so that revenues will just equal cash expense AND retain minimum operating cash balances. Where the binding constraint is net income or debt service coverage, revenues will be greater than cash expense. This “extra cash” may be used to fund operating cash contributions to the CIP in excess of targeted levels or may be used to increase cash reserves, or some combination of the two.

As discussed in Chapter 2, the SWF is using additional cash from the proposed rates to fund cash contributions to the CIP and paying off outstanding debt. The new binding constraint will be a positive net income, continuing through the rate period to 2030, the end of the current Strategic Business Plan period.

Although cash contributions to the CIP are significantly higher than financial policy targets, this incremental expense is not driven by financial policy requirements. Rather, all CIP will be paid for by cash instead of another debt issue in an effort to keep the debt service obligation low.

3.5 Other Funding Sources

A significant portion of the total solid waste system funding requirement is paid with by other funding sources including operating cash balances, Rate Stabilization Fund withdrawals, and other operating and non-operating non-rates revenues. On aggregate, these non-rates funding sources are expected to decrease by $5.9M in 2026, increase by $5.0 million in 2027, and decrease by $2.5 million in 2028.

Following is a discussion of each of the other funding sources.

Prior Year Operating Cash

Revenue generated by rates is used to fund current operating expenses, maintain a cash balance as a safeguard against unexpected expense, and to fund a portion of the current capital program. A rate may be set to increase, hold constant, or decrease the SWF's operating fund cash balances. Decreasing, or drawing down a cash balance in a given year, lowers the rates in that year as that cash does not need to be received through rate revenues. However, just like other funding sources, what affects rates is not the level in any one year, but the year-to-year change in funding from that source.

Table 3-4 presents both how cash is used (drawn down or increased) in each year as well as the year-on-year change in use of cash. Positive changes (generating more cash than the prior year) increase rates. Negative changes (using more cash than in the prior year or generating smaller increases) reduces rates.

Table 3-3: Proposed Changes to Cash Balances ($ millions)

	2025	2026		2027		2028	
	Projected	Proposed	Change	Proposed	Change	Proposed	Change
Operating Cash							
Net Cash from Operating Activities	$(5.4)	$(3.9)	$1.5	$(8.8)	$(4.9)	$(6.4)	$2.4
Additional Cash from Financial Policies	-	-	-	-	-	-	-
Change in Cash Balance	(5.4)	(3.9)	1.5	(8.8)	(4.9)	(6.4)	2.4
Starting Balance	194.7	184.2		180.4		171.5	
Ending Balance	184.2	180.4		171.5		165.1	

Some totals may not add due to rounding

Stronger than anticipated operating performance during the prior rate study period has resulted in projected cash balances at the beginning of the rate period that are above the minimum policy requirements.

Cash reserves are diverted to financing CIP expense for the proposed rate period, with balances drawn down by $3.9 million 2026, $8.8 million in 2027, and $6.4 million in 2028, reducing the amount of revenue that needs to be recovered through rates.

Rate Stabilization Fund Withdrawals

The 2013-2016 Solid Waste Rate Study established policies around the use of a Rate Stabilization Fund (RSF) for the SWF. The RSF was intended to help provide rate stability during a four-year rate period. RSF balances rose to $42 million (as of December 2024) on strong fund performance and are projected to end 2025 at approximately the same level. Withdrawals from the RSF are authorized in the event that the SWF would miss a financial target.

The SWF does not anticipate requiring a RSF withdrawal during this rate period to meet financial policies.

Table 3-4: Proposed Changes to the Solid Waste RSF ($ millions)

	2025 Projected	2026 Proposed	Change	2027 Proposed	Change	2028 Proposed	Change
Rate Stabilization Fund							
Starting Balance	**$42.0**	**$43.0**	**$1.0**	**$44.1**	**$1.1**	**$45.2**	**$1.1**
Withdrawal to Fund Financial Policies	-	-	-	-	-	-	-
Interest	1.0	1.1	0.0	1.1	0.0	1.1	0.0
Ending Balance	**43.0**	**44.1**	**1.1**	**45.2**	**1.1**	**46.3**	**1.1**

Non-Rate Revenues

Non-rate revenues are current year revenues including recycling commodity revenue, miscellaneous transfer station revenues, reimbursements from King County, the City's General Fund and SCL, operating and capital grants, interest income and other miscellaneous revenues. As presented in Table 3-6 below, non-rate revenues are projected to increase by $7.5 million in 2026 relative to the assumption for these revenues when 2025 rates were set and then remain relatively flat during the 2026-2028 rate period.

Table 3-5: Solid Waste Non-Rates Revenues ($ millions)

	2025 Projected	2026 Proposed	2027 Proposed	2028 Proposed
SPU Sources				
Recycling Commodity	$6.0	$5.9	$5.8	$5.7
Other Misc.	1.8	7.4	7.6	7.9
Investment and Other	1.5	3.4	3.3	3.2
City and County				
Grants	0.1	0.2	0.2	0.2
Total Non-Rates Revenues	**9.4**	**16.9**	**17.0**	**17.0**
Change		7.5	0.1	(0.0)

Recycling Processing Revenues

Recycling processing revenues are paid by the City's recycling processing contractor to SPU based on contract indices for different types of commodities in the recycling stream. Recycling processing expense paid by SPU is reported under contract expense. Recycling processing is currently estimated to generate

$5.9 million in 2026, $5.8 million in 2027, and $5.7 million in 2026 as commodity prices stay stable. This contract will be in effect until 2027, with a new contract anticipated for 2028.

3.6 Other Factors Impacting Rates

While not direct drivers of the revenue requirement, demand, rate discounts, and the timing of rate increases impact the level of rates.

Demand

Customer counts, tons and subscription levels affect revenues and the required change in rates from year to year. Tonnage decreases reduce costs in some cases, but also reduce the number of units to which the costs are allocated. The exact impact on rates depends on the relative changes in cost and revenue. In the first year of a rate study, changes from prior projections are reflected as major rate drivers. Subsequent years see less drastic change as the new baseline is used. For 2026, the change in the demand forecast from 2023-2025 Rate Study assumptions is the largest deviation, and therefore the most significant rate driver. The 2026 demand components that have varied the most from earlier projections include:

- **Residential**: Reduced container sizes among curbside garbage customers has been more than offset by increased demand for on-site detach service and organics service. Organics service was especially helped by the foodwaste ban (Ordinance 124582) which became effective in 2015. A shift in work from home due to the COVID-19 pandemic resulted in stronger than expected residential demand and that has continued through the prior rate period.
- **Commercial:** After a strong economic recovery through 2019, commercial demand experienced a severe drop-off in 2020 due to COVID-19. Demand has mostly recovered and now is expected to stay stable through the proposed rate period.
- **Self-Haul**: Self-Haul demand experienced a dip in 2020 due to COVID-19 but has since recovered and is projected for steady performance throughout the rate period.

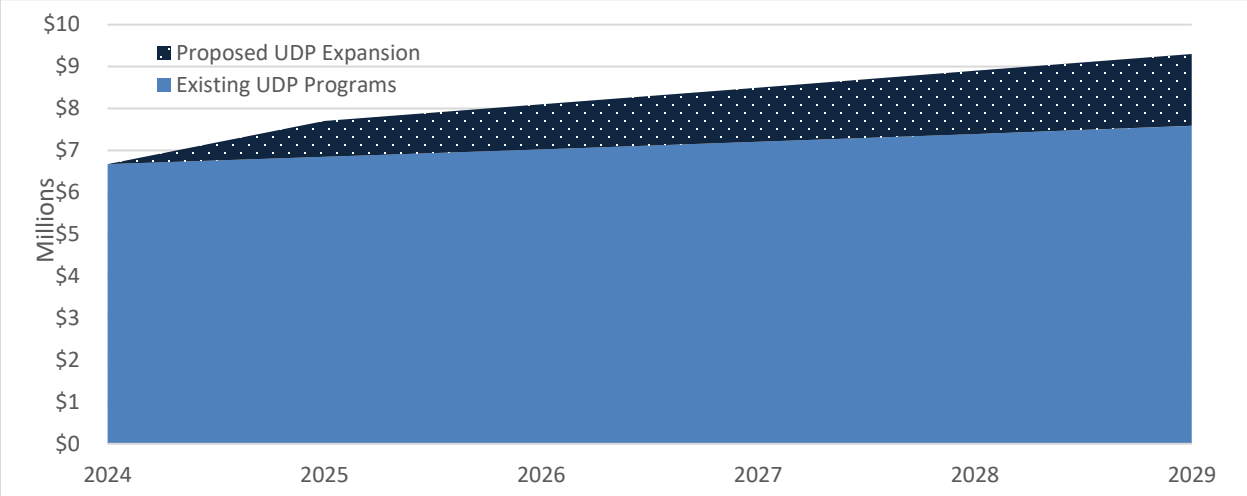
These factors are further explained in detail in Chapter 5, Demand.

Utility Discount Program (UDP)

Like other demand components, changes in customer participation in the Utility Discount Program do not affect the SWF revenue requirement but do affect the rate increase. Increased participation in the program reduces revenues as more households pay at a discounted rate. The reduction in revenue must be made up through an increase in standard rates.

UDP growth continues to be a rate driver as the program continues to expand. Program enrollment increased during the COVID-19 pandemic. See Figure 3-1 for a breakdown and forecast of UDP revenue costs under the existing program and under a theorized expansion in which auto enrollment and increased program awareness grows enrollment by 4-5% per year.

Figure 3-1: Existing and Proposed UDP Costs



4. SOLID WASTE COST ALLOCATION

After the revenue requirement has been determined, the cost allocation process allocates the revenue requirement to individual customer classes.

This process estimates the true, individual cost of serving different types of customers and provides the foundation for rate design, although actual rates may vary from the assigned cost allocations because of other (often times competing) ratemaking and policy considerations.

The cost allocation process can be broken into three basic steps:

- Group Costs into Cost Centers
- Develop Allocation Factors
- Allocate Costs to Customer Classes and Rates

4.1 Cost Centers

Solid waste costs are divided among various cost centers. All budget activities, as well as current and future budget additions, are assigned to a cost center based on primary function. Costs for contracts, taxes, and bond interest are modeled based on the latest projections for tons, subscriptions, revenues and CIP spending, and are then assigned to cost centers. Table 4-1 shows a list of cost centers.

Table 4-1: Solid Waste Cost Centers by Category

SPU Branch O&M	Contract Expense	Taxes	Non-Rate Revenue	Capital Financing and Other
Residential Billing	Single Family Garbage	Utility Tax	General Fund	Cash to CIP
Transfer Station Billing	Single Family Compost	Tonnage Tax	Investments and Interest	Debt Service
Landfills	Single Family Recycling	State Taxes	Grants	
Waste Reduction (All)	Commercial Garbage		Change in Cash	
Waste Reduction (Residential)	Commercial Compost		Change in RSF	
G&A – General	Commercial Recycling		Recycling Commodity	
G&A - Contract Management	Multi Family Garbage		Other Misc.	
Hauling (All)	Multi Family Compost			
Compost Processing	Multi Family Recycling			
Transfer Station Operations	Long Haul Disposal			
HR	Garbage Processing			
	Recycling Processing			
	Organics Processing			
	LHWMP			

4.2 Develop and Assign Allocation Factors

Once costs are grouped, each cost center is assigned an allocation factor (See Appendix B for a complete listing of allocation factors for each Cost Center). Allocation factors are multipliers that allocate cost centers into individual customer classes and eventually rates. The basis for allocation differs by cost center but always seeks to logically assign each rate its fair share of the cost of providing a service based on known data. Costs are allocated using allocation factors which are based on the following:

Tonnage
Many solid waste costs, such as contractor payments for recycling processing or garbage transfer and disposal, are directly related to tons collected or disposed. Costs are allocated based on the tonnage per rate. Tons may also be used to allocate certain other costs even though there is not a direct relationship between the given cost and tons collected or disposed. Specific garbage, organics, or recycling tonnage allocators are used to allocate waste stream specific costs, such as recycling processing.

Volume
Multi-family and commercial contracts incur cost based on the volume of service subscribed to by customers. For example, fees paid to the Local Hazardous Waste Management Program (LHWMP) are based on the total volume of customers' subscriptions. Detach (Dumpster) customers subscribe to a particular size and collection frequency of dumpster, and contractors charge SPU based on a similar formula. When costs are incurred based on volume, it is used to distribute those costs to individual customer classes.

Customer Counts and Trips
This allocation method is used when the cost of service, such as billing expenses, is related to the number of households or accounts rather than tonnage or another measure of how much service a customer receives. Transfer station billing costs are allocated based on trip counts, since each trip incurs the same cost to billing.

Management Estimates
Some allocations are based on management estimates of time spent serving different customer classes. Such estimates help determine the full cost of service for the class. For example, workload estimates are used to allocate inspection costs and, in conjunction with tons, allocate transfer station costs.

Direct Assignment
Where solid waste costs benefit only one customer class, direct assignment to that class of such costs is appropriate.

Proportional Assignment (Revenue Requirement Shares)
This method assigns costs in proportion to the sum of other allocated costs. The rate proposal uses this allocation method to assign costs such as general and administrative costs.

Revenue
Costs which are incurred based on how much revenue is earned are allocated by total revenue. State taxes are an example.

Ad Hoc
Often no single method is appropriate for allocating costs so a combination of other allocation factors is formulated to best fit the type of costs.

4.3 Customer Classes

Solid waste ratepayers are divided into 4 sectors which are divided into 10 total classes. Cost allocation is done at the class level and aggregated up to the sector level and is presented in the results below at the sector level. See Table 4-2 for a breakdown of these classes. Recycling service is available at no additional charge to all customers.

Table 4-2: Solid Waste Customer Classes

Sector	Class
Residential	Curbside (Single-Family, Can/Cart)
	On-Site (Multi-Family, Detach)
	Recycling (Curbside or On-Site)
Commercial	Non-Dropbox (Can/Cart and Detach)
	Dropbox/Rolloff (On-Demand Large Scale Service)
	Recycling (Limited Service)
Organics	Curbside (Yardwaste)
	On-Site (Foodwaste)
Transfer Stations	Garbage
	Organics

Residential Sector

This customer sector consists of garbage and recycling services for all single-family and multi-family households in the City (Organics service is a separate sector discussed below). This sector is further broken down into the following subgroups for rate-setting purposes: Curbside Can/Cart (Single-Family) and On-Site Detach (Multi-Family).

Single-family residences receive weekly curbside garbage collection and bi-weekly recycling collection. Multi-family buildings are generally serviced using dumpsters and are required to have garbage service of sufficient size and collection frequency to meet the needs of the building.

Commercial Sector

This sector covers all non-residential subscribers to garbage collection services. Businesses may subscribe to can, dumpster, or drop box collection services at SPU's commercial rates. SPU offers limited recycling service to small businesses, but for the most part commercial recycling is not part of the City-provided services.

Organics Sector

SPU offers curbside and on-site organics service. Curbside service is regular, weekly pickup of yardwaste containers from single family residences and is the most common organic service offered. Weekly on-site collection for multi-family buildings is offered to handle foodwaste. Foodwaste is denser and thus more costly to process by volume, so rates for foodwaste service are higher than those for yardwaste. SPU also offers commercial organics service, but the vast majority of this market is served privately.

Recycling and Disposal Station (Self-Haul) Sector

These customers include residences and businesses that bring garbage and recyclable materials (including yard waste and wood waste) to the City's Recycling and Disposal Stations

4.4 Allocation Results

Table 4-3 shows the percentage of the total revenue requirement allocated to each customer sector, by year, using the allocation factors by cost center presented in Table 4-3.

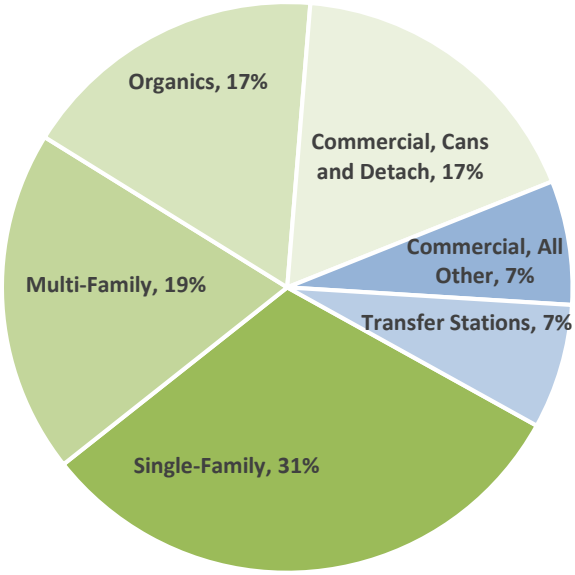
Table 4-3: Cost to Serve Each Customer Sector

Sector/Class	2026	2027	2028
Residential			
Single-Family Curbside Garbage	*23.2%*	*22.5%*	*22.1%*
Recycling	*7.8%*	*8.6%*	*8.4%*
Single-Family Garbage & Recycling	30.9%	31.0%	30.5%
Multi-Family On-Site Garbage	*12.1%*	*11.7%*	*11.7%*
Recycling	*7.2%*	*7.9%*	*7.8%*
Multi-Family Garbage & Recycling	19.2%	19.6%	19.5%
Organics (Single and Multi-Family)	17.3%	17.3%	16.9%
Residential Total	**67.4%**	**67.9%**	**66.9%**
Commercial			
Cans and Detach	17.4%	17.1%	17.3%
Dropbox	6.9%	6.9%	7.0%
Commercial Organics	1.2%	1.2%	1.2%
Commercial Recycling	0.0%	0.0%	0.0%
Commercial Total	**25.6%**	**25.2%**	**25.4%**
Transfer Stations	**7.0%**	**6.9%**	**7.7%**

All sectors have a stable allocation of costs throughout the entire rate period, which is very similar to that calculated for the 2023-2025 Rate Study.

See Figure 4-1 for a graphical breakdown of Revenue Requirement shares.

Figure 4-1: Allocation of Solid Waste Revenue Requirement (2026)



5. DEMAND

After the revenue requirement is set and those costs have been allocated to specific customer classes, they can be divided by units to get rates. For solid waste, however, units of demand is not a singular number but is instead made up of can subscriptions, account fees, pickup, volume, and tonnage charges, among others. As a result, the demand forecast projects out the demand and resultant revenue for individual rates and rolls them up to the customer class level. Demand also impacts the revenue requirement itself, as demand forecasts form the basis for projected contract expense.

Figure 5-1: Tonnage Forecast

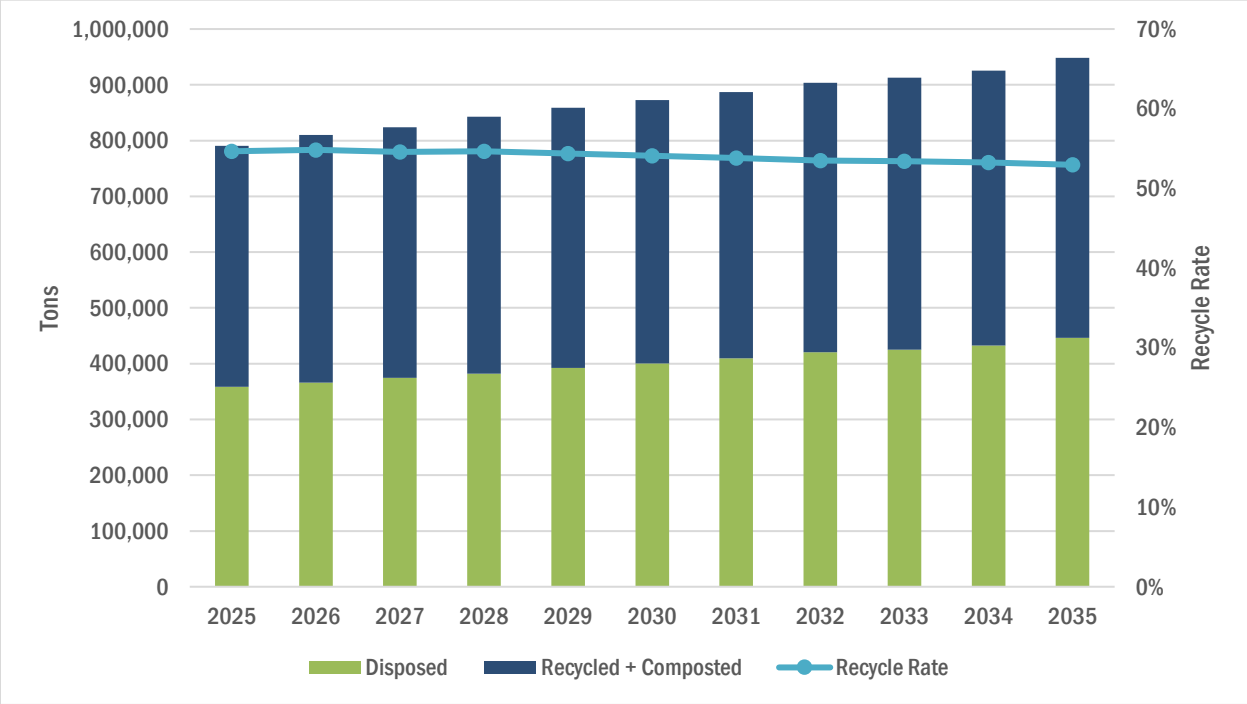
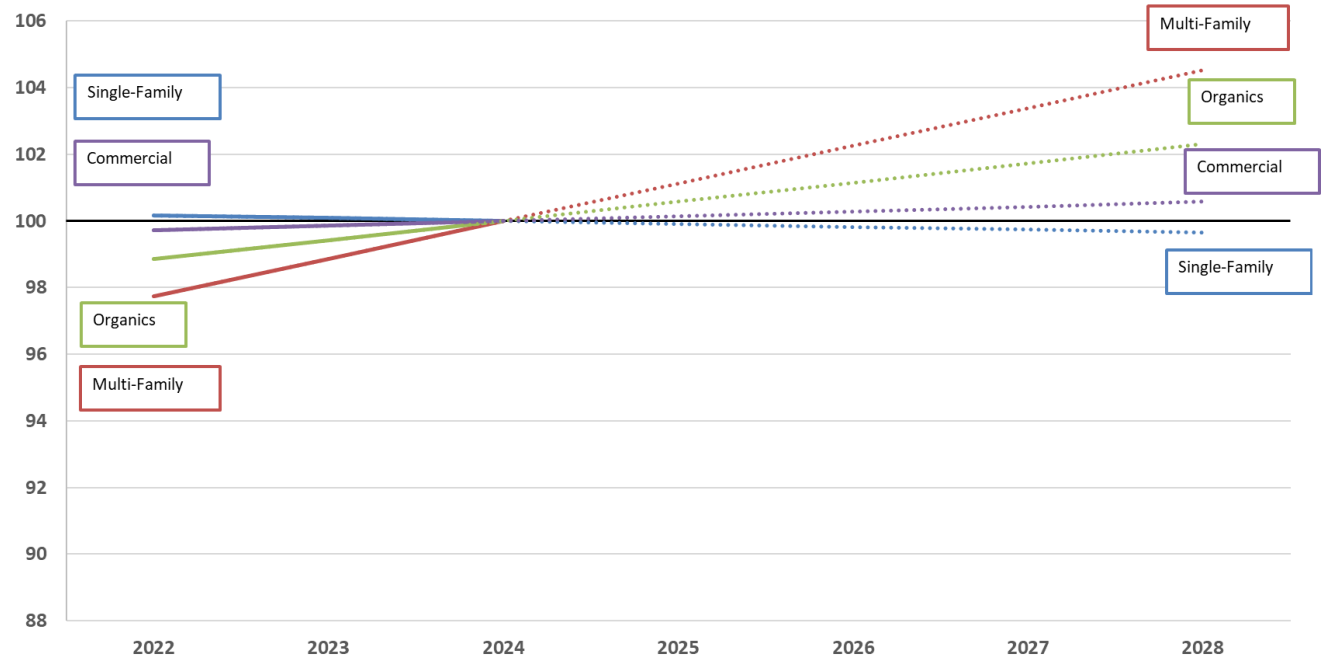


Figure 5-1 shows the current long-term tonnage forecast through 2035 (combined garbage, organics, and recycling). While tonnage is not a driver of revenue, since customers subscribe to solid waste service based on volume, it is an adequate proxy for a general overview of demand. Since 2017, the higher-than-expected tonnages have been a driver behind higher-than-expected revenues and higher than expected cash balances in the SWF.

Into the future, tonnage is not expected to change significantly. Total tonnage is expected to rise 19 percent from 2025-2035 as population grows.

Figure 5-2: Normalized Solid Waste Volume Index (2021 = 100) by Customer Sector



While overall tonnage is expected to increase slightly, there is significance among the individual components. Single-family garbage is projected to decline due to conservation and waste reduction with a 0.7 percent reduction in average residential can sizes. Commercial volume has recovered after pandemic lows but is projected to remain flat as construction activity slows. Multi-family volume is expected to increase by over four percent and organics by over two percent. While increased organics volumes appear to offset volume declines in the single-family and commercial sectors, it is not an offset in terms of revenue as organics rates per volume are lower than those for garbage by design to encourage diversion. Furthermore, part of the volume decline for these two sectors is diversion to recycling, which is free to the customer. See Table 5-1 for a full breakdown of projected volume and tonnage changes.

As noted in the introduction to this Section, solid waste “demand” encompasses multiple factors. Table 5-1 below presents changes in demand for each customer sector for the primary variables of demand.

Table 5-1: Projected Solid Waste Demand Changes 2026-2028

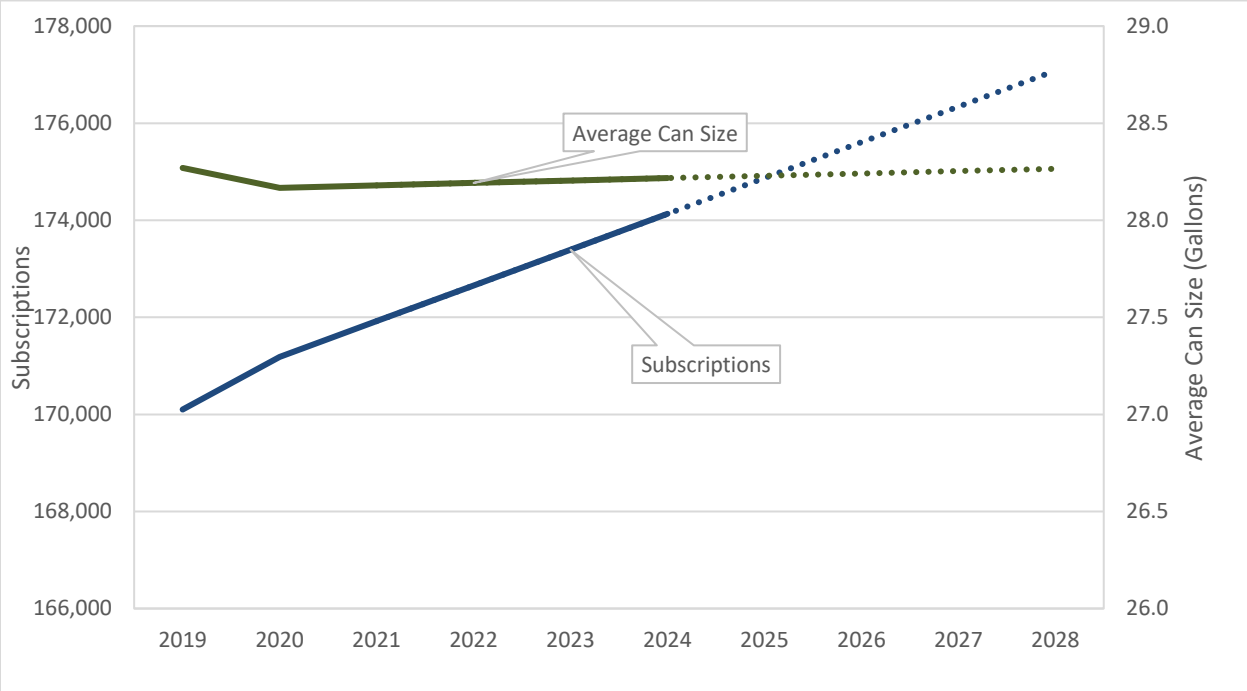
Sector	Customer Count	Volume	Tonnage
Residential Curbside (Single-Family)	0.8%	-0.2%	-0.2%
Residential On-Site (Multi-Family)	2.2%	-1.0%	2.3%
Commercial	1.1%	0.3%	2.3%
Organics	2.7%	1.1%	3.5%

A more in depth explanation of each of these revenue sectors follows.

5.1 Residential Curbside (Single-Family)

Single-Family and multi-family buildings are served by regular weekly curbside can or cart collection. Starting in 2014, subscription counts increased for single-family, driven mainly by growth in the region. In 2017, SPU transitioned to a new billing system, which modified the way subscriptions were counted for certain premises. This change led to an increase in number of subscriptions. Service counts are projected to stay relatively flat during the proposed rate period, with a 1 percent increase over the rate study period. Can sizes have been stable since 2013 and are projected to stay the same through 2028.

Figure 5-3: Historic and Projected Changes to Curbside Residential Demand



The long-term trend is expected stay relatively flat, with the increase in subscription counts from economic growth being offset by infill development, conservation, and diversion. Infill development both reduces the number of subscriptions by replacing single-family homes with multi-family buildings, and apartments and condominiums also produce less waste than single-family homes. Both factors lower the average can size demanded by customers. Conservation and diversion also decrease can sizes by decreasing the amount of waste produced by all customers, single or multi-family, or diverting it to organics or recycling. Infill development, conservation, and diversion, particularly to organics, are expected to continue to reduce demand for curbside garbage services.

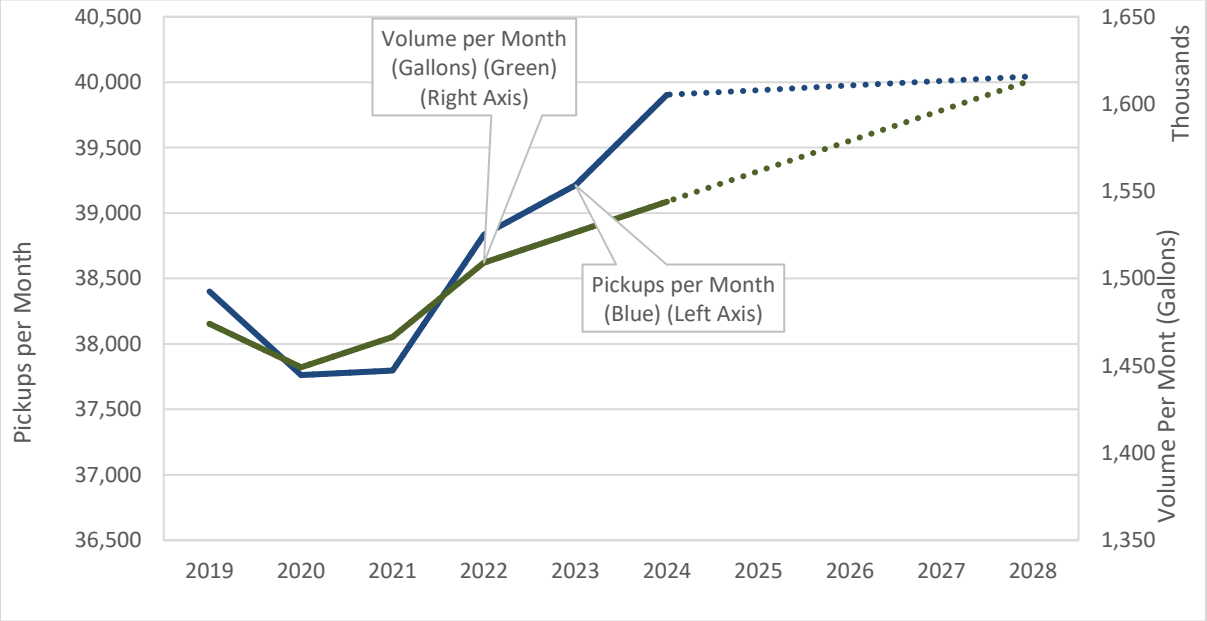
5.2 Residential On-Site (Multi-Family)

Most multi-family buildings in Seattle subscribe to on-site detach (dumpster) service. Detach customers are charged based on the frequency of pickup and the size of the container according to the following formula:

*Monthly Rate = Trip Rate * Pickups per Month + Volume Rate * (Pickups Per Month * Volume of Container)*

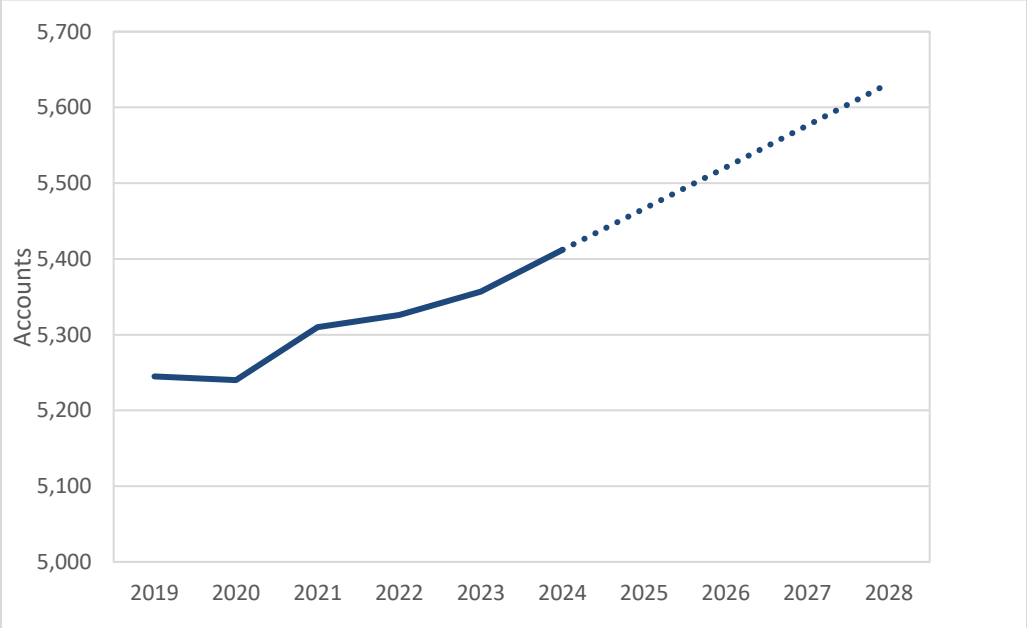
The Trip and Volume Rates are set through this rate study. The demand items to track and forecast are pickups per month and volume demanded. Growth is expected in both categories as construction of multi-family buildings within the City continues to create demand.

Figure 5-4: Historic and Projected Changes to On-Site Residential Demand



The final component of on-site demand is the number of accounts paying the monthly account fee. The account fee generates roughly six percent of total on-site revenue. Accounts are expected to increase slightly, following historical trend.

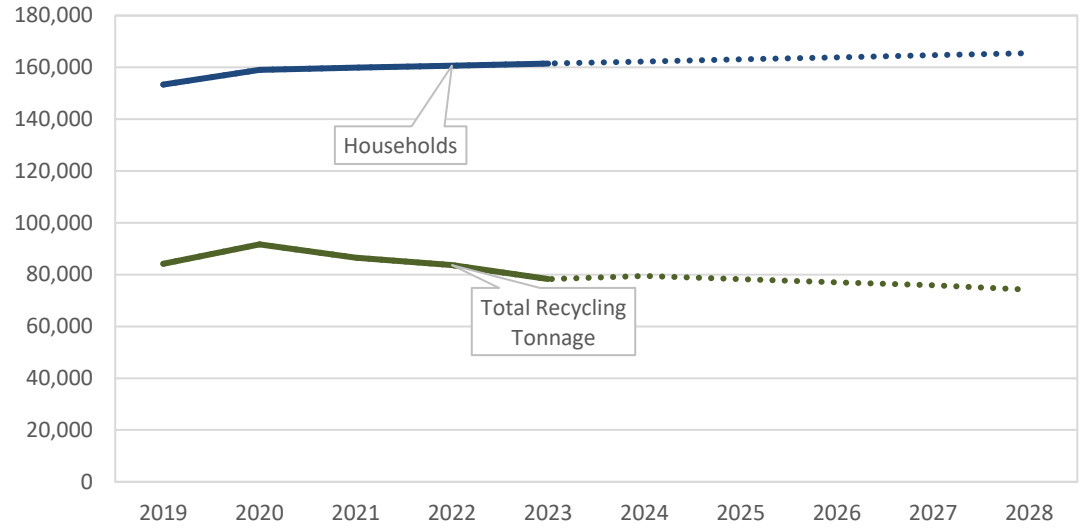
Figure 5-5: Historic and Projected Residential On-Site Accounts



5.3 Recycling

SPU offers bi-weekly curbside recycling pickup for curbside can customers and on-site variable frequency pickup for on-site customers. For the most part, can sizes are set – all curbside customers receive a 96-gallon cart, and all on-site customers receive recycling cart or detach service that has a total volume of 50 percent of their subscribed garbage volume. Larger volume services are also available. Limited recycling service is also available to small businesses, though small business recycling amounts to less than half a percent of total recycling tonnage. All recycling services are included at no cost with accompanying garbage service.

Figure 5-6: Total Recycling Households and Tonnage



Because there is less customer choice regarding container sizes, recycling is a relatively steady cost center. Customer counts are largely unchanged, and tonnage increases coming out of the recession have been slow and steady.

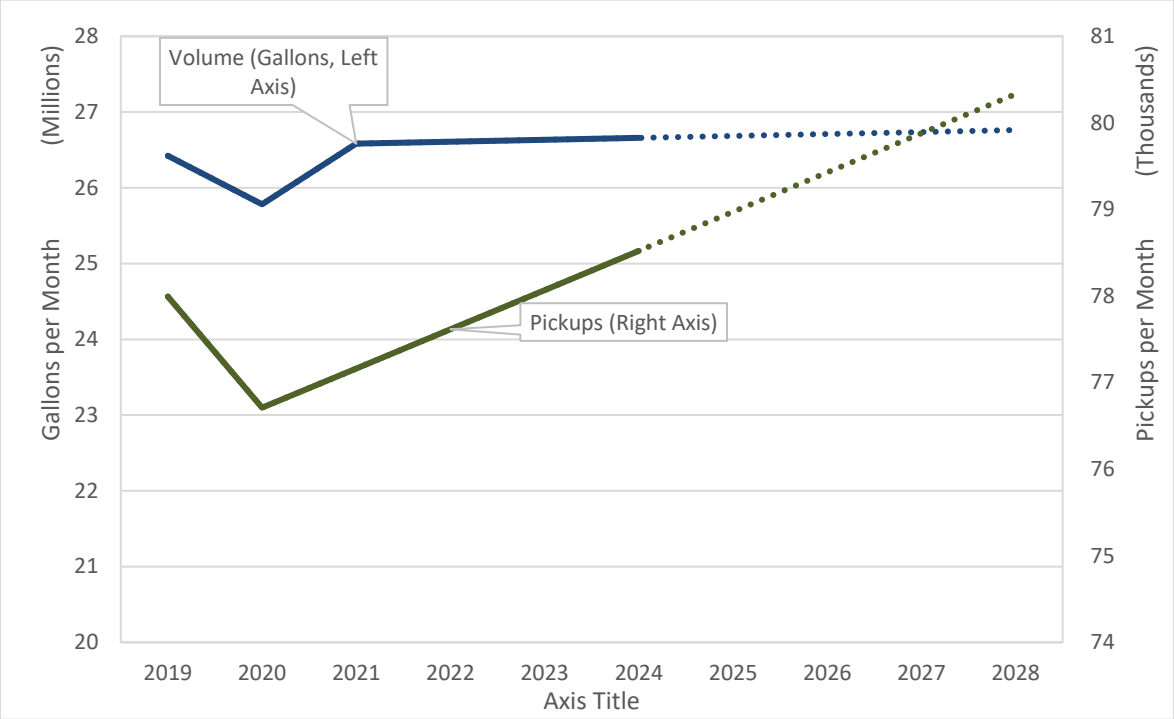
5.4 Commercial

Commercial customers subscribe to one or more options from three types of service: can, detach (dumpsters), or dropbox. Can customers may subscribe to service of any frequency with a charge per pickup based on can size. Detach customers subscribe to service with a charge based on a pickup and volume rate:

*Monthly Rate = (Trip Rate * Pickups per Month) + (Volume Rate * Pickups per Month * Volume of Container)*

Lastly, dropbox customers pay an on-demand pickup rate and a tonnage rate.

Figure 5-7: Historic and Projected Commercial Volume and Pickups



Commercial demand is highly correlated to regional economic performance, within the larger long-term context of conservation and diversion. Commercial tonnage has gone through at least three cyclical increases and decreases over the last 25 years within a long-term decline trend. During the pandemic, tonnage fell from 140,000 tons in 2018 to 110,000 tons in 2020. As the economy has recovered, commercial tonnage has somewhat recovered, and commercial volume and pickup subscriptions have increased as well. However, a long-term trend of conservation and diversion is still projected to be the dominant theme in the commercial sector.

Commercial Recycling and Organics

SPU provides limited recycling and organics services to small business. Most recycling and organics services are provided by independent third-party companies. SPU services are offered as a courtesy.

With the implementation of the food waste ban in 2015, commercial organics subscription volumes increased 70 percent 2014 to 2016. Despite this growth, commercial organics is less than one percent of total organics tonnage and will continue to remain a service offered as a courtesy by SPU, with the intention that this industry remains largely in the realm of the private sector. Commercial organics is included under “On-Site Food Waste” in the organics section below.

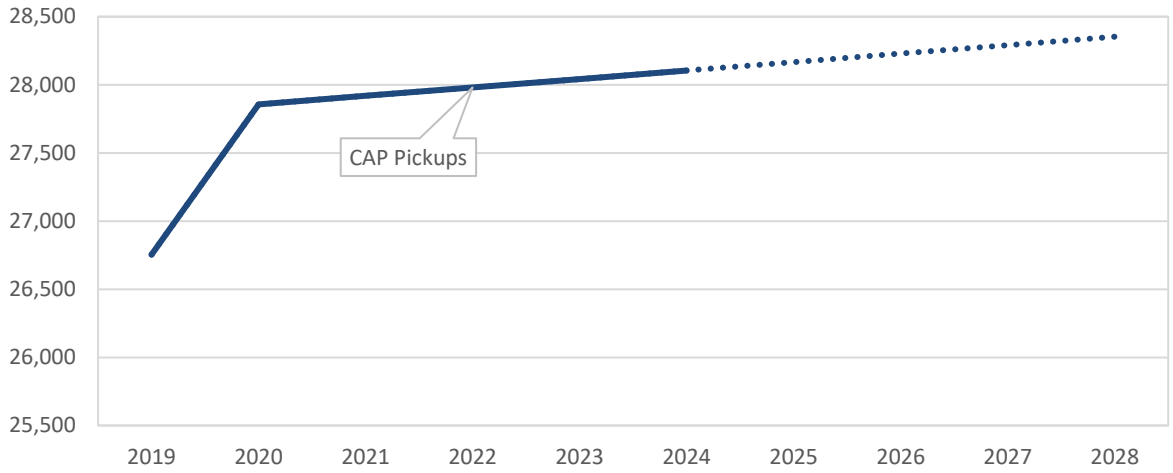
Small businesses in Seattle can also subscribe to limited recycling service, though like organics, this service is largely also private sector. The demand for this service is included under residential recycling. Total commercial recycling tonnage is less than half a percent of total recycling tonnage.

Clear Alleys Program (CAP)

In certain designated areas within the city of Seattle, residents and business are not allowed to keep solid waste containers within the public right-of-way. For customers in these areas who do not have indoor locations for containers, the CAP program offers pre-paid bag service with multiple pickups per day. SPU is not assuming an expansion of CAP-designated areas, only changes in demand for current

CAP customers. The CAP program is a small portion of SPU's services and provides less than $300,000 in revenue per year. SPU is projecting a slow recovery in CAP demand after the pandemic drop.

Figure 5-8: CAP Pickups



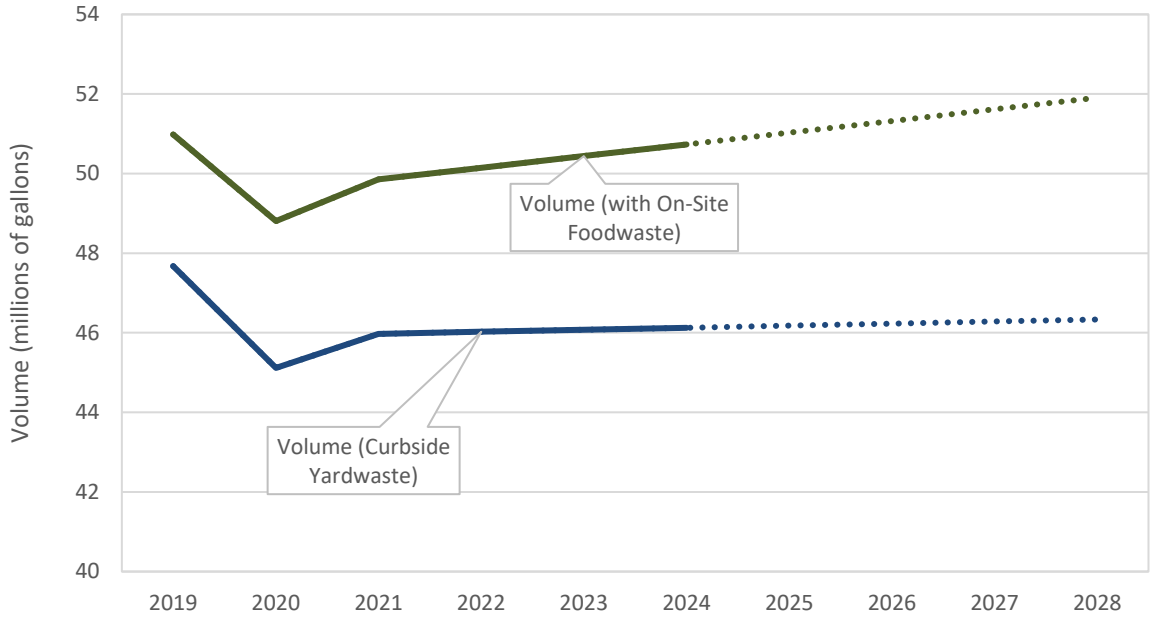
Argo Direct

SPU allows for the delivery of solid waste from third parties directly to the railroad for transport to landfill in Oregon. SPU projects 7,000 tons per year (compared to 250,000 total tons) or less delivered to the railhead.

5.5 Organics

Residential curbside and on-site customers subscribe to either curbside or on-site service. Generally, curbside garbage customers subscribe to curbside yard waste service. On-site customers generally subscribe to on-site food waste service. Food waste-specific service is charged at a higher rate because food waste tends to be denser than branches and clippings from yard waste which account for the bulk of curbside customer volumes. Some small commercial customers also subscribe to on-site food waste pickup, and their demand is included in the on-site numbers below but makes up less than one percent of the total.

Figure 5-9: Monthly Organics Volume in Gallons



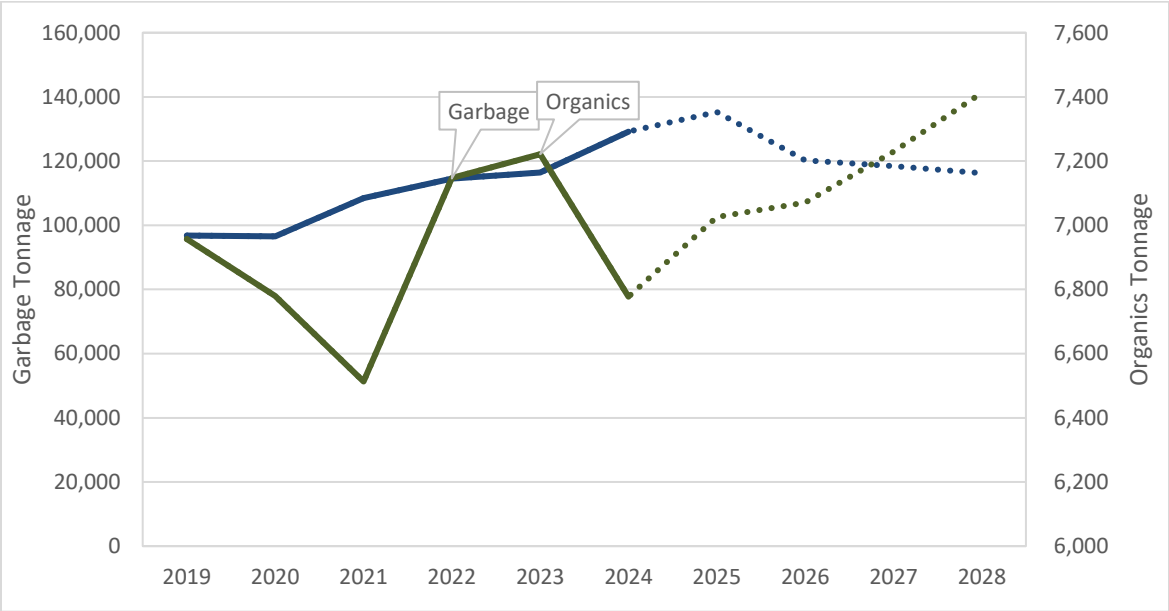
Weekly curbside volume has been declining as customers switch to smaller containers and single-family homes are replaced with multi-family development. These trends are expected to continue, especially as newer homes with smaller yards reduce the need for large yard waste containers. On-site food waste demand has increased with the expansion of multi-family housing and the increased adoption of in-home diversion of food waste away from the garbage. A large increase in organics tonnage was seen following the implementation of the food waste ban in 2015, though there was not an accompanying increase in subscriptions or subscription revenue because food waste tends to be small and dense. Regardless, on-site volume is expected to continue to increase throughout the rate study period.

5.6 Self-Haul

Self-Haul demand is measured in tonnage. Customers at transfer stations currently pay $165 per ton for garbage and $125 per ton for organics. There is a 0.2 ton minimum charge, currently $35 for garbage, and $24 for organics. All vehicles visiting the transfer station are weighed and charged for their tonnage. Self-Haul rates are proposed to increase annually for the rate study period.

The reopening of the North Transfer Station at the end of 2016 saw a recovery in tonnage numbers for the utility. Transfer stations saw a slight dip with COVID-19 closures, but recovered quickly after reopening. For the rate study period, transfer station tonnages are projected to dip due to implementation of a self-haul program to redirect construction and demolition waste to certified recovery facilities.

Figure 5-10: Historic and Projected Self-Haul Tonnage



6. RATE DESIGN

Rate design is the last step in the rate-setting process, in which the structure and level of the rates for each of the different services and service levels is determined.

Rate design is the point at which non-cost considerations such as rate gradualism, encouraging waste reduction, low-income rate assistance, and other policy issues are factored into the rates. In some cases, these considerations result in deviations from setting rates at their cost of service.

6.1 2026-2028 Rate Design Strategy

The rate study proposes equal increases across residential and commercial rates of 3.3 percent on April 1, 2026; 3.3 percent on April 1, 2027; and 3.3 percent on April 1, 2027. Transfer station rates are proposed to increase 5.2 percent on April 1, 2026; 5.2 percent on April 1, 2027; and 5.2 percent on April 1, 2028.

The following rates would remain unchanged throughout the proposed rate period:

- Zero Can/Vacancy rate: The rate paid for vacant units with no service, and a small number of legacy customers with no garbage service
- New Account Charge: $10 fee assessed on new accounts.

6.2 Residential Curbside (Single-Family) Garbage Rates

The rates charged by SPU for residential garbage can service vary with the garbage service levels to which the customer subscribes. Currently, SPU's variable can rates are structured so that a customer's bill increases with the amount of garbage service to which they subscribe. Both single-family and multi-family dwellings can subscribe to variable can service though this service is sometimes synonymous with single-family, while on-site service (See Section 5.3) is synonymous with multi-family.

In addition to covering the cost of garbage collection, transfer, and disposal, residential can rates cover recycling collection and processing costs, part of compost collection and processing costs, and low-income rate assistance. Can rates are shown in Table 6-1. Increasing rates for larger cans provide important price signals to encourage customers to recycle, reduce waste and minimize their can size. A typical single-family customer is reported as a 32-gallon garbage can (and a 96-gallon yard waste cart).

Table 6-1: Residential Curbside (Single-Family) Rates

	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
Extras	$13.95	$14.40	$14.90	$15.40
Garbage Can/Cart Size				
12 Gallon (Micro)	$28.25	$29.20	$30.15	$31.15
20 Gallon (Mini)	$34.65	$35.80	$37.00	$38.20
32 Gallon (Standard)	$45.05	$46.55	$48.10	$49.70
64 Gallon	$89.95	$92.90	$95.95	$99.10
96 Gallon	$135.05	$139.50	$144.10	$148.85

6.3 Residential On-Site (Multi-Family) Garbage Rates

Residential detachable container service is available to apartment buildings with five or more residential units. Detachable rates reflect SPU's contract payments structure and include a flat monthly account fee, a trip rate charged for each container pick-up, and a volume rate (a trip rate that varies with container size):

*Monthly Rate = Pickups per Month * (Trip Rate + Volume Rate * Container Size)*

Dumpster rate components are designed to further encourage dumpster customers to recycle, reduce waste and minimize the number of collections per week and the number of containers. Proposed rates are below:

Table 6-2: Residential On-Site (Multi-Family) Rates

	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
Monthly Account Fee	$49.50	$51.15	$52.85	$54.60
Detach Rate Components				
Pickup Rate	$37.05	$38.25	$39.50	$40.80
Uncompacted Volume Rate	$28.55	$29.50	$30.45	$31.45
Compacted Volume Rate	$58.00	$59.90	$61.90	$63.95

Compacted rates are higher than un-compacted rates because a compacted container can hold up to five times the garbage of an un-compacted container. Based on SPU data, compacted containers weigh 2.03 times regular containers, on average. Therefore, the volume rate for compacted dumpsters is charged at 2.03 times that of uncompacted container rates.

6.4 Commercial Rates

Commercial rates include container and drop box service for both garbage and organics. Individual rate components may vary from what allocated costs dictate in an effort to further encourage dumpster customers to recycle, reduce waste and minimize the number of collections and containers. Commercial customer rate changes are identical to those for residential customers.

Can

Can service rates are shown in Table 6-3 for weekly pickup, though customers may subscribe to any frequency of pickup which is logistically feasible.

Table 6-3: Commercial Can Rates

	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
On-Site Cans (Weekly Pickup)				
20-Gallon	$42.00	$43.30	$44.82	$46.33
32-Gallon	$60.84	$62.79	$64.95	$67.12
64-Gallon	$119.51	$123.41	$127.52	$131.63
96-Gallon	$140.08	$144.62	$149.39	$154.36

Detach (Dumpsters)

Detach services include uncompacted and compacted service. The contents of the container are tipped into the collection vehicle and customers are charged for each tip (pick up), regardless of the amount of waste within the container. The formula for commercial detachable rates is the same as for residential customers:

*Monthly Rate=Trip Rate * Pickups per Month + Volume Rate * (Pickups per Month * Container Size)*

Table 6-4: Commercial Detach Rates

	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
Monthly Account Fee	$33.30	$34.40	$35.55	$36.70
Detach Rates				
Pickup Rate	$21.70	$22.40	$23.15	$23.90
Uncompacted Volume Rate	$36.70	$37.90	$39.15	$40.45
Compacted Volume Rate	$74.55	$77.00	$79.55	$82.20

Drop Box/Rolloff

Drop box service customers are delivered a roll-off container that is then picked up and transferred for disposal through one of the transfer stations. Customers are charged for the delivery of the container, the pick-up of the container, a rental/account fee, and a per ton (disposal) fee for its content. The disposal fee is intended to cover SPU's cost of transfer and disposal, taxes on the tons disposed, and a portion of SPU's administrative costs. Proposed drop box fees can be found in Table 6-5.

Table 6-5: Dropbox Detach Rates

	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
Monthly Account Fee	$142.55	$147.25	$152.10	$157.10
Pickup Rate	$275.30	$284.40	$293.80	$303.50
Tonnage Rate	$234.80	$242.55	$250.55	$258.80

6.5 Organics Rates

Organics service is divided into curbside and on-site rates. Curbside rates are generally for single-family yard waste customers, while on-site rates are for multi-family and commercial food waste customers. On-site food waste rates are based on commercial garbage can rates, but a 32 percent discount is offered for organics. Detach is also available at the same pickup and volume rate as detach commercial garbage, but again with a 32 percent discount.

Table 6-6: Organics Rates

	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
Curbside Yard Waste Weekly (Single-Family)				
20-Gallon (Mini)	$7.50	$7.75	$8.00	$8.25
32-Gallon	$11.25	$11.60	$12.00	$12.40
96-Gallon (Standard)	$14.30	$14.75	$15.25	$15.75
On-Site Food Waste Cans (Multi-Family, Commercial)				
32-Gallon	$41.35	$42.70	$44.10	$45.55
64-Gallon	$81.15	$83.85	$86.60	$89.45
96-Gallon	$95.30	$98.45	$101.70	$105.05

6.6 Transfer Station Rates

Transfer station rate increases are included in the rate proposal. Minimum fee vehicles are charged the 0.20 ton minimum while Per Ton vehicles are weighed and charged for their tonnage.

Table 6-7: Transfer Station Rates

	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
Garbage				
Minimum	$35	$37	$39	$41
Per Ton	$165	$174	$183	$193
Organics				
Minimum	$24	$25	$26	$27
Per Ton	$125	$132	$139	$146

6.7 Other Rates

Other rates include ancillary charges such as cleaning, locking and unlocking, and secured building entry fees, among others. This category also includes rates which only apply to specific customers, such as railhead disposal fees or CAP.

Ancillary charges are roughly 1.0 percent of residential garbage revenue and 1.0 percent of commercial revenue, or about $2.6 million in 2024. A full list of ancillary rates is located in Appendix E, Rate Tables.

Railhead Disposal (Argo Direct) Fee

Non-contract commercial waste is brought by private transfer stations to the railhead in south Seattle, where it is placed on a train and taken to the landfill in Arlington, Oregon. There is a 25-ton minimum charge.

Table 6-8: Railhead Disposal (Argo Direct) Fee

	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
Railhead Rate per Ton	$150.30	$155.30	$160.45	$165.75
Minimum	$3,757.50	$3,881.50	$4,009.60	$4,141.95

Clear Alley Program (CAP) Bag Rates

Starting in 2009, residential and commercial customers located within areas designated by SPU, and whose containers were located in the right-of-way, were required to subscribe to a pre-paid bag service in lieu of container service. Rates for the service are designed so that customers pay a bill equivalent to those of detach customers on a volume basis.

Table 6-9: Clear Alley Program (CAP) Bag Rates

	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
Garbage Bag Size				
15-Gallon	$5.95	$6.15	$6.35	$6.55
30-Gallon	$8.40	$8.70	$9.00	$9.30
Organics Bag Size				
15-Gallon	$4.00	$4.15	$4.30	$4.45
30-Gallon	$5.80	$6.00	$6.20	$6.40

7. UTILITY DISCOUNT PROGRAM

Qualified low-income customers receive a 50 percent discount on their solid waste bill or a fixed credit on their Seattle City Light bill (if they do not receive an SPU bill directly). For can customers, the fixed credit is equal to 50 percent of the typical solid waste customer's bill (i.e., 50 percent of the single can rate plus food and yard waste). For apartment dwellers the fixed credit is equal to 50 percent of the average dumpster bill per household. This approach is consistent with the other City utilities.

There is no discount on extra garbage or food and yard waste charges for qualified low-income customers. Extra garbage or food and yard waste is billed at full rates. Low-income rate credits can be found in Table 7-1.

Table 7-1: Proposed UDP Rates and Credits

Customer Type	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
Seattle Public Utilities Discounts				
SPU Customer Discount	50% Discount	50% Discount	50% Discount	50% Discount
Seattle City Light Credits				
Multi-Family Can Customer	$22.50	$23.25	$24.00	$24.80
Multi-Family Detach Customer	$18.35	$18.95	$19.60	$20.25
Organics	$7.30	$7.55	$7.80	$8.05

Utility Low Income Emergency Assistance Program

The Emergency Assistance Program offers eligible low-income customers facing shut off due to delinquent bills an emergency credit of 50 percent off their past-due combined bill, up to a maximum credit of $518 (in 2024) for wastewater, water, and solid waste bills combined. They are eligible to receive this credit once per calendar year or twice per calendar year if children under the age of 18 live in the household. In 2012 the eligibility requirements were changed from 120 percent of the federal poverty level to 70 percent of state median income, leading to increased usage of this service. Annual solid waste charges to this program do not exceed $300,000 and are not a significant expense to the SWF.

APPENDIX A STATEMENT OF OPERATING RESULTS

The Statement of Operating Results shows all components of the debt service coverage calculations. It does not display non-cash expenses.

Statement of Operating Results ($ Millions)

	2024 Actual	2025 Projected	2026 Proposed	2027 Proposed	2028 Proposed	2029 Estimated
Operating Revenue						
Direct Service	$171.8	$174.3	$176.3	$180.2	$187.3	$194.6
Commercial	75.7	76.4	77.0	79.3	81.9	85.0
Other	37.8	35.8	34.6	35.6	36.5	36.8
RSF Withdrawals (Deposits)	-	-	-	-	-	-
Total Operating Revenue	285.3	286.6	288.0	295.1	305.8	316.4
Operating Expenses						
Contracts	139.2	146.4	152.0	164.2	175.0	182.0
Branch O&M	43.5	61.9	65.9	68.5	71.3	74.1
Taxes	38.0	39.4	40.4	41.4	42.6	43.0
Total Operating Expenses	220.6	247.7	258.2	274.1	288.9	299.1
Net Operating Income	64.7	38.9	30.7	22.0	17.9	18.4
Adjustments	40.9	37.6	38.4	39.2	40.1	40.1
Revenue Available for Debt Service						
With Credit for Taxes	105.6	76.5	68.1	60.2	56.9	57.4
Without Credit for Taxes	73.5	42.5	33.2	24.4	20.1	20.4
Annual Debt Service	13.0	6.0	4.2	4.2	4.2	4.2
Debt Service Coverage						
With Credit for Taxes (Target = 1.7)	8.10	12.69	16.15	14.29	13.5	13.62
Without Credit for Taxes (Target = 1.5)	5.64	7.05	7.87	5.78	4.77	4.84

APPENDIX B STATEMENT OF CASH FLOW

	2024 Actual	2025 Projected	2026 Proposed	2027 Proposed	2028 Proposed	2029 Estimated
Starting Balance	**$204.0**	**$194.7**	**$184.2**	**$181.3**	**$173.5**	**$168.2**
Additions to Cash						
Operating Revenues	285.3	286.6	288.0	295.1	305.8	316.4
Non-Operating Revenues	14.9	3.6	3.4	3.4	3.2	3.1
Grants	0.2	0.2	0.2	0.2	0.2	0.2
Total Additions to Cash	300.4	290.3	291.6	298.6	309.2	319.7
Deductions from Cash						
Contracts	139.2	146.4	152.0	164.2	175.0	182.0
Branch O&M	50.3	61.9	65.9	68.5	71.3	74.1
Cash Contributions to CIP	7.3	20.8	19.8	21.2	14.4	21.3
Taxes	38.0	39.4	40.4	41.4	42.6	43.0
Debt Service	14.6	6.0	4.2	4.2	4.2	4.2
Debt Service Redemptions	60.3	26.3	13.3	7.9	8.1	15.2
Total Deductions from Cash	309.7	300.8	295.5	307.4	315.6	339.8
Ending Cash Balance	**194.7**	**184.2**	**180.4**	**171.5**	**165.1**	**145.0**

APPENDIX C COST ALLOCATION

This appendix contains a list of cost centers, budgeted costs for 2026, and an allocation to general customer classes. Some totals may not add up due to rounding; table is in thousands of dollars.

Cost Center	Allocation Method	Residential	Commercial	Transfer Station	Total
SPU Branch O&M		**24%**	**22%**	**33%**	**24%**
Billing	Customer Counts and Trips	6,224	0	0	6,224
Environmental	Garbage Tonnage	605	787	754	2,145
G&A - Contract Management	Management Estimates	7,335	2,445	0	9,780
Transfer Stations - Hauling (All)	Tonnage	267	185	133	586
Transfer Stations - Operations	Tonnage	6,232	4,315	3,099	13,646
G&A - General	Tonnage	22,620	7,646	2,327	32,593
HR	Proportional Assignment	1,231	416	127	1,773
Contract Expense		**57%**	**51%**	**45%**	**55%**
N000156 Single Family Garbage	Direct Assignment	22,002	-	-	22,002
N000159 Single Family Recycling	Direct Assignment	14,281	-	-	14,281
N000157 Single Family Compost	Direct Assignment	22,417	104	-	22,521
N000156 Multi Family Garbage	Direct Assignment	8,922	-	-	8,922
N000159 Multi Family Recycling	Direct Assignment	13,700	-	-	13,700
N000157 Multi Family Compost	Direct Assignment	863	-	-	863
N000156 Commercial Garbage	Direct Assignment	-	23,015	-	23,015
N000157 Commercial Compost	Direct Assignment	-	1,687	-	1,687
N000159 Commercial Recycling	Direct Assignment	-	57	-	57
N050501 Long-Haul Disposal	Tonnage	6,632	8,628	8,263	23,523
N050107 Garbage Transfer/Processing	Tonnage	-	-	-	-
N050107 Recycling	Tonnage	8,457	-	-	8,457
N050107 Compost	Tonnage	4,944	366	390	5,700
N050201 LHWMP	Volume	4,410	2,392	-	6,082
Taxes		**14%**	**17%**	**13%**	**15%**
City Utility Tax	Ad-hoc	20,398	8,610	0	29,007
City Tonnage Tax	Tonnage	1,672	2,175	2,083	5,930
State B&O Tax	Revenue	3,528	1,489	397	5,415
CIP, Financial Policies, and Non-Rates Revenues	Ad-hoc	**5%** 9,332	**9%** 6,431	**9%** 1,715	**6%** 17,478
Solid Waste Fund Total	Total in Dollars	186,070	70,747	19,287	276,106
	Class Share of SWF Total	**67%**	**26%**	**7%**	**100%**

APPENDIX D DEMAND ANALYSIS

The following is an overview of the demand projection for the major demand categories. Actuals may not match those published elsewhere by SPU.

Customer Class	Rate	2024 Actual	2025 Projected	2026 Proposed	2027 Proposed	2028 Proposed	2029 Estimated
Residential Curbside Can Pickups	0 Can	2,619	2,720	2,821	2,821	2,887	2,887
	12 Gallon	21,136	20,991	20,846	20,846	20,751	20,751
	20 Gallon	50,350	50,270	50,190	50,190	50,138	50,138
	32 Gallon	82,120	82,634	83,148	83,148	83,484	83,484
	64 Gallon	11,476	12,117	12,758	12,758	13,177	13,177
	96 Gallon	4,684	4,974	5,264	5,264	5,454	5,454
	Total	**172,385**	**173,706**	**175,027**	**175,027**	**175,891**	**175,891**
Residential On-Site Detach	Accounts	5,412	5,493	5,579	5,667	5,752	5,838
	Pickups	37,487	37,939	37,974	38,010	38,045	38,080
	Volume (Cubic Yards)	91,368	92,773	93,810	94,847	95,887	96,925
Commercial Garbage	Accounts	8,190	8,313	8,443	8,576	8,705	8,835
	Pickups	86,350	78,974	79,426	79,879	80,332	80,785
	Volume (Cubic Yards)	112,319	102,367	102,515	102,662	102,810	102,958
	Dropbox Tonnage	3,838	3,679	3,631	3,584	3,536	3,488
Organics Yardwaste Pickups	13 Gallon	40,074	40,715	41,415	42,115	42,818	43,518
	32 Gallon	37,121	39,068	41,078	43,088	45,103	47,113
	96 Gallon	93,189	92,377	91,813	91,249	90,684	90,120
	Total	**170,384**	**172,160**	**174,306**	**176,452**	**178,604**	**180,751**
Organics Foodwaste Pickups	Pickups	2,148	2,154	2,153	2,152	2,151	2,151
	Volume (Cubic Yards)	15,975	16,996	17,839	18,682	19,528	20,371
Transfer Station Tonnage	Garbage	129,161	135,288	120,244	118,466	116,230	120,324
	Organics	6,777	7,026	7,071	7,229	7,413	7,545
System-wide Tonnage	Garbage	352,658	358,350	365,807	374,373	382,319	392,110
	Organics	96,026	97,505	99,974	102,533	104,712	107,468
	Recycling	86,430	85,336	84,359	83,409	81,804	81,561

APPENDIX E RATE TABLES

Most solid waste rates are rounded to the nearest nickel.

Customer	Rate	2025 Adopted	2026 Proposed	2027 Proposed	2028 Proposed
Residential Curbside Can	0 Can	$6.85	$6.85	$6.85	$6.85
	12 Gallon	28.25	29.20	30.15	31.15
	20 Gallon	34.65	35.80	37.00	38.20
	32 Gallon	45.05	46.55	48.10	49.70
	64 Gallon	89.95	92.90	95.95	99.10
	96 Gallon	135.05	139.50	144.10	148.85
	Extras	13.95	14.40	14.90	15.40
Residential On-Site Detach	Account Fee	49.50	51.15	52.85	54.60
	Pickup Charge	37.05	38.25	39.50	40.80
	Uncompacted Volume	28.55	29.50	30.45	31.45
	Compacted Volume	58.00	59.90	61.90	63.95
Yardwaste	13 Gallon	7.50	7.75	8.00	8.25
	32 Gallon	11.25	11.60	12.00	12.40
	96 Gallon	14.30	14.75	15.25	15.75
	Extras	7.25	7.50	7.75	8.00
Commercial Cans	20 Gallon	42.00	43.30	44.82	46.33
	32 Gallon	60.84	62.79	64.95	67.12
	64 Gallon	119.51	123.41	127.52	131.63
	96 Gallon	140.08	144.62	149.39	154.36
Commercial Detach	Account Fee	33.30	34.40	35.55	36.70
	Pickup Rate	21.70	22.40	23.15	23.90
	Uncompacted Volume	36.70	37.90	39.15	40.45
	Compacted Volume	74.55	77.00	79.55	82.20
Commercial Dropbox	Account Fee	142.55	147.25	152.10	157.10
	Pickup Rate	275.30	284.40	293.80	303.50
	Tonnage Rate	234.80	242.55	250.55	258.80
Clear Alley Rates	15 Gallon Garbage Bag	5.95	6.15	6.35	6.55
	30 Gallon Garbage Bag	8.40	8.70	9.00	9.30
	15 Gallon Organics Bag	4.00	4.15	4.30	4.45
	30 Gallon Organics Bag	5.80	6.00	6.20	6.40

Ancillary Rates	Can/Cart Delivery	34.60	35.75	36.95	38.15
	Dumpster Delivery	41.55	42.90	44.30	45.75
	Small Roll-off Delivery	55.15	56.95	58.85	60.80
	Large Roll-off Delivery	86.50	89.35	92.30	95.35
	Can/Cart Rollout/Reposition	3.55	3.70	3.85	4.00
	Detach Rollout/Reposition	10.20	10.55	10.90	11.25
	Enter Secure Building	6.95	7.20	7.45	7.70
	Dumpster Cleaning	51.90	53.60	55.35	57.20
	Roll-off Cleaning	69.05	71.35	73.70	76.15
	Can/Cart Cleaning	13.80	14.25	14.70	15.20
	Connect/Disconnect	58.70	60.65	62.65	64.70
	Dry Run	120.95	124.95	129.05	133.30
	Truck, Hourly Special	311.05	321.30	331.90	342.85
	Swamper, Hourly Special	103.50	106.90	110.45	114.10
Misc., Bulky, Etc.	Garbage Curbside Extra	13.95	14.40	14.90	15.40
	Organics Curbside Extra	7.25	7.50	7.75	8.00
	CFCs Charge	8.00	8.25	8.55	8.80
	Electronics	20.00	20.00	20.00	20.00
	Bulky Item/Appliance	30.00	31.00	32.00	33.00
Transfer Station Rates	Garbage, per Ton	165.00	174.00	183.00	193.00
	Garbage, Minimum Charge	35.00	37.00	39.00	41.00
	Organics, per Ton	125.00	132.00	139.00	146.00
	Organics, Minimum Charge	24.00	25.00	27.00	28.00
	Vehicle Tires	15.00	16.00	17.00	18.00
	Large Appliances	32.00	34.00	36.00	38.00

2026 – 2028 Solid Waste Rates Proposal

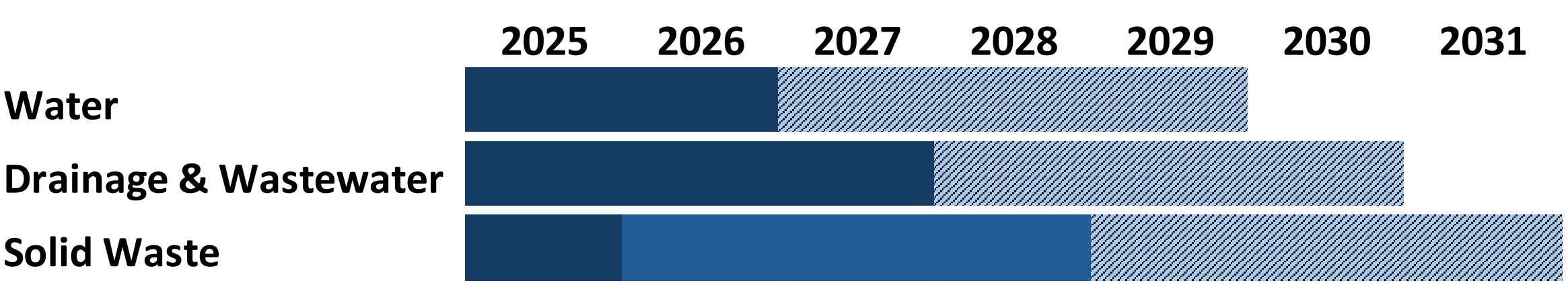
Parks, Public Utilities & Technology Committee

August 13, 2025

City of Seattle

SPU Rates Schedule

Rates are typically set for a three-year period:



Proposed 3-Year Rate Path and Forecast

Line of Business	2025	2026	2027	2028	2029	2030	2025-30
Water	2.0%	2.0%	6.3%	3.3%	6.5%	3.8%	4.0%
Wastewater	5.0%	5.0%	5.0%	6.2%	7.0%	5.1%	5.5%
Drainage	5.0%	5.0%	5.1%	6.6%	6.3%	7.2%	5.9%
Solid Waste	2.4%	**3.2%**	**3.5%**	**3.5%**	3.4%	2.6%	3.1%
Combined	3.7%	3.9%	4.9%	5.0%	5.9%	4.6%	**4.7%**

Approved Legislation currently in effect

Proposed Solid Waste Rates

SWF Rate Increase Comparison to SBP

	2025	2026	2027	2028	2029	2030	2025-30
SOLID WASTE RATE PATH IN SBP	**2.5%**	**3.1%**	**3.4%**	**3.4%**	**3.8%**	**2.5%**	**3.1%**
Solid Waste Collection Service*	2.6%	3.3%	3.4%	3.4%	3.9%	2.0%	
Solid Waste Transfer Stations*	0.0%	3.3%	3.4%	3.4%	3.9%	2.0%	
SOLID WASTE RATE STUDY PROPOSAL	**2.4%**	**3.2%**	**3.5%**	**3.5%**	**3.4%**	**2.6%**	**3.1%**
Solid Waste Collection Service*	2.6%	3.3%	3.3%	3.3%	3.2%	2.1%	
Solid Waste Transfer Stations*	0.0%	5.2%	5.2%	5.2%	5.2%	5.2%	

*Annual April 1st Rate Increase

Solid Waste Rates: Typical Bills

	Adopted	Proposed					
Collection Service	**2025**	**2026**	**% Chg**	**2027**	**% Chg**	**2028**	**% Chg**
Single Family	$59.35	$61.30	3.3%	$63.30	3.3%	$65.40	3.3%
Multifamily	$30.48	$31.48	3.3%	$32.52	3.3%	$33.60	3.3%
Small Business	$603.99	$623.92	3.3%	$644.51	3.3%	$665.78	3.3%

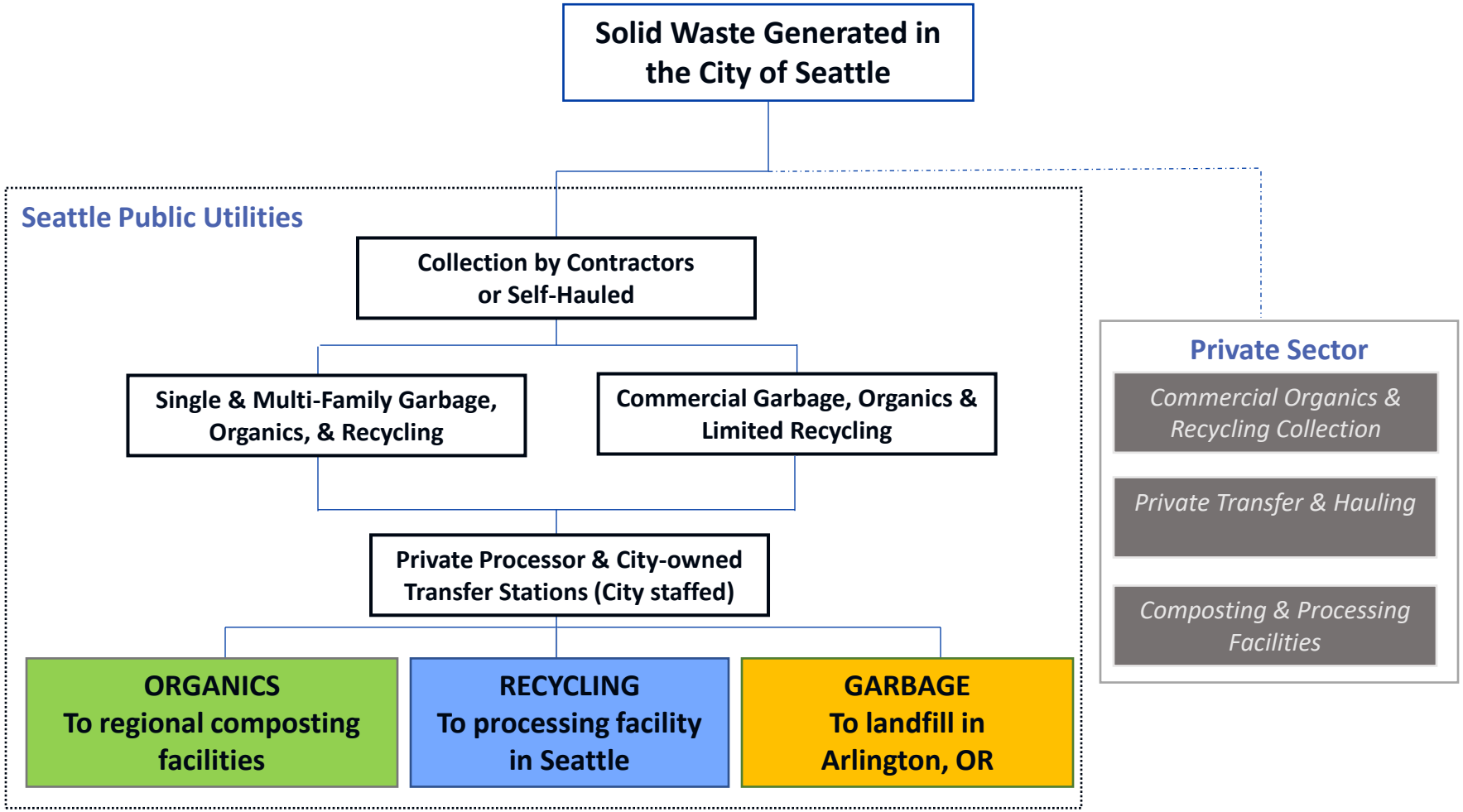
	Adopted	Proposed					
Transfer Stations	**2025**	**2026**	**% Chg**	**2027**	**% Chg**	**2028**	**% Chg**
Garbage (Per Ton)	$165	$174	5.2%	$183	5.2%	$192	5.2%
Garbage (Minimum Fee)	$35	$37	5.2%	$39	5.2%	$41	5.2%
Organics (Per Ton)	$125	$132	5.2%	$138	5.2%	$146	5.2%
Organics (Minimum Fee)	$24	$25	5.2%	$27	5.2%	$28	5.2%

2025 Residential Bill Comparison



Tacoma has collection every other week, and Portland has garbage collection every other week, typical bills have been adjusted to reflect service levels similar to Seattle.

Solid Waste System



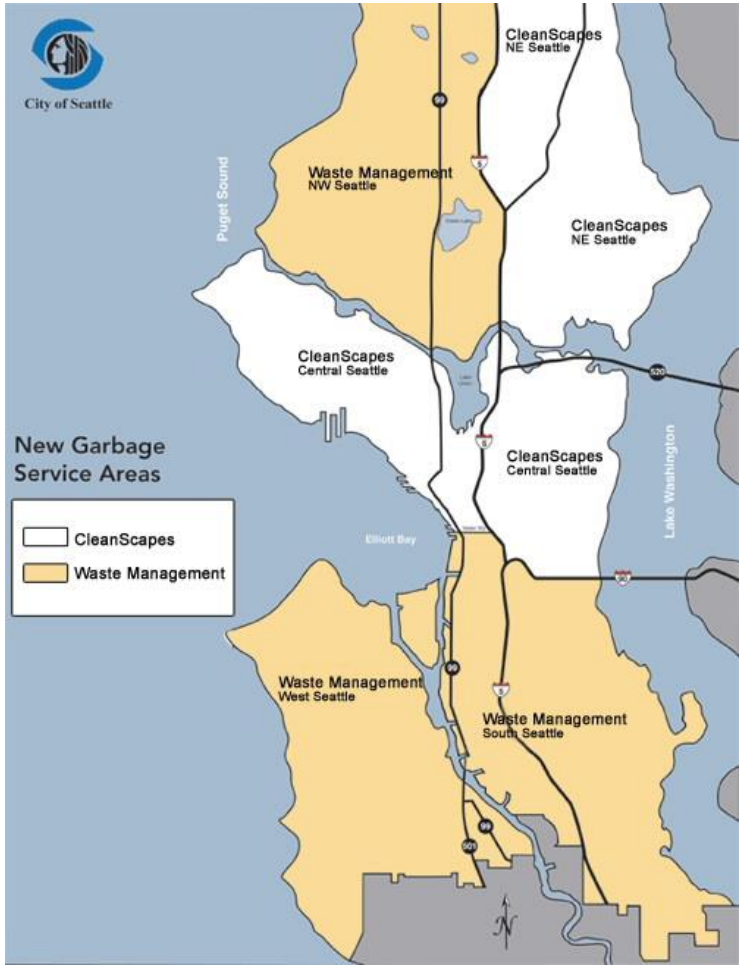
2024 Solid Waste Customers

Residential Can	Multi-Family	Commercial
172,385	5,412	8,190





Solid Waste System – Collection



WASTE MANAGEMENT

Recology CleanScapes WASTE ZERO

Contracts run through 2029 with City options to extend to 2031 or 2033

Solid Waste System – Processing & Disposal

Recycling

- Collection contractors haul recycling directly to Republic Services facility in Seattle

Organics

- Delivered to SPU transfer stations, then transported to processing facilities

Garbage

- Delivered to SPU transfer stations, then transported to railhead by SPU
- Waste Management disposes of garbage at their landfill in Oregon

REPUBLIC SERVICES, INC.

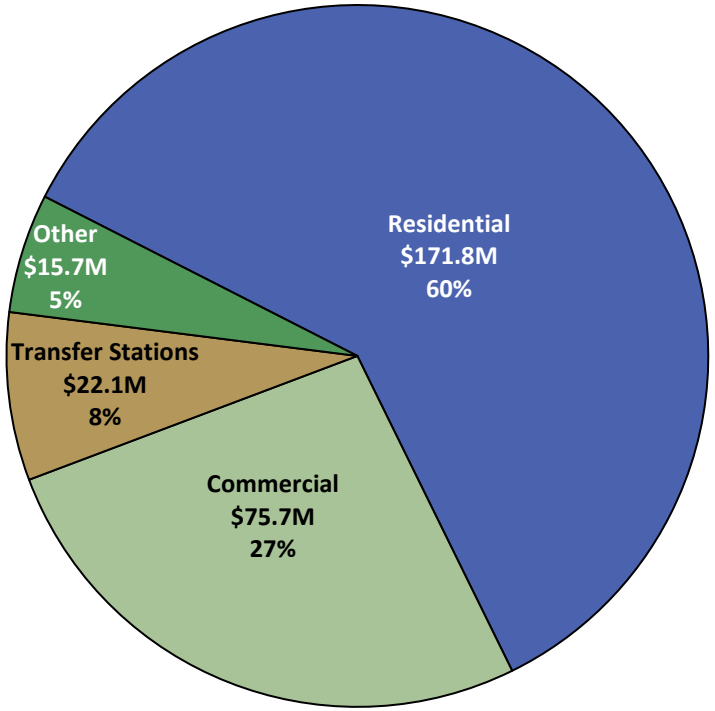
LENZ

CEDAR GROVE

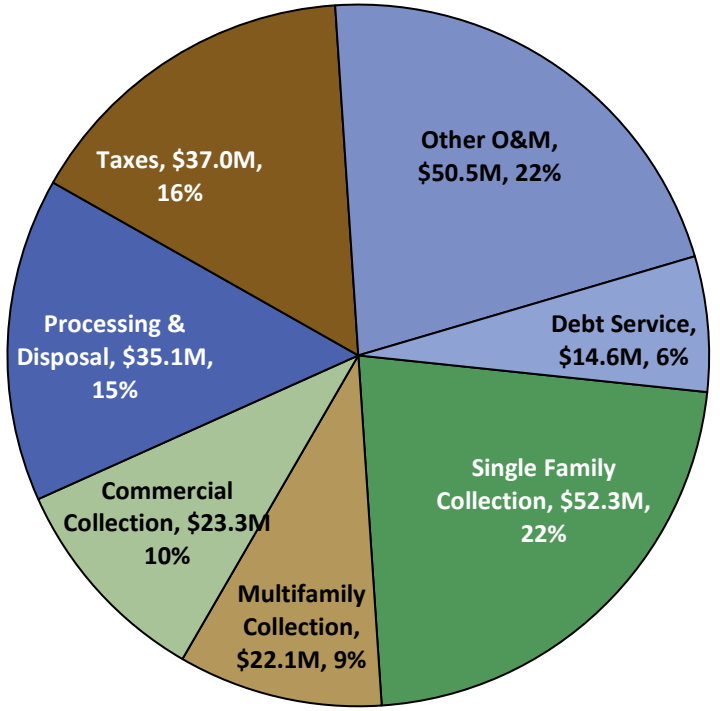
WM WASTE MANAGEMENT

2024 Revenue and Expenses

Revenue: $285M



Expenses: $235M



Excess cash used to meet financial policies and pay down debt

Solid Waste Financial Policies

Parameter	Solid Waste Fund
Net Income	**Generally Positive**
Debt Service Coverage (Adopted)	1.70 times 1.50 times (less taxes)
Year-End Cash Balance (Adopted)	20 days contract expense ($7.6M)
Year-End Cash Balance (Internal)	45 days operating cash ($27M)
Cash Financing of CIP	Greater of 10% CIP or $4.3M

New: *Special Item* Pickup Service

- Goal to divert items from landfill and enforce e-waste and battery disposal bans
- Improves awareness of special pickup services available to customers

	Year of implementation	Annual Cost	Sample Items
One special items box (≤2'x2'x2' & ≤ 60 lbs.)	2026	$456 k	Multiple small special items (electronics, small appliances)
One battery bag			Household batteries that fit in a gallon plastic bag.
One large electronic (>2'x2'x2')	2027-2028	$4.3 million/year	TVs, speakers, computers
One bulky item			Large furniture, appliances

Next Steps

- August 13: PPUT Committee briefing
- September 10: PPUT Committee consideration and possible vote
- September 16: Full Council Consideration
- April 1, 2026: Solid Waste rates effective

Questions?

File #: CB 121043, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the Harbor Island Superfund Site; authorizing Seattle Public Utilities and Seattle City Light to agree to orders issued by the United States Environmental Protection Agency regarding remediation of contamination at the East Waterway Operable Unit of the Harbor Island Superfund Site; and authorizing Seattle Public Utilities and Seattle City Light to enter into agreements with other parties to implement and share the costs of implementing those orders, including making commitments to expend funds not contemplated in the annual budget, consistent with RCW 35.32A.070.

WHEREAS, the Environmental Protection Agency (EPA) placed the Harbor Island Superfund Site on the National Priorities List in 1983, and the East Waterway adjacent to Harbor Island is an Operable Unit of the Harbor Island Superfund Site; and

WHEREAS, contamination has been found in the sediments of the East Waterway, including polychlorinated biphenyls (PCBs), carcinogenic polycyclic aromatic hydrocarbons (cPAHs) and other compounds, creating potentially unacceptable risks to human health and the environment; and

WHEREAS, the City is a potentially responsible party for the contamination in the East Waterway due to historic activities adjacent to the waterway and to discharges from the City's sewage and stormwater system; and

WHEREAS, in 2006 the City entered into an agreement with the Port of Seattle and King County to share the costs of implementing an EPA-agreed order regarding development of a Remedial Investigation and Feasibility Study (RI/FS) for the East Waterway, and those studies have been completed; and

WHEREAS, the Port of Seattle, King County, and the City intend to enter into a new agreed order with EPA that will direct development of Remedial Design for remediation of the East Waterway, and to execute a

new Memorandum of Agreement among the three parties to govern their shared responsibilities under the order and to commit them to each pay one-third of the costs on an interim basis, subject to reallocation through litigation or an alternative process at a later date; and

WHEREAS, the time frame to implement the new agreed order goes beyond 2025; and

WHEREAS, there are additional potentially responsible parties that should pay their fair share of costs for remediation of the East Waterway, and the City intends to seek monetary contribution by those parties through litigation or an alternative process; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Seattle Public Utilities and Seattle City Light are authorized to enter into an agreed order with the Environmental Protection Agency (EPA) regarding remedial design for remediation of the East Waterway.

Section 2. Seattle Public Utilities and Seattle City Light are authorized to enter into a Memorandum of Agreement with the Port of Seattle and King County to share the responsibility for implementing the EPA-agreed order and to each pay one-third of the costs to implement the order on an interim basis, subject to reallocation through litigation or an alternative process at a later date.

Section 3. Seattle Public Utilities and Seattle City Light are authorized to enter into agreements with other potentially responsible parties to seek their monetary contribution toward remediation of the East Waterway.

Section 4. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the _____ day of _____, 2025, and signed by me in open session in authentication of its passage this _____ day of _____, 2025.

_____

President _____ of the City Council

Approved / returned unsigned / vetoed this ____day of _____, 2025.

_____

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2025.

_____

Scheereen Dedman, City Clerk

(Seal)

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Seattle Public Utilities	David Schuchardt	Akshay Iyengar

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the Harbor Island Superfund Site; authorizing Seattle Public Utilities and Seattle City Light to agree to orders issued by the United States Environmental Protection Agency regarding remediation of contamination at the East Waterway Operable Unit of the Harbor Island Superfund Site; and authorizing Seattle Public Utilities and Seattle City Light to enter into agreements with other parties to implement and share the costs of implementing those orders, including making commitments to expend funds not contemplated in the annual budget, consistent with RCW 35.32A.070.

Summary and Background of the Legislation: The East Waterway of the Duwamish River is a one mile long, 157-acre portion of the federal Harbor Island Superfund Site. The East Waterway contains historical pollution from industrial and urban use. Sediment contamination in the waterway, which includes PCBs, arsenic, dioxin/furans, and PAHs, poses risk to people and the environment.

The U.S. Environmental Protection Agency (EPA) is overseeing the cleanup of the East Waterway to remove and remediate historical contaminants that threaten human and environmental health. In May 2024, EPA issued its draft cleanup plan detailing the agency's selected remedy for the East Waterway. The East Waterway Group, comprised of the City of Seattle, King County and the Port of Seattle, is working together to collect data and design a cleanup.

The design is expected to cost approximately $30 million. EPA estimated the full cost of design, construction, and long-term maintenance for the East Waterway cleanup is $401 million. The City's share of the cleanup costs will be determined through negotiation with the other liable parties, and/or litigation. Pending the liability settlements, the City's Memorandum of Agreement with King County and the Port will include an interim cost sharing agreement, in which each party pays a 33.33% share. The City is eligible for State Remedial Action Grant funds, which reimburses up to 50% of cleanup costs.

In April of 2025, the Council approved legislation authorizing Seattle Public Utilities and Seattle City Light to continue expending funds to participate in environmental investigation and remediation of the nearby Lower Duwamish Waterway Superfund Site

This ordinance would authorize Seattle City Light and Seattle Public Utilities to continue participating in environmental investigation and cleanup of the East Waterway Operable Unit of the Harbor Island Superfund Site (EWOU); enter orders with the EPA to remediate contamination at the site; and authorize the two utilities to enter into agreements with other

parties to implement and share the costs of implementing those orders, including making commitments to expend funds not contemplated in the annual budget.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ **Yes** ☒ **No**

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? ☐ **Yes** ☒ **No**

Note: While this legislation authorizes spending beyond the current budget cycle, future expenditures would be subject to Council appropriations. SCL and SPU have each budgeted for these projects assuming the City would sign an administrative order and pursue financial contributions from other parties.

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.
The ordinance authorizes continuation of East Waterway cleanup work, which has been implemented to date under an Administrative Settlement Agreement and Order on Consent (ASAOC) signed by the Port of Seattle. The work will continue under an ASAOC signed by SPU.

The ordinance authorizes cost settlements with other responsible parties. When these settlements are reached, they will affect the cost share SPU and SCL pay toward the cleanup. Since 2006, the City has shared East Waterway costs (1/3 City share) under an interim cost share agreement. The City's share going forward and reconciliation of past costs will be determined by litigation or settlements.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.
SPU and SCL have planned and budgeted for the East Waterway cleanup costs. The ASAOC is the next administrative mechanism to continue the work.

Please describe any financial costs or other impacts of *not* implementing the legislation.
If the City does not implement the ordinance, EPA would issue a Unilateral Order requiring the same work and costs. Also, the City would lose grant eligibility to recover up to 50% of costs

through State Model Toxics Control Act grants. In addition, the work be implemented but without protecting the City from lawsuits by other parties.

Please describe how this legislation may affect any City departments other than the originating department.
SPU and SCL share costs on EW (55% SPU; 45% SCL) under an interim agreement.

4. OTHER IMPLICATIONS

a. Is a public hearing required for this legislation? No

b. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation? No

c. Does this legislation affect a piece of property? No

d. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community. Communities in the Duwamish Valley are both vulnerable and historically disadvantaged. Signing the ASAOC affirms Seattle's 20+ year commitment to correct historic contamination and associated health risks. Seattle works with its project partners and EPA to implement meaningful public participation in the cleanup, including multilingual meetings and written materials.

ii Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation. None

iii What is the Language Access Plan for any communications to the public? Seattle works with its project partners and EPA to implement meaningful public participation in the cleanup, including multilingual meetings and written materials.

e. Climate Change Implications

i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response. EPA will require this work regardless of this legislation. The cleanup is a construction project with short-term construction emissions. The design seeks to minimize these emissions using green remediation best practices.

ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects. No effects on resiliency are expected.

f. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals? This legislation allows the planned cleanup to move forward under the authority of an EPA administrative order. The cleanup goals are identified in EPA's Record of Decision for the cleanup project.

g. Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization? No

5. ATTACHMENTS

Summary Attachments:
Summary Exhibit A – Administrative Settlement Agreement and Order on Consent for Remedial Design

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 10

IN THE MATTER OF: East Waterway Operable Unit of the Harbor Island Superfund Site Port of Seattle, City of Seattle, and King County, Respondents Proceeding Under Sections 104, 107, and 122 of the Comprehensive, Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§ 9604, 9607 and 9622	CERCLA Docket No. ____ **ADMINISTRATIVE SETTLEMENT AGREEMENT AND ORDER ON CONSENT FOR REMEDIAL DESIGN**

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DRAFT

I. JURISDICTION AND GENERAL PROVISIONS

1. This Administrative Settlement Agreement and Order on Consent ("Settlement") is entered into voluntarily by the United States Environmental Protection Agency (EPA) and the Port of Seattle, City of Seattle, and King County ("Respondents"). This Settlement provides for the performance of a Remedial Design (RD) by Respondents and the payment of certain response costs incurred by the United States at or in connection with the East Waterway Operable Unit ("EWOU") of the Harbor Island Superfund Site (the "Site") located immediately to the southwest of the downtown area of Seattle, Washington, and generally depicted on the diagram which is Appendix A to this Settlement.

2. This Settlement is issued under the authority vested in the President of the United States by Sections 104, 107, and 122 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, (CERCLA), as amended. This authority was delegated to the EPA Administrator on January 23, 1987, by Executive Order 12580, 52 Fed. Reg. 2923 (Jan. 29, 1987), and further delegated to the EPA Regional Administrators by EPA Delegation Nos. 14-14C (Administrative Actions Through Consent Orders, Jan. 18, 2017) and 14-14D (Cost Recovery Non-Judicial Agreements and Administrative Consent Orders, Jan. 18, 2017). These authorities were further redelegated by the Regional Administrator of EPA Region 10 to the Branch Manager, Remedial Cleanup Branch by EPA Region 10 Delegations R10 14-14-C (July 30, 2024) and R10 14-14-D (July 30, 2024).

3. In accordance with Section 122(j)(1) of CERCLA, 42 U.S.C. § 9622(j)(1), EPA notified the National Oceanic and Atmospheric Administration, United States Fish and Wildlife Service, Suquamish Tribe, Muckleshoot Indian Tribe, and Yakama Nation of negotiations with potentially responsible parties regarding the release of hazardous substances that may have resulted in injury to the natural resources under federal trusteeship and encouraged these trustees to participate in the negotiation of this Settlement.

4. EPA and Respondents recognize that this Settlement has been negotiated in good faith and that the actions undertaken by Respondents in accordance with this Settlement do not constitute an admission of any liability. Respondents do not admit, and retain the right to controvert in any subsequent proceedings other than proceedings to implement or enforce this Settlement, the validity of the findings of facts, conclusions of law, and determinations in Sections IV (Findings of Fact) and V (Conclusions of Law and Determinations) of this Settlement. Respondents agree to comply with and be bound by the terms of this Settlement and further agree that they will not contest the basis or validity of this Settlement or its terms.

II. PARTIES BOUND

5. This Settlement is binding upon EPA and upon Respondents and their successors, and assigns. Any change in ownership or corporate status of a Respondent including, but not limited to, any transfer of assets or real or personal property shall not alter such Respondent's responsibilities under this Settlement.

6. Respondents are jointly and severally liable for carrying out all activities required by this Settlement. In the event of the insolvency or other failure of any Respondent to implement the requirements of this Settlement, the remaining Respondents shall complete all such requirements.

7. Each undersigned representative of Respondents certifies that he or she is fully authorized to enter into the terms and conditions of this Settlement and to execute and legally bind Respondents to this Settlement.

8. Respondents shall provide a copy of this Settlement to each contractor hired to perform the Work required by this Settlement and to each person representing any Respondents with respect to the EWOU or the Work and shall condition all contracts entered into under this Settlement on performance of the Work in conformity with the terms of this Settlement. Respondents or their contractors shall provide written notice of the Settlement to all subcontractors hired to perform any portion of the Work required by this Settlement. Respondents shall nonetheless be responsible for ensuring that their contractors and subcontractors perform the Work in accordance with the terms of this Settlement.

III. DEFINITIONS

9. Unless otherwise expressly provided in this Settlement, terms used in this Settlement that are defined in CERCLA or in regulations promulgated under CERCLA shall have the meaning assigned to them in CERCLA or in such regulations. Whenever terms listed below are used in this Settlement or its attached appendices, the following definitions shall apply:

"Affected Property" shall mean all real property within the EWOU and any other real property where EPA determines, at any time, that access or land, water, or other resource use restrictions are needed to implement the RD.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act, as amended.

"Day" or "day" shall mean a calendar day. In computing any period of time under this Settlement, where the last day would fall on a Saturday, Sunday, or federal or state holiday, the period shall run until the close of business of the next working day.

"Effective Date" shall mean the effective date of this Settlement as provided in Section XXVI.

"Ecology" shall mean the Washington State Department of Ecology and any of its successor departments or agencies of the State of Washington.

"EPA" shall mean the United States Environmental Protection Agency.

"EPA Hazardous Substance Superfund" shall mean the Hazardous Substance Superfund established by the Internal Revenue Code, 26 U.S.C. § 9507.

"EWOU" shall mean the East Waterway Operable Unit of the Harbor Island Superfund Site, encompassing approximately 157 acres of sediments below Mean Higher High Water (MHHW), and extending for approximately 8,250 feet adjacent to the eastern side of Harbor Island in Seattle, Washington and depicted generally on the map attached as Appendix A. It does not include downstream or upstream areas (such as the Lower Duwamish Waterway Superfund Site), groundwater, or locations above MHHW.

"EWOU Special Account" shall mean the special account within the EPA Hazardous Substance Superfund, established for the Site by EPA pursuant to Section 122(b)(3) of CERCLA, 42 U.S.C. § 9622(b)(3), and a prior administrative settlement.

"Future Oversight Costs" shall mean that portion of Future Response Costs that EPA incurs in monitoring and supervising Respondents' performance of the Work to determine whether such performance is consistent with the requirements of this Settlement, including costs incurred in reviewing deliverables submitted pursuant to this Settlement, as well as costs incurred in overseeing implementation of the Work; however, Future Oversight Costs do not include, *inter alia*: the costs incurred by EPA pursuant to Section VIII (Property Requirements), Paragraph 92 (Access to Financial Assurance), Paragraph 23 (Emergencies and Releases), and Paragraph 70 (Work Takeover), or the costs incurred by the United States in enforcing the terms of this Settlement, including all costs incurred in connection with Section XIII (Dispute Resolution) and all litigation costs.

"Future Response Costs" shall mean all costs, including, but not limited to, direct and indirect costs, that the United States incurs in reviewing or developing deliverables submitted pursuant to this Settlement, in overseeing implementation of the Work, or otherwise implementing, overseeing, or enforcing this Settlement, including but not limited to, payroll costs, contractor costs, travel costs, laboratory costs, the costs incurred pursuant to Section VIII (Property Requirements) (including, but not limited to, cost of attorney time and any monies paid to secure or enforce access, including, but not limited to, the amount of just compensation), Paragraph 70 (Work Takeover), Paragraph 23 (Emergencies and Releases), Paragraph 92 (Access to Financial Assurance), Paragraph 24 (Community Involvement, (including the costs of any technical assistance grant under Section 117(e) of CERCLA, 42 U.S.C. § 9617(e)), and the costs incurred by the United States in enforcing the terms of this Settlement, including all costs incurred in connection with Dispute Resolution pursuant to Section XIII (Dispute Resolution) and all litigation costs (except costs incurred by the United States as a result of its status as a potentially responsible party under CERCLA, as described in Paragraph 73. Future Response Costs shall also include all Interim Response Costs, and all Interest on those Past Response Costs that Respondents have agreed to pay under this Settlement that has accrued pursuant to 42 U.S.C. § 9607(a) during the period from June 4, 2025, to the Effective Date, and Agency for Toxic Substances and Disease Registry's (ATSDR's) CERCLA-recoverable costs regarding the EWOU.

"Interest" shall mean interest at the rate specified for interest on investments of the EPA Hazardous Substance Superfund established by 26 U.S.C. § 9507, compounded annually on October 1 of each year, in accordance with 42 U.S.C. § 9607(a). The applicable

rate of interest shall be the rate in effect at the time the interest accrues. The rate of interest is subject to change on October 1 of each year. Rates are available online at https://www.epa.gov/superfund/superfund-interest-rates.

"Interim Record of Decision" or "IROD" shall mean the EPA Record of Decision relating to the EWOU signed on May 28, 2024 by the Principal Deputy Assistant Administrator in the Office of Land and Emergency Management, and all attachments thereto. The IROD is maintained in the file system of EPA.

"Interim Remedial Action" or "IRA" shall mean the interim remedial action selected in the IROD.

"Interim Response Costs" shall mean all costs, including, but not limited to, direct and indirect costs: (a) paid by the United States in connection with the EWOU between June 4, 2025, and the Effective Date, or (b) incurred prior to the Effective Date, but paid by the United States after that date.

"National Contingency Plan" or "NCP" shall mean the National Oil and Hazardous Substances Pollution Contingency Plan promulgated pursuant to Section 105 of CERCLA, 42 U.S.C. § 9605, codified at 40 C.F.R. Part 300, and any amendments thereto.

"Non-Settling Owner" shall mean any person, other than a Respondent, that owns or controls any Affected Property, including the State of Washington Department of Natural Resources. The clause "Non-Settling Owner's Affected Property" means Affected Property owned or controlled by Non-Settling Owner.

"Owner Respondent" shall mean any Respondent that owns or controls any Affected Property. The clause "Owner Respondent's Affected Property" means Affected Property owned or controlled by Owner Respondent.

"Paragraph" shall mean a portion of this Settlement identified by an Arabic numeral or an upper- or lower-case letter.

"Parties" shall mean EPA and Respondents.

"Past Response Costs" shall mean all costs, including, but not limited to, direct and indirect costs, that the United States paid at or in connection with the EWOU from September 30, 2019 through June 4, 2025, plus Interest on all such costs through such date.

"Performance Standards" or "PS" shall mean the sediment Remedial Action Levels (RALs), for contaminants of concern (COCs) as set forth in the IROD.

"RCRA" shall mean the Solid Waste Disposal Act, 42 U.S.C. §§ 6901-6992 (also known as the Resource Conservation and Recovery Act).

"Remedial Design" or "RD" shall mean those activities to be undertaken by Respondents to develop the final plans and specifications for the IRA as stated in the SOW.

"Respondents" shall mean the Port of Seattle, City of Seattle, and King County.

"Section" shall mean a portion of this Settlement identified by a Roman numeral.

"Settlement" shall mean this Administrative Settlement Agreement and Order on Consent and all appendices attached hereto (listed in Section XXIV (Integration/Appendices)). In the event of conflict between this Settlement and any appendix, this Settlement shall control.

"Statement of Work" or "SOW" shall mean the document describing the activities Respondents must perform to implement the RD, which is attached as Appendix B.

"Supervising Contractor" shall mean the principal contractor retained by Respondents to supervise and direct the implementation of the Work under this Settlement.

"Transfer" shall mean to sell, assign, convey, lease, mortgage, or grant a security interest in, or where used as a noun, a sale, assignment, conveyance, or other disposition of any interest by operation of law or otherwise.

"United States" shall mean the United States of America and each department, agency, and instrumentality of the United States, including EPA.

"Waste Material" shall mean (1) any "hazardous substance" under Section 101(14) of CERCLA, 42 U.S.C. § 9601(14); (2) any pollutant or contaminant under Section 101(33) of CERCLA, 42 U.S.C. § 9601(33); and (3) any "solid waste" under Section 1004(27) of RCRA, 42 U.S.C. § 6903(27).

"Work" shall mean all activities and obligations Respondents are required to perform under this Settlement, except those required by Section X (Record Retention).

IV. FINDINGS OF FACT

10. Early industrial and commercial use of the EWOU was originally focused on the eastern shore and consisted of fish processing facilities, shipyards, and facilities with flour mills, grain elevators, lumber yards, and cold storage. Wharves constructed on creosoted piles were built in the early 1900s along both sides of the EWOU. The United States has also used the EWOU for military and industrial purposes, including but not limited to the Naval Industrial Reserve Shipyard. Commercial and industrial use occurred adjacent to or in the EWOU, including oil terminals (constructed in 1929), shipyards, rail transfer terminals, lead smelter, cold storage, lumber yards, and sand and gravel transfer stations. The combined sanitary and stormwater sewage system discharged to the EWW for many years. Beginning in or around 1958, the Municipality of Metropolitan Seattle (Metro) formed to address regional wastewater and by 1969, Metro was directing combined sewage from this area to the treatment plant at West Point.

11. By 1919, the EWOU was an authorized Federal navigation channel. Dredging in the EWOU has been conducted to maintain and deepen existing berths and to deepen part of the Federal navigation channel. As of 2018, the northern portion of EWOU has an authorized depth

of -57 feet mean lower low water (MLLW) and the southern portion is -34 feet MLLW. The main channel has been dredged at least 13 times since 1960 to maintain the authorized depth.

12. As a result of releases and threatened releases of hazardous substances, pollutants, or contaminants to soil and sediment, and potential routes of human and environmental exposure to that contamination, EPA placed the Harbor Island Superfund Site on the National Priorities List in September of 1983.

13. The Port of Seattle performed a removal action for the EWOU in 2004-2005 under EPA oversight and direction pursuant to an Administrative Order on Consent in CERCLA Docket No. 10-2003-0166. The removal action was undertaken in a 20-acre area of the middle to south portion of the EWOU and consisted of the dredging and offsite disposal of approximately 273.300 cubic yards of contaminated sediments followed by placement of sand or gravel as a cover for the dredged area.

14. EPA completed an initial remedial investigation for the Harbor Island Superfund Site in 1993. That remedial investigation focused primarily on the upland area of the Harbor Superfund Site. In 2006, additional work began to specifically characterize the EWOU. An Administrative Settlement Agreement and Order on Consent (ASAOC) for performance of a supplemental remedial investigation (SRI) and feasibility Study (FS) exclusively for the EWOU was entered into between EPA and the Port of Seattle on October 20, 2006, in CERCLA Docket No. 10-2007-0030. Under the oversight of EPA and with funding assistance provided by the City of Seattle and King County, the SRI was completed in 2014 and the FS in 2019, however, EPA then determined further work was necessary to complete the SRI/FS for the EWOU and some of that work is still ongoing. The nature and extent of contamination in the EWOU are detailed in the SRI and alternatives for addressing that contamination are set forth and compared in the FS.

15. The data and other information developed in the SRI and other investigations shows there to be contamination of sediments, surface water, fish, and invertebrates in the EWOU. This contamination includes, but is not limited to, polychlorinated biphenyls (PCBs), carcinogenic polycyclic aromatic hydrocarbons (cPAHs), dioxins/furans, arsenic, tributyltin, metals, and other organic compounds. An assessment of exposure routes to this contamination was undertaken as part of the SRI and shows there to be potentially unacceptable risks to human health and the environment.

16. EPA prepared a proposed plan in 2023 which summarized data and other information about the nature and extent of contamination in the EWOU and compared the remedial action alternatives developed for addressing that contamination. After providing an opportunity for public, tribal, and state comment on the proposed plan, EPA issued an Interim Record of Decision (IROD) for the EWOU in May of 2024. In the IROD, EPA responded to the comments received on the proposed plan and set forth the selected remedial action for the EWOU.

17. The remedial action is to address approximately 123 acres of contaminated sediments and will include the dredging of 99 acres or approximately 940,000 cubic yards of contaminated sediments and the offsite disposal of those sediments. There is also to be capping

of seven acres of contaminated sediments, in-situ treatment of 12 acres of contaminated sediments located under docks and piers, and 3 acres of enhanced natural recovery of contaminated sediments. In addition, 36 acres of contaminated sediments will be subject to monitored natural attenuation and a residual management layer will be applied to dredged areas and adjacent locations. Further, institutional controls will be established to limit exposures to remaining contamination and protect the integrity of the remedial action, and short-term monitoring will be undertaken following implementation of the remedial action to assess the success of the work.

18. . Respondents each have responsibility or control over areas or conduits which may have contributed contamination to the EWOU.

V. CONCLUSIONS OF LAW AND DETERMINATIONS

19. Based on the Findings of Fact set forth above and the administrative record, EPA has determined that:

a. The EWOU is a "facility" as defined by Section 101(9) of CERCLA, 42 U.S.C. § 9601(9).

b. The contamination found at the EWOU, as identified in the Findings of Fact above, includes hazardous substances, pollutants, or contaminants as defined by Sections 101(14) and (33) of CERCLA, 42 U.S.C. §§ 9601(14) & (33).

c. Respondents are each a "person" as defined by Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

d. Respondents are each a responsible party under Section 107(a) of CERCLA, 42 U.S.C. § 9607(a).

e. The conditions described in the Findings of Fact constitute an actual or threatened "release" of a hazardous substance, pollutant, or contaminant from the facility as defined by Section 101(22) of CERCLA, 42 U.S.C.§ 9601(22).

f. The RD required by this Settlement is necessary to protect the public health, welfare, or the environment and, if carried out in compliance with the terms of this Settlement, will be consistent with the NCP, as provided in Section 300.700(c)(3)(ii) of the NCP.

VI. SETTLEMENT AGREEMENT AND ORDER

20. Based upon the Findings of Fact, Conclusions of Law, and Determinations set forth above, and the administrative record, it is hereby Ordered and Agreed that Respondents shall comply with all provisions of this Settlement, including, but not limited to, all appendices to this Settlement and all documents incorporated by reference into this Settlement.

VII. PERFORMANCE OF THE WORK

21. **Coordination and Supervision**

a. **Project Coordinators**.

(1) Respondents' Project Coordinator must have sufficient technical expertise to coordinate the Work. Respondents' Project Coordinator may not be an attorney representing any Respondent in this matter and may not act as the Supervising Contractor. Respondents' Project Coordinator may assign other representatives, including other contractors, to assist in coordinating the Work.

(2) EPA has designated Ravi Sanga as On-Scene Coordinator/Remedial Project Manager (OSC/RPM). EPA may designate other representatives, which may include its employees, contractors and/or consultants, to oversee the Work. EPA's OSC/RPM will have the authority to oversee and direct the Work as well as other authorities described in the NCP. This includes the authority to halt the Work and/or to conduct or direct any necessary response action when the OSC/RPM determines that conditions at the EWOU constitute an emergency or may present an immediate threat to public health or welfare or the environment due to a release or threatened release of Waste Material. All deliverables, notices, notifications, proposals, reports, and requests specified in this Settlement must be in writing, unless otherwise specified, and be submitted by email to the OSC/RPM, Ravi Sanga, at sanga.ravi@epa.gov.

(3) Respondents' Project Coordinators shall meet with the OSC/RPM at least monthly or as may otherwise be agreed to or approved by the OSC/RPM.

b. **Supervising Contractor.** Respondents' proposed Supervising Contractor must have sufficient technical expertise to supervise the Work and a quality assurance system that complies with ASQ/ANSI E4:2014, "Quality management systems for environmental information and technology programs - Requirements with guidance for use" (American Society for Quality, February 2014).

c. **Procedures for Disapproval/Notice to Proceed**

(1) Respondents shall designate, and notify EPA, within 14 days after the Effective Date, of the name[s], title[s], contact information, and qualifications of Respondents' proposed Project Coordinator and Supervising Contractor, whose qualifications shall be subject to EPA's review for verification based on objective assessment criteria (*e.g.*, experience, capacity, technical expertise) and do not have an unwaivable conflict of interest, as determined or approved by EPA, with respect to the project.

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(2) EPA shall issue notices of disapproval and/or authorizations to proceed regarding the proposed Project Coordinator and Supervising Contractor, as applicable. If EPA issues a notice of disapproval, Respondents shall, within 30 days, submit to EPA a list of supplemental proposed Project Coordinators and/or Supervising Contractors, as applicable, including a description of the qualifications of each. EPA shall issue a notice of disapproval or authorization to proceed regarding each supplemental proposed coordinator and/or contractor. Respondents may select any coordinator/contractor covered by an authorization to proceed and shall, within 21 days, notify EPA of Respondents' selection.

(3) Respondents may change their Project Coordinator and/or Supervising Contractor, as applicable, by following the procedures of 21.c(1) and 21.c(2).

22. **Performance of Work in Accordance with SOW.** Respondents shall develop the RD in accordance with the SOW and all EPA-approved, conditionally approved, or modified deliverables as required by the SOW. All deliverables required to be submitted for approval under the Settlement or SOW shall be subject to approval by EPA in accordance with Paragraph 6.6 (Approval of Deliverables) of the SOW**.**

23. **Emergencies and Releases**. Respondents shall comply with the emergency and release response and reporting requirements under Paragraph **3.9** (Emergency Response and Reporting) of the SOW. Subject to Section XVI (Covenants by EPA), nothing in this Settlement, including Paragraph 4.13 of the SOW, limits any authority of EPA: (a) to take all appropriate action to protect human health and the environment or to prevent, abate, respond to, or minimize an actual or threatened release of Waste Material on, at, or from the EWOU, or (b) to direct or order such action to protect human health and the environment or to prevent, abate, respond to, or minimize an actual or threatened release of Waste Material on, at, or from the EWOU. If, due to Respondents' failure to take appropriate response action under Paragraph 4.13 of the SOW, EPA takes such action instead, Respondents shall reimburse EPA under Section XII (Payment of Response Costs) for all costs of the response action.

24. **Community Involvement**. If requested by EPA, Respondents shall conduct community involvement activities under EPA's oversight as provided for in, and in accordance with, Section **2** (Community Involvement) of the SOW. Such activities may include, but are not limited to, designation of a Community Involvement Coordinator and implementation of a technical assistance plan. Costs incurred by EPA under this Section constitute Future Response Costs to be reimbursed under Section XII (Payments for Response Costs).

25. **Modification of SOW or Related Deliverables**

a. If EPA determines that it is necessary to modify the work specified in the SOW and/or in deliverables developed under the SOW in order to carry out the RD, EPA will notify Respondents of such modification. If Respondents object to the modification they may, within 30 days after EPA's notification, seek dispute resolution under Section XIII (Dispute Resolution).

b. The SOW and/or related work plans shall be modified: (1) in accordance with the modification issued by EPA; or (2) if Respondents invoke dispute resolution, in accordance with the final resolution of the dispute. The modification shall be incorporated into and enforceable under this Settlement, and Respondents shall implement all work required by such modification. Respondents shall incorporate the modification into the deliverable required under the SOW, as appropriate.

c. Nothing in this Paragraph shall be construed to limit EPA's authority to require performance of further response actions as otherwise provided in this Settlement.

VIII. PROPERTY REQUIREMENTS

26. **Agreements Regarding Access and Non-Interference.** Respondents shall, with respect to any Non-Settling Owner's Affected Property, use best efforts to secure from such Non-Settling Owner an agreement, enforceable by Respondents and EPA, providing that such Non-Settling Owner and Owner Respondent shall, with respect to Non-Settling Owner's Affected Property: (i) provide EPA, Respondents, and their representatives, contractors, and subcontractors with access at all reasonable times to such Affected Property to conduct any activity regarding the Settlement, including those activities listed in Paragraph 26.a (Access Requirements); and (ii) refrain from using such Affected Property in any manner that EPA determines will pose an unacceptable risk to human health or to the environment due to exposure to Waste Material, or that interferes with or adversely affects the implementation or integrity of the RD. Respondents shall provide a copy of such access agreement(s) to EPA.

a. **Access Requirements.** The following is a list of activities for which access is required regarding the Affected Property:

(1) Monitoring the Work;

(2) Verifying any data or information submitted to the United States;

(3) Conducting investigations regarding contamination at or near the EWOU;

(4) Obtaining samples;

(5) Assessing the need for, planning, implementing, or monitoring response actions;

(6) Assessing implementation of quality assurance and quality control practices as defined in the approved quality assurance quality control plan as provided in the SOW;

(7) Implementing the Work pursuant to the conditions set forth in ¶ 70 (Work Takeover);

(8) Inspecting and copying records, operating logs, contracts, or other documents maintained or generated by Respondents or their agents, consistent with Section IX (Access to Information); and

(9) Assessing Respondents' compliance with the Settlement.

(10) .

27. **Best Efforts**. As used in this Section, "best efforts" means the efforts that a reasonable person in the position of Respondents would use so as to achieve the goal in a timely manner, including the cost of employing professional assistance and the payment of reasonable sums of money to secure access, as required by this Section. If Respondents are unable to accomplish what is required through "best efforts" in a timely manner, they shall notify EPA, and include a description of the steps taken to comply with the requirements. If EPA deems it appropriate, it may assist Respondents, or take independent action, in obtaining such access. All costs incurred by the United States in providing such assistance or taking such action, including the cost of attorney time and the amount of monetary consideration or just compensation paid, constitute Future Response Costs to be reimbursed under Section XII (Payment of Response Costs).

28. In the event of any Transfer of the Affected Property, unless EPA otherwise consents in writing, Respondents shall continue to comply with their obligations under the Settlement, including their obligation[s] to secure access.

29. **Notice to Successors-in-Title**. Owner Respondent shall, prior to entering into a contract to Transfer its Affected Property, or 60 days prior to Transferring its Affected Property, whichever is earlier: (a) Notify the proposed transferee that EPA has determined that an RD must be performed at the EWOU, that potentially responsible parties have entered into an Administrative Settlement Agreement and Order on Consent requiring implementation of such RD (identifying the name, docket number, and the effective date of this Settlement); and (b) Notify EPA of the name and address of the proposed transferee and provide EPA with a copy of the above notice that it provided to the proposed transferee.

30. Notwithstanding any provision of the Settlement, EPA retains all of its access authorities and rights, as well as all of their rights to require land, water, or other resource use restrictions, including enforcement authorities related thereto under CERCLA, RCRA, and any other applicable statute or regulations.

IX. ACCESS TO INFORMATION

31. Respondents shall provide to EPA, upon request, copies of all records, reports, documents and other information (including records, reports, documents and other information in electronic form) (hereinafter referred to as "Records") within their possession or control or that of their contractors or agents relating to activities at or adjacent to the EWOU or to the implementation of this Settlement, including, but not limited to, sampling, analysis, chain of custody records, manifests, trucking logs, receipts, reports, sample traffic routing,

correspondence, or other documents or information related to the Work. Respondents shall also make available to EPA, for purposes of investigation, information gathering, or testimony, their employees, agents, or representatives with knowledge of relevant facts concerning the performance of the Work.

32. **Privileged and Protected Claims**

a. Respondents may assert all or part of a Record requested by EPA is privileged or protected as provided under federal law, in lieu of providing the Record, provided Respondents comply with ¶ 33.b, and except as provided in ¶ 33.c.

b. If Respondents assert such a privilege or protection, they shall provide EPA with the following information regarding such Record: its title; its date; the name, title, affiliation (e.g., company or firm), and address of the author, of each addressee, and of each recipient; a description of the Record's contents; and the privilege or protection asserted. If a claim of privilege or protection applies only to a portion of a Record, Respondents shall provide the Record to EPA in redacted form to mask the privileged or protected portion only. Respondents shall retain all Records that they claim to be privileged or protected until EPA has had a reasonable opportunity to dispute the privilege or protection claim and any such dispute has been resolved in Respondents' favor.

c. Respondents may make no claim of privilege or protection regarding: (1) any data regarding the EWOU, including, but not limited to, all sampling, analytical, monitoring, hydrogeological, scientific, chemical, radiological, or engineering data, or the portion of any other Record that evidences conditions at or around the EWOU; or (2) the portion of any Record that Respondents are required to create or generate pursuant to this Settlement.

33. **Business Confidential Claims**. Respondents may assert that all or part of a Record provided to EPA under this Section or Section X (Record Retention) is business confidential to the extent permitted by and in accordance with Section 104(e)(7) of CERCLA, 42 U.S.C. § 9604(e)(7), and 40 C.F.R. § 2.203(b). Respondents shall segregate and clearly identify all Records or parts thereof submitted under this Settlement for which Respondents assert business confidentiality claims. Records claimed as confidential business information will be afforded the protection specified in 40 C.F.R. Part 2, Subpart B. If no claim of confidentiality accompanies Records when they are submitted to EPA, or if EPA has notified Respondents that the Records are not confidential under the standards of Section 104(e)(7) of CERCLA or 40 C.F.R. Part 2, Subpart B, the public may be given access to such Records without further notice to Respondents.

34. Notwithstanding any provision of this Settlement, EPA retains all of its information gathering and inspection authorities and rights, including enforcement actions related thereto, under CERCLA, RCRA, and any other applicable statutes or regulations.

X. RECORD RETENTION

35. Until 10 years after EPA provides notice pursuant to Paragraph 4.15 of the SOW (Notice of Work Completion), that all work has been fully performed in accordance with this Settlement, Respondents shall preserve and retain all non-identical copies of Records (including Records in electronic form) now in their possession or control or that come into their possession or control that relate in any manner to their liability under CERCLA with respect to the EWOU, provided, however, that Respondents who are potentially liable as owners or operators of the EWOU must retain, in addition, all Records that relate to the liability of any other person under CERCLA with respect to the EWOU. Each Respondent must also retain, and instruct its contractors and agents to preserve, for the same period of time specified above, all non-identical copies of the last draft or final version of any Records (including Records in electronic form) now in their possession or control or that come into their possession or control that relate in any manner to the performance of the Work, provided, however, that each Respondent (and its contractors and agents) must retain, in addition, copies of all data generated during the performance of the Work and not contained in the aforementioned Records required to be retained. Each of the above record retention requirements shall apply regardless of any corporate retention policy to the contrary.

36. At the conclusion of the document retention period, Respondents shall notify EPA at least 90 days prior to the destruction of any such Records and, upon request by EPA, and except as provided for in ¶ 33 (Privileged and Protected Claims), Respondents shall deliver any such Records to EPA.

37. Each Respondent certifies individually that to the best of its knowledge and belief, after thorough inquiry, it has not altered, mutilated, discarded, destroyed, or otherwise disposed of any Records (other than identical copies) relating to its potential liability regarding the EWOU since notification of potential liability by EPA and that it has fully complied with any and all EPA requests for information regarding the EWOU pursuant to Sections 104(e) and 122(e) of CERCLA, 42 U.S.C. §§ 9604(e) and 9622(e), and Section 3007 of RCRA, 42 U.S.C. § 6927.

XI. COMPLIANCE WITH OTHER LAWS

38. Nothing in this Settlement limits Respondents' obligations to comply with the requirements of all applicable federal and state laws and regulations. Respondents must also comply with all applicable or relevant and appropriate requirements of all federal and state environmental laws as set forth in the ROD and the SOW. The activities conducted pursuant to this Settlement, if approved by EPA, shall be considered consistent with the NCP.

39. **Permits**. As provided in Section 121(e) of CERCLA, 42 U.S.C. § 9621(e), and Section 300.400(c)(3) of the NCP, no permit shall be required for any portion of the Work conducted entirely on-site (i.e. within the areal extent of contamination or in very close proximity to the contamination and necessary for implementation of the Work). Where any portion of the Work that is not on-site requires a federal, state, or local permit or approval,

Respondents shall submit timely and complete applications and take all other actions necessary to obtain and to comply with all such permits or approvals.

40. Respondents may seek relief under the provisions of Section XIV (Force Majeure) for any delay in performance of the Work resulting from a failure to obtain, or a delay in obtaining, any permit or approval referenced in ¶ 40 (Permits) and required for the Work, provided that they have submitted timely and complete applications and taken all other actions necessary to obtain all such permits or approvals. This Settlement is not, and shall not be construed to be, a permit issued pursuant to any federal or state statute or regulation.

XII. PAYMENT OF RESPONSE COSTS

41. **Payment for Past Response Costs**

a. Within 30 days after the Effective Date, Respondents shall pay to EPA $1,427,692.69 for Past Response Costs. Respondent shall make the payment at https://www.pay.gov in accordance with the following payment instructions: enter "sfo 1.1" in the search field to access EPA's Miscellaneous Payment Form – Cincinnati Finance Center. Complete the form including the Site Name, docket number, and Site/Spill ID Number 10 T3. Respondents shall send to EPA, in accordance with Paragraph 21.a(2), a notice of this payment including these references.

b. **Deposit of Past Response Costs Payments**. The total amount to be paid by Respondents pursuant to ¶ 42.a shall be deposited by EPA in the Harbor Island Special Account to be retained and used to conduct or finance response actions at or in connection with the Harbor Island Superfund Site, or to be transferred by EPA to the EPA Hazardous Substance Superfund.

42. **Payments for Future Response Costs**. Respondents shall pay to EPA all Future Response Costs not inconsistent with the NCP.

a. **Periodic Bills**. On a periodic basis, EPA will send Respondents a bill requiring payment that includes a standard regionally prepared cost summary, which includes direct and indirect costs incurred by EPA, its contractors and subcontractors, and the United States Department of Justice. Respondents shall make all payments within 30 days after Respondents' receipt of each bill requiring payment, except as otherwise provided in ¶ 45 (Contesting Future Response Costs). Respondents shall make all payments and send notice of the payments in accordance with the procedures under ¶ 42.a (Payment for Past Response Costs).

b. **Deposit of Future Response Costs Payments**. The total amount to be paid by Respondents pursuant to ¶ 43.a (Periodic Bills) shall be deposited by EPA in the Harbor Island Special Account to be retained and used to conduct or finance response actions at or in connection with the Harbor Island Superfund Site, or to be transferred by EPA to the EPA Hazardous Substance Superfund, provided, however, that EPA may deposit a Future Response Costs payment directly into the EPA Hazardous Substance Superfund if, at the time the payment is received, EPA estimates that the Harbor Island Special Account balance is sufficient to

address currently anticipated future response actions to be conducted or financed by EPA at or in connection with the Harbor Island Superfund Site. Any decision by EPA to deposit a Future Response Costs payment directly into the EPA Hazardous Substance Superfund for this reason shall not be subject to challenge by Respondents pursuant to the dispute resolution provisions of this Settlement or in any other forum.

43. **Interest**. In the event that any payment for Past Response Costs or Future Response Costs is not made by the date required, Respondents shall pay Interest on the unpaid balance. The Interest on Past Response Costs shall begin to accrue on the Effective Date. The Interest on Future Response Costs shall begin to accrue on the date of the bill. The Interest shall accrue through the date of Respondents' payment. Payments of Interest made under this Paragraph shall be in addition to such other remedies or sanctions available to the United States by virtue of Respondents' failure to make timely payments under this Section, including but not limited to, payment of stipulated penalties pursuant to Section XV (Stipulated Penalties).

44. **Contesting Future Response Costs**. Respondents may initiate the procedures of Section XIII (Dispute Resolution) regarding payment of any Future Response Costs billed under ¶ 43 (Payments for Future Response Costs) if they determine that EPA has made a mathematical error or included a cost item that is not within the definition of Future Response Costs, or if they believe EPA incurred excess costs as a direct result of an EPA action that was inconsistent with a specific provision or provisions of the NCP. To initiate such dispute, Respondents shall submit a Notice of Dispute in writing to the OSC/RPM within 30 days after receipt of the bill. Any such Notice of Dispute shall specifically identify the contested Future Response Costs and the basis for objection. If Respondents submit a Notice of Dispute, Respondents shall within the 30-day period, also as a requirement for initiating the dispute, (a) pay all uncontested Future Response Costs to EPA in the manner described in ¶ 43.a and (b) establish, in a duly chartered bank or trust company, an interest-bearing escrow account that is insured by the Federal Deposit Insurance Corporation (FDIC) and remit to that escrow account funds equivalent to the amount of the contested Future Response Costs. Respondents shall send to the OSC/RPM a copy of the transmittal letter and check paying the uncontested Future Response Costs, and a copy of the correspondence that establishes and funds the escrow account, including, but not limited to, information containing the identity of the bank and bank account under which the escrow account is established as well as a bank statement showing the initial balance of the escrow account. If EPA prevails in the dispute, within 5 days after the resolution of the dispute, Respondents shall pay the sums due (with accrued interest) to EPA in the manner described in ¶ 43. If Respondents prevail concerning any aspect of the contested costs, Respondents shall pay that portion of the costs (plus associated accrued interest) for which they did not prevail to EPA in the manner described in ¶ 43. Respondents shall be disbursed any balance of the escrow account. The dispute resolution procedures set forth in this Paragraph in conjunction with the procedures set forth in Section XIII (Dispute Resolution) shall be the exclusive mechanisms for resolving disputes regarding Respondents' obligation to reimburse EPA for its Future Response Costs.

XIII. DISPUTE RESOLUTION

45. Unless otherwise expressly provided for in this Settlement, the dispute resolution procedures of this Section shall be the exclusive mechanism for resolving disputes arising under this Settlement. The Parties shall attempt to resolve any disagreements concerning this Settlement expeditiously and informally.

46. **Informal Dispute Resolution**. If Respondents object to any EPA action taken pursuant to this Settlement, including billings for Future Response Costs, they shall send EPA a written Notice of Dispute describing the objection(s) within 21 days after such action, unless the objection(s) has/have been resolved informally. EPA and Respondents shall have 20 days from EPA's receipt of Respondents' Notice of Dispute to resolve the dispute through informal negotiations (the "Negotiation Period"). The Negotiation Period may be extended at the sole discretion of EPA. Any agreement reached by the Parties pursuant to this Section shall be in writing and shall, upon signature by the Parties, be incorporated into and become an enforceable part of this Settlement.

47. **Formal Dispute Resolution**. If the Parties are unable to reach an agreement within the Negotiation Period, Respondents shall, within 21 days after the end of the Negotiation Period, submit a statement of position to EPA. EPA may, within 20 days thereafter, submit a statement of position. Thereafter, an EPA management official at the Division Director level or higher will issue a written decision on the dispute to Respondents. This decision shall be incorporated into and become an enforceable part of this Settlement. Following resolution of the dispute, as provided by this Section, Respondents shall fulfill the requirement that was the subject of the dispute in accordance with the agreement reached or with the EPA decision, whichever occurs.

48. The invocation of formal dispute resolution procedures under this Section does not extend, postpone, or affect in any way any obligation of Respondents under this Settlement, except as provided by ¶ 45 (Contesting Future Response Costs), as agreed by EPA.

49. Except as provided in ¶ 60, stipulated penalties with respect to the disputed matter shall continue to accrue, but payment shall be stayed pending resolution of the dispute. Notwithstanding the stay of payment, stipulated penalties shall accrue from the first day of noncompliance with any applicable provision of this Settlement. In the event that Respondents do not prevail on the disputed issue, stipulated penalties shall be assessed and paid as provided in Section XV (Stipulated Penalties).

XIV. FORCE MAJEURE

50. "Force Majeure" for purposes of this Settlement is defined as any event arising from causes beyond the control of Respondents, of any entity controlled by Respondents, or of Respondents' contractors that delays or prevents the performance of any obligation under this Settlement despite Respondents' best efforts to fulfill the obligation. The requirement that Respondents exercise "best efforts to fulfill the obligation" includes using best efforts to anticipate any potential force majeure and best efforts to address the effects of any potential

force majeure (a) as it is occurring and (b) following the potential force majeure such that the delay and any adverse effects of the delay are minimized to the greatest extent possible. "Force majeure" does not include financial inability to complete the Work or increased cost of performance.

51. If any event occurs or has occurred that may delay the performance of any obligation under this Settlement for which Respondents intend or may intend to assert a claim of force majeure, Respondents shall notify the OSC/RPM orally or, in his or her absence, EPA's Alternate OSC/RPM or, in the event both of EPA's designated representatives are unavailable, the Director of the Superfund and Emergency Management Division, EPA Region 10, within ten days of when Respondents first knew that the event might cause a delay. Within seven days thereafter, Respondents shall provide in writing to EPA an explanation and description of the reasons for the delay; the anticipated duration of the delay; all actions taken or to be taken to prevent or minimize the delay; a schedule for implementation of any measures to be taken to prevent or mitigate the delay or the effect of the delay; Respondents' rationale for attributing such delay to a force majeure; and a statement as to whether, in the opinion of Respondents, such event may cause or contribute to an endangerment to public health or welfare, or the environment. Respondents shall include with any notice all available documentation supporting their claim that the delay was attributable to a force majeure. Respondents shall be deemed to know of any circumstance of which Respondents, any entity controlled by Respondents, or Respondents' contractors knew or should have known. Failure to comply with the above requirements regarding an event shall preclude Respondents from asserting any claim of force majeure regarding that event, provided, however, that if EPA, despite the late or incomplete notice, is able to assess to its satisfaction whether the event is a force majeure under ¶ 51 and whether Respondents have exercised their best efforts under ¶ 51, EPA may, in its unreviewable discretion, excuse in writing Respondents' failure to submit timely or complete notices under this Paragraph.

52. If EPA agrees that the delay or anticipated delay is attributable to a force majeure, the time for performance of the obligations under this Settlement that are affected by the force majeure will be extended by EPA for such time as is necessary to complete those obligations. An extension of the time for performance of the obligations affected by the force majeure shall not, of itself, extend the time for performance of any other obligation. If EPA does not agree that the delay or anticipated delay has been or will be caused by a force majeure, EPA will notify Respondents in writing of its decision. If EPA agrees that the delay is attributable to a force majeure, EPA will notify Respondents in writing of the length of the extension, if any, for performance of the obligations affected by the force majeure.

53. If Respondents elect to invoke the dispute resolution procedures set forth in Section XIII (Dispute Resolution), they shall do so no later than 15 days after receipt of EPA's notice. In any such proceeding, Respondents shall have the burden of demonstrating by a preponderance of the evidence that the delay or anticipated delay has been or will be caused by a force majeure, that the duration of the delay or the extension sought was or will be warranted under the circumstances, that best efforts were exercised to avoid and mitigate the effects of the delay, and that Respondents complied with the requirements of ¶¶ 51 and 52. If Respondents

carry this burden, the delay at issue shall be deemed not to be a violation by Respondents of the affected obligation of this Settlement identified to EPA.

54. The failure by EPA to timely complete any obligation under the Settlement is not a violation of the Settlement, provided, however, that if such failure prevents Respondents from meeting one or more deadlines under the Settlement, Respondents may seek relief under this Section.

XV. STIPULATED PENALTIES

55. Respondents shall be liable to EPA for stipulated penalties in the amounts set forth in ¶¶ 57.a and 58 for failure to comply with the obligations specified in ¶¶ 57.b and 58, unless excused under Section XIV (Force Majeure) or modified under Section XXV (Modification). "Comply" as used in the previous sentence includes compliance by Respondents with all applicable requirements of this Settlement, within the deadlines established under this Settlement. If (i) an initially submitted or resubmitted deliverable contains a material defect, and the conditions are met for modifying the deliverable under Paragraph 6.6(a)(2) and 6.6(b) of the SOW; or (ii) a resubmitted deliverable contains a material defect; then the material defect constitutes a lack of compliance for purposes of this Paragraph.

56. **Stipulated Penalty Amounts: Payments, Financial Assurance, Deliverables in RD Schedule.**

a. The following stipulated penalties shall accrue per violation per day for any noncompliance with any obligation identified below:

Penalty Per Violation Per Day	Period of Noncompliance
$ 750	1st through 14th day
$ 2,000	15th through 30th day
$ 4,000	31st day and beyond

b. **Obligations**

(1) Payment of any amount due under Section XII (Payment of Response Costs).

(2) Establishment and maintenance of financial assurance in accordance with Section XXIII (Financial Assurance).

(3) Establishment of an escrow account to hold any disputed Future Response Costs under ¶ 45 (Contesting Future Response Costs).

(4) Failure to submit timely or adequate deliverables required under this Settlement or the SOW.

57. In the event that EPA assumes performance of a portion or all of the Work pursuant to ¶ 70 (Work Takeover), Respondents shall be liable for a stipulated penalty in an amount selected by EPA that will not exceed 33% of the cost of EPA's performance of the takeover work. Stipulated penalties under this Paragraph are in addition to the remedies available to EPA under ¶¶ 70 (Work Takeover) and 95 (Access to Financial Assurance).

58. All penalties shall begin to accrue on the day after the complete performance is due or the day a violation occurs and shall continue to accrue through the final day of the correction of the noncompliance or completion of the activity. Penalties shall continue to accrue during any dispute resolution period and shall be paid within 15 days after the agreement or the receipt of EPA's decision. However, stipulated penalties shall not accrue: (a) with respect to a deficient submission under Paragraph 6.6 (Approval of Deliverables) of the SOW, during the period, if any, beginning on the 31st day after EPA's receipt of such submission until the date that EPA notifies Respondents of any deficiency; and (b) with respect to a decision by the EPA Division Director level or higher, under Section XIII (Dispute Resolution), during the period, if any, beginning on the 21st day after the Negotiation Period begins until the date that EPA issues a final decision regarding such dispute. Nothing in this Settlement shall prevent the simultaneous accrual of separate penalties for separate violations of this Settlement.

59. Following EPA's determination that Respondents have failed to comply with a requirement of this Settlement, EPA may give Respondents written notification of the failure and describe the noncompliance. EPA may send Respondents a written demand for payment of the penalties. However, penalties shall accrue as provided in the preceding Paragraph regardless of whether EPA has notified Respondents of a violation.

60. All penalties accruing under this Section shall be due and payable to EPA within 30 days after Respondents' receipt from EPA of a demand for payment of the penalties, unless Respondents invoke the Dispute Resolution procedures under Section XIII (Dispute Resolution) within the 30-day period. Respondents shall make all payments at https://www.pay.gov using the link for "EPA Miscellaneous Payments Cincinnati Finance Center," including references to the EWOU and Harbor Island Superfund Site, docket number for this action, and Site/Spill ID Number 10 DG. For the purpose of the payment. Respondents shall send to EPA, in accordance with the directions in ¶ 21.a(2), a notice of this payment including these references.

61. If Respondents fail to pay stipulated penalties when due, Respondents shall pay Interest on the unpaid stipulated penalties as follows: (a) if Respondents have timely invoked dispute resolution such that the obligation to pay stipulated penalties has been stayed pending the outcome of dispute resolution, Interest shall accrue from the date stipulated penalties are due pursuant to ¶ 60 until the date of payment; and (b) if Respondents fail to timely invoke dispute resolution, Interest shall accrue from the date of demand under ¶ 62 until the date of payment. If

Respondents fail to pay stipulated penalties and Interest when due, the United States may institute proceedings to collect the penalties and Interest.

62. The payment of penalties and Interest, if any, shall not alter in any way Respondents' obligation to complete performance of the Work required under this Settlement.

63. Nothing in this Settlement shall be construed as prohibiting, altering, or in any way limiting the ability of EPA to seek any other remedies or sanctions available by virtue of Respondents' violation of this Settlement or of the statutes and regulations upon which it is based, including, but not limited to, penalties pursuant to Section 122(*l*) of CERCLA, 42 U.S.C. § 9622(*l*), and punitive damages pursuant to Section 107(c)(3) of CERCLA, 42 U.S.C. § 9607(c)(3), provided, however, that EPA shall not seek civil penalties pursuant to Section 122(*l*) of CERCLA or punitive damages pursuant to Section 107(c)(3) of CERCLA for any violation for which a stipulated penalty is provided in this Settlement, except in the case of a willful violation of this Settlement or in the event that EPA assumes performance of a portion or all of the Work pursuant to ¶ 70 (Work Takeover).

64. Notwithstanding any other provision of this Section, EPA may, in its unreviewable discretion, waive any portion of stipulated penalties that have accrued pursuant to this Settlement.

XVI. COVENANTS BY EPA

65. Except as provided in Section XVII (Reservation of Rights by EPA), EPA covenants not to sue or to take administrative action against Respondents pursuant to Sections 106 and 107(a) of CERCLA, 42 U.S.C. §§ 9606 and 9607(a), for the Work, Past Response Costs, and Future Response Costs. These covenants shall take effect upon the Effective Date. These covenants are conditioned upon the complete and satisfactory performance by Respondents of their obligations under this Settlement. These covenants extend only to Respondents and do not extend to any other person.

XVII. RESERVATIONS OF RIGHTS BY EPA

66. Except as specifically provided in this Settlement, nothing in this Settlement shall limit the power and authority of EPA or the United States to take, direct, or order all actions necessary to protect public health, welfare, or the environment or to prevent, abate, or minimize an actual or threatened release of hazardous substances, pollutants, or contaminants, or hazardous or solid waste on, at, or from the Site. Further, nothing in this Settlement shall prevent EPA from seeking legal or equitable relief to enforce the terms of this Settlement, from taking other legal or equitable action as it deems appropriate and necessary, or from requiring Respondents in the future to perform additional activities pursuant to CERCLA or any other applicable law.

67. The covenants set forth in Section XVI (Covenants by EPA) above do not pertain to any matters other than those expressly identified therein. EPA reserves, and this Settlement is

without prejudice to, all rights against Respondents with respect to all other matters, including, but not limited to:

a. liability for failure by Respondents to meet a requirement of this Settlement;

b. liability for costs not included within the definitions of Past Response Costs or Future Response Costs;

c. liability for performance of response action other than the Work;

d. criminal liability;

e. liability for violations of federal or state law that occur during or after implementation of the Work;

f. liability for damages for injury to, destruction of, or loss of natural resources, and for the costs of any natural resource damage assessments;

g. liability arising from the past, present, or future disposal, release or threat of release of Waste Materials outside of the Site;

h. liability for costs incurred or to be incurred by the Agency for Toxic Substances and Disease Registry related to the EWOU not paid as Future Response Costs under this Settlement; and

i. liability for costs incurred by EPA in performing response actions for the EWOU prior to September 30, 2019.

68. **Work Takeover**

a. In the event EPA determines that Respondents: (1) have ceased implementation of any portion of the Work; (2) are seriously or repeatedly deficient or late in their performance of the Work; or (3) are implementing the Work in a manner that may cause an endangerment to human health or the environment, EPA may issue a written notice ("Work Takeover Notice") to Respondents. Any Work Takeover Notices issued by EPA (which writing may be electronic) will specify the grounds upon which such notice was issued and will provide Respondents a period of time ("Remedy Period") that is ten days or longer, as prescribed by EPA, in its unreviewable discretion, within which to remedy the circumstances giving rise to EPA's issuance of such notice.

b. If, after expiration of the Remedy Period specified in ¶ 70.a Respondents have not remedied to EPA's satisfaction the circumstances giving rise to EPA's issuance of the relevant Work Takeover Notice, EPA may at any time thereafter assume the performance of all or any portion(s) of the Work as EPA deems necessary ("Work Takeover"). EPA will notify Respondents in writing (which writing may be electronic) if EPA determines that

implementation of a Work Takeover is warranted under this ¶ 70.b. Funding of Work Takeover costs is addressed under ¶ 92 (Access to Financial Assurance).

c. Respondents may invoke the procedures set forth in ¶ 48 (Formal Dispute Resolution) to dispute EPA's implementation of a Work Takeover under ¶ 70.b. However, notwithstanding Respondents' invocation of such dispute resolution procedures, and during the pendency of any such dispute, EPA may in its sole discretion commence and continue a Work Takeover under ¶ 70.b until the earlier of (1) the date that Respondents remedy, to EPA's satisfaction, the circumstances giving rise to EPA's issuance of the relevant Work Takeover Notice, or (2) the date that a written decision terminating such Work Takeover is rendered in accordance with ¶ 48 (Formal Dispute Resolution).

d. Notwithstanding any other provision of this Settlement, EPA retains all authority and reserves all rights to take any and all response actions authorized by law.

XVIII. COVENANTS BY RESPONDENTS

69. Except as provided in Paragraph 73 below, Respondents covenant not to sue and agree not to assert any claims or causes of action against the United States, or its contractors or employees, with respect to the Work, Past Response Costs, Future Response Costs, and this Settlement, including, but not limited to:

a. any direct or indirect claim for reimbursement from the EPA Hazardous Substance Superfund through Sections 106(b)(2), 107, 111, 112, or 113 of CERCLA, 42 U.S.C. §§ 9606(b)(2), 9607, 9611, 9612, or 9613, or any other provision of law;

b. any claim under Sections 107 and 113 of CERCLA, Section 7002(a) of RCRA, 42 U.S.C. § 6972(a), or state law relating to the Work, Past Response Costs, Future Response Costs, and this Settlement; or

c. any claim arising out of response actions at or in connection with the EWOU, including any claim under the United States Constitution, the Washington State Constitution, the Tucker Act, 28 U.S.C. § 1491, the Equal Access to Justice Act, 28 U.S.C. § 2412, or at common law.

70. These covenants not to sue shall not apply in the event the United States brings a cause of action or issues an order pursuant to any of the reservations set forth in Section XVII (Reservations of Rights by EPA), other than in ¶ 67.a (liability for failure to meet a requirement of the Settlement), 67.d (criminal liability), or 67.e (violations of federal/state law during or after implementation of the Work), but only to the extent that Respondents' claims arise from the same response action, response costs, or damages that the United States is seeking pursuant to the applicable reservation.

71. Nothing in this Settlement shall be deemed to constitute approval or preauthorization of a claim within the meaning of Section 111 of CERCLA, 42 U.S. C. § 9611, or 40 C.F.R. § 300.700(d).

72. Respondents reserve, and this Settlement is without prejudice to, claims against the United States, subject to the provisions of Chapter 171 of Title 28 of the United States Code, and brought pursuant to any statute other than CERCLA or RCRA and for which the waiver of sovereign immunity is found in a statute other than CERCLA or RCRA, for money damages for injury or loss of property or personal injury or death caused by the negligent or wrongful act or omission of any employee of the United States, as that term is defined in 28 U.S.C. § 2671, while acting within the scope of his or her office or employment under circumstances where the United States, if a private person, would be liable to the claimant in accordance with the law of the place where the act or omission occurred. However, the foregoing shall not include any claim based on EPA's selection of response actions, or the oversight or approval of Respondents' deliverables or activities.

73. Notwithstanding any other provision of this Settlement, this Settlement Agreement shall not have any effect on claims or causes of action that any Respondent has or may have pursuant to Section 113(f) of CERCLA, 42 U.S.C. § 9613(f), against the United States or any department or agency thereof, based upon the United States' status as a potentially responsible party pursuant to Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), relating to the Work, Past Response Costs, Future Response Costs, and this Settlement.

XIX. OTHER CLAIMS

74. By issuance of this Settlement, the United States, except in its status as a potentially responsible party pursuant to Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), and EPA assume no liability for injuries or damages to persons or property resulting from any acts or omissions of Respondents for the Work. The United States or EPA shall not be deemed a party to any contract entered into by Respondents or their directors, officers, employees, agents, successors, representatives, assigns, contractors, or consultants in carrying out actions pursuant to this Settlement.

75. Except as expressly provided in Section XVI (Covenants by EPA) and XX (Effect of Settlement/Contribution), nothing in this Settlement constitutes a satisfaction of or release from any claim or cause of action against Respondents or any person not a party to this Settlement for any liability such person may have under CERCLA, other statutes, or common law, including but not limited to any claims of the United States for costs, damages, and interest under Sections 106 and 107 of CERCLA, 42 U.S.C. §§ 9606 and 9607.

76. No action or decision by EPA pursuant to this Settlement shall give rise to any right to judicial review, except as set forth in Section 113(h) of CERCLA, 42 U.S.C. § 9613(h).

XX. EFFECT OF SETTLEMENT/CONTRIBUTION

77. Nothing in this Settlement shall be construed to create any rights in, or grant any cause of action to, any person not a Party to this Settlement. Except as provided in Section XVIII (Covenants by Respondents), each of the Parties expressly reserves any and all rights (including, but not limited to, pursuant to Section 113 of CERCLA, 42 U.S.C. § 9613), defenses, claims, demands, and causes of action that each Party may have with respect to any matter, transaction,

or occurrence relating in any way to the Site against any person not a Party hereto. Nothing in this Settlement diminishes the right of the United States, pursuant to Section 113(f)(2) and (3) of CERCLA, 42 U.S.C. § 9613(f)(2)-(3), to pursue any such persons to obtain additional response costs or response action and to enter into settlements that give rise to contribution protection pursuant to Section 113(f)(2).

78. The Parties agree that this Settlement constitutes an administrative settlement pursuant to which each Respondent has, as of the Effective Date, resolved liability to the United States within the meaning of Sections 113(f)(2) and 122(h)(4) of CERCLA, 42 U.S.C. §§ 9613(f)(2) and 9622(h)(4), and is entitled, as of the Effective Date, to protection from contribution actions or claims as provided by Sections 113(f)(2) and 122(h)(4) of CERCLA, or as may be otherwise provided by law, for the "matters addressed" in this Settlement. The "matters addressed" in this Settlement are the Work, Past Response Costs, and Future Response Costs.

79. The Parties further agree that this Settlement constitutes an administrative settlement pursuant to which each Respondent has, as of the Effective Date, resolved liability to the United States within the meaning of Section 113(f)(3)(B) of CERCLA, 42 U.S.C. § 9613(f)(3)(B).

80. Each Respondent shall, with respect to any suit or claim brought by it for matters related to this Settlement, notify EPA in writing no later than 60 days prior to the initiation of such suit or claim. Each Respondent also shall, with respect to any suit or claim brought against it for matters related to this Settlement, notify EPA in writing within 10 days after service of the complaint or claim upon it. In addition, each Respondent shall notify EPA within 10 days after service or receipt of any Motion for Summary Judgment and within 10 days after receipt of any order from a court setting a case for trial, for matters related to this Settlement.

81. In any subsequent administrative or judicial proceeding initiated by EPA, or by the United States on behalf of EPA, for injunctive relief, recovery of response costs, or other relief relating to the EWOU, Respondents shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim-splitting, or other defenses based upon any contention that the claims raised in the subsequent proceeding were or should have been brought in the instant case; provided, however, that nothing in this Paragraph affects the enforceability of the covenant by EPA set forth in Section XVI (Covenants by EPA).

82. Effective upon signature of this Settlement by a Respondent, such Respondent agrees that the time period commencing on the date of its signature and ending on the date EPA receives from such Respondent the payment(s) required by ¶ 41 (Payment for Past Response Costs) and, if any, Section XV (Stipulated Penalties) shall not be included in computing the running of any statute of limitations potentially applicable to any action brought by the United States related to the "matters addressed" as defined in ¶ 79 and that, in any action brought by the United States related to the "matters addressed," such Respondent will not assert, and may not maintain, any defense or claim based upon principles of statute of limitations, waiver, laches, estoppel, or other defense based on the passage of time during such period. If EPA gives notice

to Respondents that it will not make this Settlement effective, the statute of limitations shall begin to run again commencing ninety days after the date such notice is sent by EPA.

XXI. INDEMNIFICATION

83. The United States does not assume any liability by entering into this Settlement or by virtue of any designation of Respondents as EPA's authorized representatives under Section 104(e) of CERCLA, 42 U.S.C. § 9604(e), and 40 C.F.R. 300.400(d)(3). To the extent permitted by law, Respondents shall indemnify, save, and hold harmless the United States, its officials, agents, employees, contractors, subcontractors, employees, and representatives for or from any and all claims or causes of action arising from, or on account of, negligent or other wrongful acts or omissions of Respondents, their officers, directors, employees, agents, contractors, or subcontractors, and any persons acting on Respondents' behalf or under their control, in carrying out activities pursuant to this Settlement. Further, Respondents agree to pay the United States all costs it incurs, including, but not limited to attorneys' fees and other expenses of litigation and settlement arising from, or on account of, claims made against the United States based on negligent or other wrongful acts or omissions of Respondents, their officers, directors, employees, agents, contractors, subcontractors, and any persons acting on their behalf or under their control, in carrying out activities pursuant to this Settlement. The United States shall not be held out as a party to any contract entered into, by, or on behalf of Respondents in carrying out activities pursuant to this Settlement. Neither Respondents nor any such contractor shall be considered an agent of the United States.

84. The United States shall give Respondents notice of any claim for which the United States plans to seek indemnification pursuant to this Section and shall consult with Respondents prior to settling such claim.

85. Respondents covenant not to sue and agree not to assert any claims or causes of action against the United States except in its status as a potentially responsible party pursuant to Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), for damages or reimbursement or for set-off of any payments made, or to be made, to the United States, arising from or on account of any contract, agreement, or arrangement between any one or more of Respondents and any person for performance of Work on or relating to the EWOU, including, but not limited to, claims on account of construction delays. In addition, Respondents shall indemnify and hold harmless the United States except in its status as a potentially responsible party pursuant to Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), with respect to any and all claims for damages or reimbursement arising from or on account of, any contract, agreement, or arrangement between any one or more of Respondents and any person for performance of Work on or relating to the EWOU, including, but not limited to, claims on account of construction delays.

XXII. INSURANCE

86. No later than 30 days before commencing any on-site Work, Respondents shall secure, and shall maintain until the first anniversary after issuance of Notice of Work Completion pursuant to Paragraph 4.15 of the SOW, commercial general liability insurance with limits of liability of $1 million per occurrence, and automobile insurance with limits of liability

of $1 million per accident, and umbrella liability insurance with limits of liability of $5 million in excess of the required commercial general liability and automobile liability limits, naming EPA as an additional insured with respect to all liability arising out of the activities performed by or on behalf of Respondents pursuant to this Settlement. In addition, for the duration of the Settlement, Respondents shall provide EPA with certificates of such insurance and a copy of each insurance policy. Respondents shall resubmit such certificates and copies of policies each year on the anniversary of the Effective Date. In addition, for the duration of the Settlement, Respondents shall satisfy, or shall ensure that their contractors or subcontractors satisfy, all applicable laws and regulations regarding the provision of worker's compensation insurance for all persons performing the Work on behalf of Respondents in furtherance of this Settlement. If Respondents demonstrate by evidence satisfactory to EPA that any contractor or subcontractor maintains insurance equivalent to that described above, or insurance covering some or all of the same risks but in a lesser amount, Respondents need provide only that portion of the insurance described above that is not maintained by the contractor or subcontractor. Respondents shall ensure that all submittals to EPA under this Paragraph identify the EWOU, Harbor Island Superfund Site, Seattle, Washington, and the EPA docket number for this action.

XXIII. FINANCIAL ASSURANCE

87. In order to ensure the completion of the Work, Respondents shall secure financial assurance, initially in the amount of $20,000,000 ("Estimated Cost of the Work"), for the benefit of EPA. The financial assurance must be one or more of the mechanisms listed below, in a form substantially identical to the relevant sample documents available from EPA or under the "Financial Assurance - Settlements" category on the Cleanup Enforcement Model Language and Sample Documents Database at https://cfpub.epa.gov/compliance/models/, and satisfactory to EPA. Respondents may use multiple mechanisms if they are limited to surety bonds guaranteeing payment, letters of credit, trust funds, and/or insurance policies.

a. A surety bond guaranteeing payment and/or performance of the Work that is issued by a surety company among those listed as acceptable sureties on federal bonds as set forth in Circular 570 of the U.S. Department of the Treasury;

b. An irrevocable letter of credit, payable to or at the direction of EPA, that is issued by an entity that has the authority to issue letters of credit and whose letter-of-credit operations are regulated and examined by a federal or state agency;

c. a trust fund established for the benefit of EPA that is administered by a trustee that has the authority to act as a trustee and whose trust operations are regulated and examined by a federal or state agency;

d. A policy of insurance that provides EPA with acceptable rights as a beneficiary thereof and that is issued by an insurance carrier that has the authority to issue insurance policies in the applicable jurisdiction(s) and whose insurance operations are regulated and examined by a federal or state agency;

e. A demonstration by a Respondent that it meets the financial test criteria of ¶ 889, accompanied by a standby funding commitment, which obligates the affected Respondent to pay funds to or at the direction of EPA, up to the amount financially assured through the use of this demonstration in the event of a Work Takeover; or

f. A guarantee to fund or perform the Work executed in favor of EPA by a company: (1) that is a direct or indirect parent company of a Respondent or has a "substantial business relationship" (as defined in 40 C.F.R. § 264.141(h)) with a Respondent; and (2) can demonstrate to EPA's satisfaction that it meets the financial test criteria of ¶ 88; or

g. a demonstration by one or more local government Respondent(s) that it meets the relevant test criteria of ¶ 90.

88. Respondents seeking to provide financial assurance by means of a demonstration or guarantee under ¶ 87.e or 87.f, must, within 30 days of the Effective Date:

a. Demonstrate that:

(1) The affected Respondent or guarantor has:

i. Two of the following three ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities greater than 0.1; and a ratio of current assets to current liabilities greater than 1.5; and

ii. Net working capital and tangible net worth each at least six times the sum of the Estimated Cost of the Work and the amounts, if any, of other federal, state, or tribal environmental obligations financially assured through the use of a financial test or guarantee; and

iii. Tangible net worth of at least $10 million; and

iv. Assets located in the United States amounting to at least 90 percent of total assets or at least six times the sum of the Estimated Cost of the Work and the amounts, if any, of other federal, state, or tribal environmental obligations financially assured through the use of a financial test or guarantee; or

(2) The affected Respondent or guarantor has:

i. A current rating for its senior unsecured debt of AAA, AA, A, or BBB as issued by Standard and Poor's or Aaa, Aa, A or Baa as issued by Moody's; and

ii. Tangible net worth at least six times the sum of the Estimated Cost of the Work and the amounts, if any, of other federal, state, or tribal environmental obligations financially assured through the use of a financial test or guarantee; and

iii. Tangible net worth of at least $10 million; and

iv. Assets located in the United States amounting to at least 90 percent of total assets or at least six times the sum of the Estimated Cost of the Work and the amounts, if any, of other federal, state, or tribal environmental obligations financially assured through the use of a financial test or guarantee; and

b. Submit to EPA for the affected Respondent or guarantor: (1) a copy of an independent certified public accountant's report of the entity's financial statements for the latest completed fiscal year, which must not express an adverse opinion or disclaimer of opinion; and (2) a letter from its chief financial officer and a report from an independent certified public accountant substantially identical to the sample letter and reports available from EPA or under the "Financial Assurance - Settlements" subject list category on the Cleanup Enforcement Model Language and Sample Documents Database at https://cfpub.epa.gov/compliance/models/.

89. Respondents providing financial assurance by means of a demonstration or guarantee under ¶ 87.e or 87.f must also:

a. Annually resubmit the documents described in ¶ 88.88.b within 90 days after the close of the affected Respondent's or guarantor's fiscal year;

b. Notify EPA within 30 days after the affected Respondent or guarantor determines that it no longer satisfies the relevant financial test criteria and requirements set forth in this Section; and

c. Provide to EPA, within 30 days of EPA's request, reports of the financial condition of the affected Respondent or guarantor in addition to those specified in ¶ 888.88.b; EPA may make such a request at any time based on a belief that the affected Respondent or guarantor may no longer meet the financial test requirements of this Section.

90. A local government Settling Work Defendant seeking to provide financial assurance by means of a demonstration under ¶ 87.g must, within 45 days after the Effective Date:

a. Demonstrate that:

(1) The local government Settling Work Defendant providing the demonstration is a local government unit (for example a United States city or county).

(2) if the local government Settling Work Defendant providing the demonstration has outstanding, rated, general obligation bonds that are not secured by insurance, a letter of credit, or other collateral or guarantee, it must have a current rating of Aaa, Aa, A, or Baa, as issued by Moody's, or AAA, AA, A, or BBB, as issued by Standard and Poor's on all such bonds; or

(3) each of the following financial ratios based on that local government Settling Work Defendant's most recent audited annual financial statement: a ratio of cash plus marketable securities to total expenditures greater than or equal to 0.05; and a ratio of annual debt service to total expenditures less than or equal to 0.20.

b. The local government Settling Work Defendant providing the demonstration must prepare its financial statements in conformity with Generally Accepted Accounting Principles for governments and have its financial statements audited by an independent certified public accountant (or the Washington State Auditor).

c. The local government Settling Work Defendant providing the demonstration must not (1) be currently in default on any outstanding general obligation bonds; (2) must not have any outstanding general obligation bonds rated lower than Baa as issued by Moody's or BBB as issued by Standard and Poor's; (3) must not have operated at a deficit equal to five percent or more of total annual revenue in each of the past two fiscal years; and (4) must not have received an adverse opinion, disclaimer of opinion, or other qualified opinion from the independent certified public accountant (or the Washington State Auditor) auditing its financial statement as required under ¶ 25.b (except for qualifications that are immaterial or deemed insufficient to warrant disallowance of use of the test by the EPA).

d. The following terms used in this section are defined as follows:(1) Deficit equals total annual revenues, minus total annual expenditures, measured on a government-wide basis; (2) Total annual revenues includes all revenues recognized in a fiscal year under applicable accounting principles, from all taxes, fees, charges, and other sources of income, including all utility gross revenues, plus any reserves or fund balance applied or used in that year, but does not include the proceeds from borrowing for capital purposes or revenues realized from asset sales; (3) Total annual expenditures includes all expenditures made during a fiscal year, excluding capital outlays and excluding funds applied to debt repayment and costs of debt issuance; (4) Cash plus marketable securities is all the cash plus marketable securities held by the local government Settling Work Defendant on the last day of a fiscal year, excluding cash and marketable securities designated to satisfy past obligations such as pensions or held by a trustee on behalf of the local government Settling Work Defendant; and (5) Debt service is the amount of

principal and interest due on a debt obligation in a given time period, typically the current year.

e. demonstration must place a reference to the estimated cost of the Work assured through the financial test into its next annual comprehensive financial report ("ACFR") after the Effective Date.

f. The amount that can be financially assured by this financial test mechanism by a local government Settling Work Defendant is determined as follows:

(1) If the local government Settling Work Defendant does not assure other environmental obligations through a financial test, the estimated cost of the Work may equal up to 43 percent of the local government Settling Work Defendant's total annual revenue.

(2) If the local government Settling Work Defendant assures any other environmental obligations through a financial test, it must add those costs to the estimated cost of the Work it seeks to assure under this Paragraph. The total that may be assured must not exceed 43 percent of the local government Settling Work Defendant's total annual revenue.

g. A local government Settling Work Defendant providing the demonstration under this section must provide the following documents within 45 days of the Effective Date. These documents must also be resubmitted annually, within 270 days following the close of the local government Settling Work Defendant's fiscal year, until the financial assurance requirements are released, or an alternative instrument is accepted by EPA.

(1) A letter signed by the local government Settling Work Defendant's Director of Finance or other official serving as chief financial or operating officer that: lists all the current cost estimates covered by a financial test, as described in ¶ 25.f of this section; provides evidence and certifies that the local government Settling Work Defendant meets the conditions of ¶ 25.a(1) and either ¶ 25.a(2) or ¶ 25.a(3) of this ¶ 25; and certifies that the local government Settling Work Defendant is in compliance with all conditions of this section;

(2) The local government Settling Work Defendant's independently audited year-end financial statements for the latest fiscal year, including the unqualified opinion of the auditor who must be an independent, certified public accountant or an appropriate State agency that conducts equivalent comprehensive audits;

(3) A report to the local government Settling Work Defendant from the local government Settling Work Defendant's independent certified public accountant ("CPA") or the appropriate State agency based on performing an agreed upon procedures engagement relative to the financial ratios required by ¶ 25.a(3), if applicable, and the requirements of ¶ 25.f(1) or f(2). The CPA or State agency's report should state the procedures performed and the CPA or State agency's

findings. If the financial ratios under ¶ 25.a(3) are not applicable, then the foregoing requirement may be satisfied by a certificate provided by the local government Settling Work Defendant's Chief Financial or Operating Officer, in reliance upon audited financial statements, attesting that the requirements of ¶ 25.f(1) or 25.f(2), as applicable, have been satisfied; and

(4) A copy of the annual comprehensive financial report used to comply with ¶ 25.e of this section or certification that the requirements of General Accounting Standards Board Statement 18 have been met.

91. Respondents shall diligently monitor the adequacy of the financial assurance. If any Respondent becomes aware of any information indicating that the financial assurance provided under this Section is inadequate or otherwise no longer satisfies the requirements of this Section, such Respondent shall notify EPA of such information within seven days. If EPA determines that the financial assurance provided under this Section is inadequate or otherwise no longer satisfies the requirements of this Section, EPA will notify the affected Respondent of such determination. Respondents shall, within 30 days after notifying EPA or receiving notice from EPA under this Paragraph, secure and submit to EPA for approval a proposal for a revised or alternative financial assurance mechanism that satisfies the requirements of this Section. EPA may extend this deadline for such time as is reasonably necessary for the affected Respondent, in the exercise of due diligence, to secure and submit to EPA a proposal for a revised or alternative financial assurance mechanism, not to exceed 60 days. Respondents shall follow the procedures of ¶ 93 (Modification of Amount, Form, or Terms of Financial Assurance) in seeking approval of, and submitting documentation for, the revised or alternative financial assurance mechanism. Respondents' inability to secure financial assurance in accordance with this Section does not excuse performance of any other obligation under this Settlement.

92. **Access to Financial Assurance**

a. If EPA issues a notice of implementation of a Work Takeover under ¶ 70.b, then, in accordance with any applicable financial assurance mechanism and/or related standby funding commitment, EPA is entitled to: (1) the performance of the Work; and/or (2) require that any funds guaranteed be paid in accordance with ¶ 92.d.

b. If EPA is notified by the issuer of a financial assurance mechanism that it intends to cancel such mechanism, and the affected Respondent fails to provide an alternative financial assurance mechanism in accordance with this Section at least 30 days prior to the cancellation date, the funds guaranteed under such mechanism must be paid prior to cancellation in accordance with ¶ 92.d.

c. If, upon issuance of a notice of implementation of a Work Takeover under ¶ 70.b, either: (1) EPA is unable for any reason to promptly secure the resources guaranteed under any applicable financial assurance mechanism [and/or related standby funding commitment], whether in cash or in kind, to continue and complete the Work; or (2) the financial assurance is a demonstration or guarantee under ¶ 87.e or 87.f or 87.g, then EPA is entitled to demand an amount, as determined by EPA, sufficient to cover the cost of the remaining Work to

be performed. Respondents shall, within 30 days of such demand, pay the amount demanded as directed by EPA. EPA will accept payment by each of the Settling Work Defendants of a share of such costs, the total of which will be 100% of the demanded costs. Payments shall be made within 30 days of the demand except for amounts exceeding the current budget authority of the responsible departments for the Respondents. For amounts exceeding current budget authority, Respondents shall immediately initiate the steps necessary to obtain sufficient budget authority. Payment of the remaining amounts shall be made no later than 30 days after the necessary budget authority has been enacted and in any event within 120 days of the demand unless an alternative payment schedule is approved by EPA.

d. Any amounts required to be paid under this ¶ 92 shall be, as directed by EPA: (i) paid to EPA in order to facilitate the completion of the Work by EPA or by another person; or (ii) deposited into an interest-bearing account, established at a duly chartered bank or trust company that is insured by the FDIC, in order to facilitate the completion of the Work by another person. If payment is made to EPA, EPA may deposit the payment into the EPA Hazardous Substance Superfund or into the Harbor Island Special Account within the EPA Hazardous Substance Superfund to be retained and used to conduct or finance response actions at or in connection with the Site, or to be transferred by EPA to the EPA Hazardous Substance Superfund.

e. All EPA Work Takeover costs not paid under this ¶ 92 must be reimbursed as Future Response Costs under Section XII (Payments for Response Costs).

93. **Modification of Amount, Form, or Terms of Financial Assurance**. Respondents may submit, on any anniversary of the Effective Date or at any other time agreed to by the Parties, a request to reduce the amount, or change the form or terms, of the financial assurance mechanism. Any such request must be submitted to EPA in accordance with ¶ 91, and must include an estimate of the cost of the remaining Work, an explanation of the bases for the cost calculation, and a description of the proposed changes, if any, to the form or terms of the financial assurance. EPA will notify Respondents of its decision to approve or disapprove a requested reduction or change pursuant to this Paragraph. Respondents may reduce the amount of the financial assurance mechanism only in accordance with: (a) EPA's approval; or (b) if there is a dispute, the agreement or written decision resolving such dispute under Section XIII (Dispute Resolution). Respondents may change the form or terms of the financial assurance mechanism only in accordance with EPA's approval.. Any decision made by EPA on a request submitted under this Paragraph to change the form or terms of a financial assurance mechanism shall not be subject to challenge by Respondents pursuant to the dispute resolution provisions of this Settlement or in any other forum. Within 30 days after receipt of EPA's approval of, or the agreement or decision resolving a dispute relating to, the requested modifications pursuant to this Paragraph, Respondents shall submit to EPA documentation of the reduced, revised, or alternative financial assurance mechanism in accordance with ¶ 91.

94. **Release, Cancellation, or Discontinuation of Financial Assurance**. Respondents may release, cancel, or discontinue any financial assurance provided under this Section only: (a) if EPA issues a Notice of Work Completion under Paragraph 4.15 of the SOW; (b) in accordance with EPA's approval of such release, cancellation, or discontinuation; or (c) if

there is a dispute regarding the release, cancellation, or discontinuance of any financial assurance, in accordance with the agreement or final decision resolving such dispute under Section XIII (Dispute Resolution).

XXIV. INTEGRATION/APPENDICES

95. This Settlement and its appendices constitute the final, complete, and exclusive agreement and understanding among the Parties with respect to the settlement embodied in this Settlement. The parties acknowledge that there are no representations, agreements, or understandings relating to the settlement other than those expressly contained in this Settlement. The following appendices are attached to and incorporated into this Settlement:

a. Appendix A is the description and/or map of the EWOU.

b. Appendix B is the SOW.

XXV. MODIFICATION

96. The OSC/RPM may modify any plan, schedule, or SOW in order to carry out the RD, in writing or by oral direction. Any oral modification will be memorialized in writing by EPA promptly but shall have as its effective date the date of the OSC/RPM's oral direction. Any other requirements of this Settlement may be modified in writing by mutual agreement of the parties.

97. If Respondents seek permission to deviate from any approved work plan, schedule, or SOW, Respondents' Project Coordinator shall submit a written request to EPA for approval outlining the proposed modification and its basis. Respondents may not proceed with the requested deviation until receiving oral or written approval from the OSC/RPM pursuant to ¶ 96.

98. No informal advice, guidance, suggestion, or comment by the OSC/RPM or other EPA representatives regarding any deliverable submitted by Respondents shall relieve Respondents of their obligation to obtain any formal approval required by this Settlement, or to comply with all requirements of this Settlement, unless it is formally modified.

XXVI. EFFECTIVE DATE

99. This Settlement shall be effective on the day the Settlement is signed by the Remedial Branch Manager for Region 10 of EPA.

IT IS SO AGREED AND ORDERED;

U.S. ENVIRONMENTAL PROTECTION AGENCY:

_____	_____
Dated	Kira Lynch, Manager Remedial Cleanup Branch Superfund and Emergency Management Division Region 10

DRAFT

Signature Page for Settlement regarding the East Waterway Operable Unit of the Harbor Island Superfund Site

FOR: PORT of SEATTLE

_____	_____
Dated	[Name] [Title]

DRAFT

Signature Page for Settlement regarding the East Waterway Operable Unit of the Harbor Island Superfund Site

FOR: CITY of SEATTLE

_____	_____
Dated	[Name] [Title]

DRAFT

Signature Page for Settlement regarding the East Waterway Operable Unit of the Harbor Island Superfund Site

FOR: KING COUNTY

_____ _____

Dated [Name]
[Title]

DRAFT

East Waterway Cleanup

Cleanup Implementation

August 13, 2025

Seattle Public Utilities

City of Seattle

Superfund Cleanup Sites



Background

2006:

- EPA Order (Port sole signatory)
- East Waterway Group MOA (Port lead; City and KC cooperative/cost share role)

2017:

- Liable parties search initiated in 2017

2019:

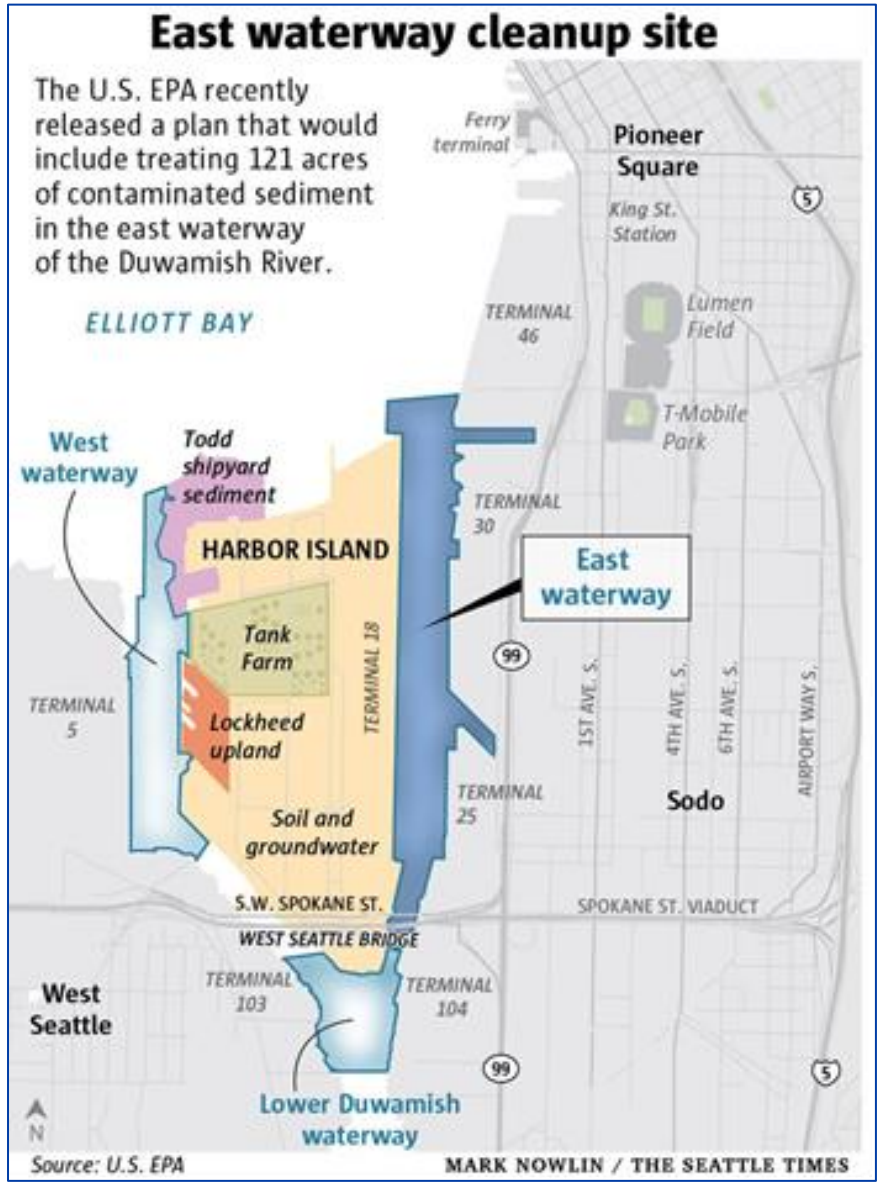
- Site studies completed

2024:

- EPA released their Interim Record of Decision
- New MOA needed for Engineering Design

Budgeting:

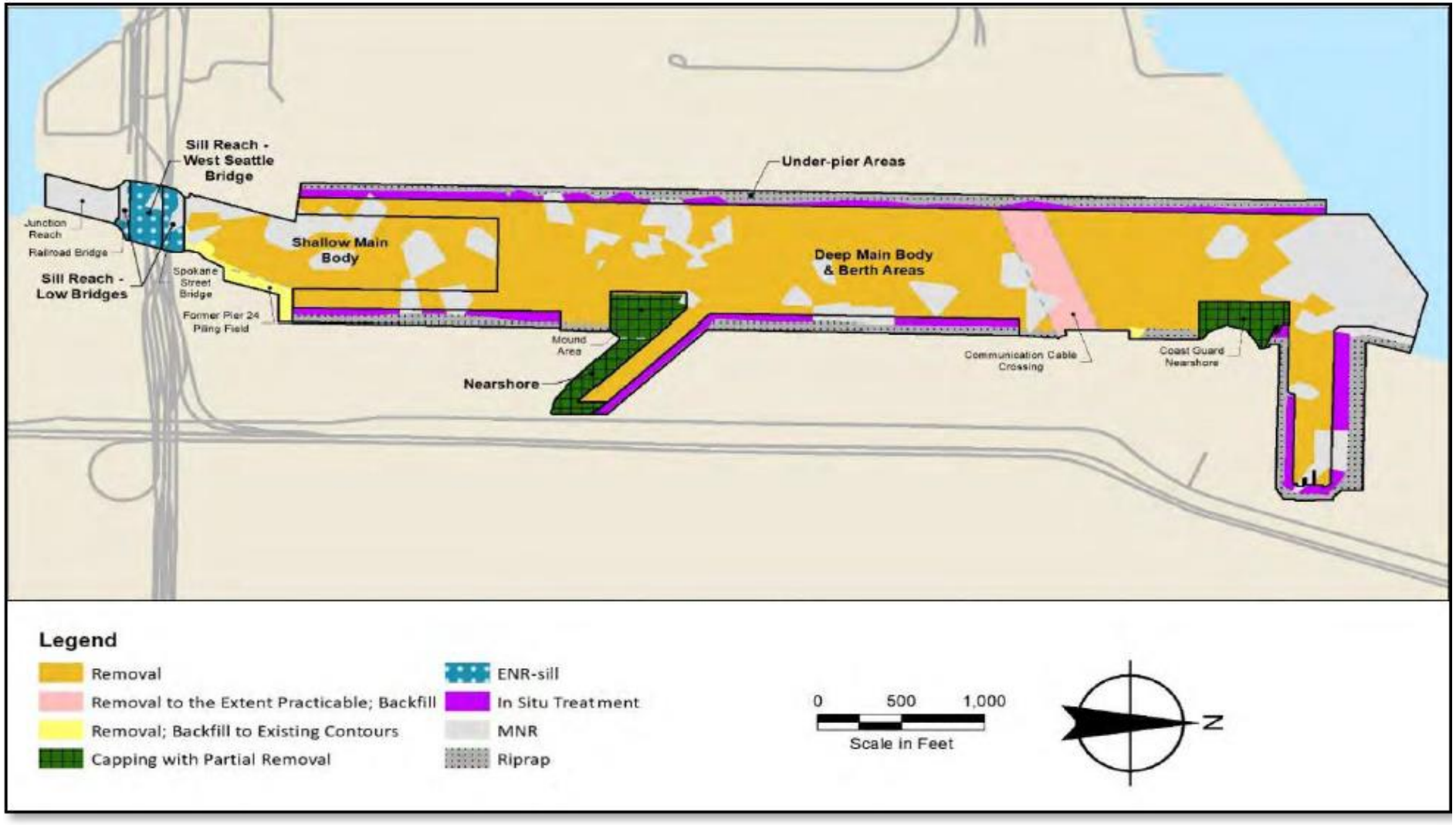
- SPU and SCL share costs and have budgeted future costs



EPA's Remedy Decision

Primarily dredging

Cost: $401M



Next Steps: Cleanup Process

Order (ASAOC) is negotiated with EPA

- Covers Engineering Design ~2025-2029
- Design costs ~$20M
- Grant Eligibility

Performing Parties (City, Port, KC) negotiating MOA

- Interim cost sharing: three equal shares
- Consensus decision-making
- Port expected to hold the design consultant contract



Next Steps: City Council



Request:

- Authorize SPU and SCL to spend money in amounts and in years that extend beyond the budget cycle.
- NOT being asked to “approve” signature of the EPA Order because the Charter gives that authority to the City Attorney.

State law:

- The legislature of a city may authorize, by enacting an ordinance, public utilities to make expenditures “not contemplated in the annual budget.” RCW 35.32A.070

Next Steps: Community Involvement

Extensive involvement for EPA's Proposed Plan in 2023

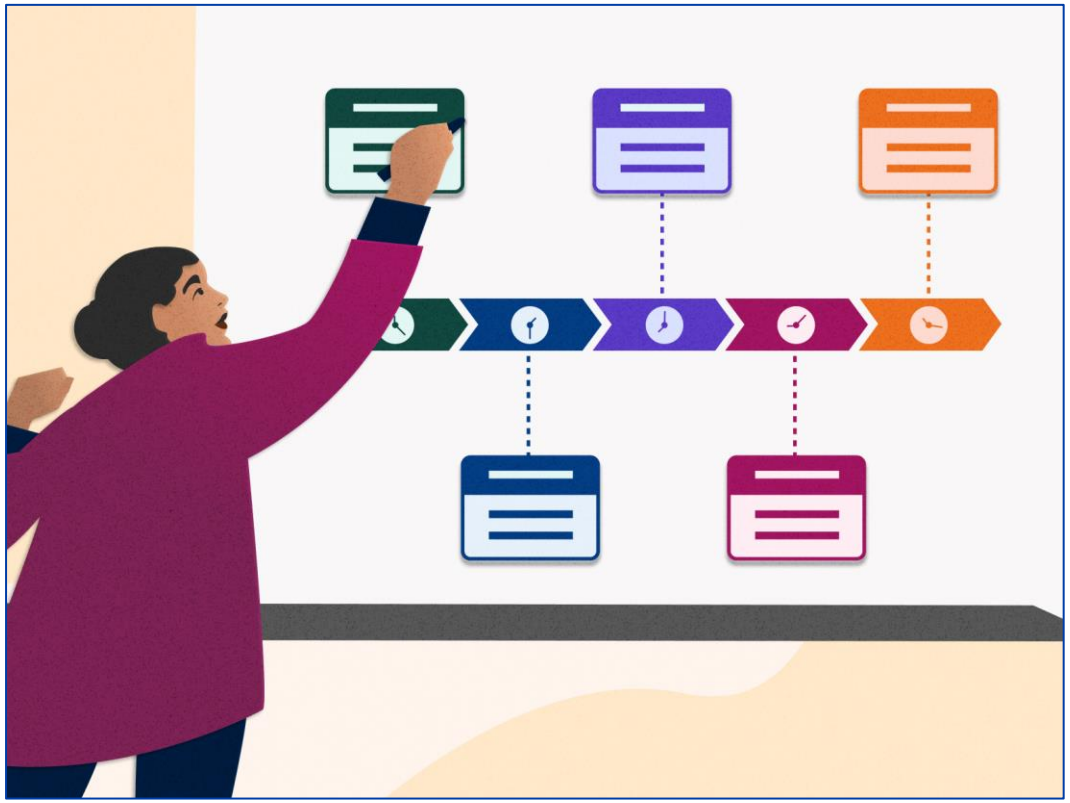
EPA leads stakeholder involvement throughout design/construction

- Community involvement plans
- Tribes and natural resource Trustees

City, County, Port leadership regularly meet with DRCC



Next Steps: EPA Process



2025

- EPA negotiates Design Order with implementing Parties
- Parties agree on MOA

2025-2028:

- Design phase

2028

- City Ordinance for Consent Decree
- EPA and Performing Parties sign Consent Decree (required for construction)

2029

- Earliest construction start; 10 years of construction

**Dates are approximate*

Legal Discussion

File #: CB 121050, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to Seattle Public Utilities; authorizing the General Manager/Chief Executive Officer of Seattle Public Utilities to execute the First Amended and Restated Contract between The City of Seattle and its long-term, full and partial requirements contract holders for the supply of water; authorizing the withdrawal of funds from the Water Fund Revenue Stabilization Subfund; providing budget authority to use such funds to provide payments to Water Utilities as required under the proposed contracts; amending Ordinance 127156, which adopted the 2025 Budget, including the 2025-2030 Capital Improvement Program; changing appropriations to various departments and budget control levels, and from various funds in the Budget; imposing a proviso; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

WHEREAS, Seattle, through its Water Fund, serves 16 cities and water utilities under long-term full and partial requirements contracts for water supply that were authorized in 2001 by Ordinance 120362 and in 2011 by Ordinance 123559; and

WHEREAS, these contracts have periodic reopeners to amend certain portions of the contracts, with the current reopener period concluding in 2025; and

WHEREAS, Seattle has completed negotiations with all 16 of the cities and water utilities to amend the 2001 and 2011 City of Seattle Full and Partial Requirements Contract for the Supply of Water; and

WHEREAS, the amendments provide: (a) certainty for Seattle and its contract holders via the automatic extensions of the contract term every 10 years and the expansion of stranded cost provisions; (b) flexibility and modernization via updates to many contract provisions; (c) expanded authority for the joint Seattle-customer Operating Board; and (d) the same contract for both partial and full requirements customers with each water utility's specific requirements established in an exhibit to the amended contracts; and

WHEREAS, one of these contract updates provides for the direct return of up to $27,000,000 of past overpayments to the contract holders and this payment will affect the Water Fund's financial policy performance; and

WHEREAS, the Water Fund Revenue Stabilization Subfund represents past overpayments by customers and Seattle intends to use these funds as the source of the payment to customers; and

WHEREAS, the withdrawal of Water Fund Revenue Stabilization Subfund will mitigate the impact on financial performance; and

WHEREAS, Ordinance 121761, passed on March 28, 2005, established a minimum balance for the Water Fund Revenue Subfund of $9,000,000, and permits funds in excess of this amount to be withdrawn, as authorized by ordinance of the City Council, with the anticipation that such withdrawn funds are to be used to meet operating expenses, pay Capital Improvement Program expenditures, or to comply with financial policies; and

WHEREAS, the current balance in the Water Fund Revenue Stabilization Subfund exceeds the minimum balance; and

WHEREAS, pursuant to the Proposed First Restated and Amended Contract with Water Utility for the Supply of Water, this return of overpayment will occur within 60 days of the execution of the First Restated and Amended Contracts with every Water Utility, which may occur in 2025 or 2026; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The General Manager/Chief Executive Officer (GM/CEO) of Seattle Public Utilities is authorized to enter into First Amended and Restated Contracts between The City of Seattle and the following Water Utilities for the Supply of Water: the Cedar River Water and

Sewer District, City of Bothell, City of Duvall, City of Mercer Island, City of Renton, Coal Creek Utility District, Highline Water District, North City Water District, Olympic View Water and Sewer District, Soos Creek Water and Sewer District, Water Districts 20, 49, 90, 119, 125, and Woodinville Water District in

substantially the form of the contract attached to this ordinance as Attachment A, including any changes the GM/CEO deems necessary and that are consistent with the purposes of this ordinance.

Section 2. The GM/CEO of Seattle Public Utilities is authorized to make one or more withdrawals of funds in the amount of the payment to contract holders authorized under Attachment A, up to a maximum of $27,000,000, from the Water Fund Revenue Stabilization Subfund to Operating Cash.

Section 3. To pay for necessary costs and expenses incurred or to be incurred in 2025, but for which insufficient appropriations were made due to causes that could not reasonably have been foreseen at the time of the making of the 2025 Budget, appropriations for the following items in the 2025 Budget are increased from the funds shown, as follows:

Item	Department	Fund	Budget Summary Level/BCL Code	Amount
3.1	Seattle Public Utilities	Water Fund (43000)	General Expense (43000-BO-SU-N000B)	$27,000,000
Total				**$27,000,000**

Unspent funds so appropriated shall carry forward to subsequent fiscal years until they are exhausted or abandoned by ordinance.

Section 4. This ordinance imposes a proviso as follows:

"Of the appropriations made by Section 3 of this ordinance, $27,000,000 is appropriated solely to pay the Water Utilities mentioned in Section 1 of this ordinance within 60 days of the First Amended and Restated Contracts authorized by Section 1 of this ordinance being signed with every Water Utility, and may be spent for no other purpose."

Section 5. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is ratified and confirmed.

Section 6. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and

1.04.070.

Passed by a 3/4 vote of all the members of the City Council the _____ day of _____, 2025, and signed by me in open session in authentication of its passage this _____ day of _____, 2025.

_____

President _____ of the City Council

Approved / returned unsigned / vetoed this ____day of _____, 2025.

_____

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2025.

_____

Scheereen Dedman, City Clerk

(Seal)

Attachments:
Attachment A - First Amended and Restated Contract Between The City of Seattle and [Water Utility] for the Supply of Water

FIRST AMENDED AND RESTATED CONTRACT

BETWEEN

THE CITY OF SEATTLE AND

[WATER UTILITY]

FOR THE

SUPPLY OF WATER

DATE: _____

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FIRST AMENDED AND RESTATED CONTRACT BETWEEN THE CITY OF SEATTLE AND [Water Utility] FOR THE SUPPLY OF WATER

THIS FIRST AMENDED AND RESTATED CONTRACT ("Contract") is entered into between the CITY OF SEATTLE ("Seattle"), a municipal corporation of the State of Washington, and the [Water Utility] ("Water Utility"), a municipal corporation of the State of Washington.

RECITALS

1. Seattle owns and operates a system for the supply, treatment, transmission, and distribution of potable water and is authorized to sell and distribute water to its residents and to other persons and customers located outside the corporate limits of Seattle.
2. Seattle's water system is integral to the health and welfare of the residents located within the retail and wholesale water service areas shown in Seattle's Water System Plan. Seattle intends to provide water from the system to meet the current and future needs of the residents of the wholesale water service areas pursuant to long-term water supply contracts.
3. In meeting this service commitment, Seattle must ensure that this role does not place financial burdens on its retail customers for which they do not receive a corresponding benefit.
4. This Contract and contracts of a similar nature with other Wholesale Customers of Seattle located within Seattle's wholesale water service area are intended to provide those Wholesale Customers and Seattle with the assurance of a long-term service commitment for reliable and sustainable high quality water supply and to describe the terms and conditions associated with that commitment.

5. Under this Contract, Seattle intends to provide wholesale water to Water Utility at an equivalent Wholesale Level of Service with the same pricing and operational principles as it provides itself.

6. Given the extensive growth of Seattle and the surrounding areas and the impacts upon infrastructure and costs, this Contract is intended to provide sufficient water for growth. As a general philosophy for cost sharing purposes, the parties desire to adopt the principle that "growth should pay for growth."

7. Seattle and Water Utility, together with other Wholesale Customers of Seattle, have agreed to establish an Operating Board comprised of representatives from Seattle and Wholesale Customers, along with an independent representative, all pledged to represent the best interests of the region, to provide advice and direction in certain areas to the Administrator of the Seattle Regional Water Supply System.

8. Pursuant to Section II.A.4.a, Seattle, Water Utility and the other Wholesale Customers have undertaken a review of the Contract and have mutually agreed to amend certain terms and conditions of the Contract to update and clarify obligations of the parties and to strengthen the partnership, resiliency and sustainability of the Seattle Regional Water Supply System.

NOW, THEREFORE, in consideration of mutual covenants herein, the parties mutually agree as follows:

SECTION I. DEFINITIONS

For the purposes of this Contract, the following terms have been defined as:

"Administrator" - The General Manager of Seattle Public Utilities or any other title given to that person who maintains the executive authority to operate and manage the Seattle Regional Water Supply System.

"Alternate Supply(ies)" – The Emergency, Independent and Purchased Supplies, if any, available to Water Utility.

"Annual O&M Costs" – The annual total O&M Costs included in each cost pool as determined in Section IV.D.3.

"Automatically Allowed Reduction" – The purchase reduction amount automatically allowed as defined in Section II.B.5.d.viii.

"Avoided Costs" –The proportional share of the projected capital and operating cost of the next planned source of supply of the Seattle Regional Water Supply System represented by the size of a Wholesale Customer's qualifying reduction in demand, as more particularly defined in Section II.B.5 and Exhibit IX.

"Block Purchase Contract" – A contract in which Seattle sells a fixed quantity of water to a block wholesale customer on a take or pay basis.

"Customer-driven Demand Fluctuations" – Demand fluctuations that are out of Seattle or Water Utility's control and result from retail customer discretion or behavior, such as weather or economic-related demand, use of efficient fixtures, use of reuse water alternatives or redevelopment of property, etc.

"Eastern Subregional Facilities" – Certain subregional transmission facilities used, in part, to serve those Wholesale Customers in the Eastern Subregion as more particularly described in

Section I of Exhibit VII.

"Emergency Supply(ies)" – Water supplies that Water Utility receives or purchases from another water purveyor to use on an emergency or temporary basis as specifically identified in Section I of Exhibit I. Emergency Supplies do not include Independent or Purchased Supplies, or periodic or intermittent water supplies used for peak or seasonal demand or other domestic demand.

"Existing Regional Facilities" – Components of the Seattle Regional Water Supply System which consist of supply and transmission resources and facilities that Seattle exclusively owns and operates; related deferred costs; and facilities owned by others for which Seattle has entered into an agreement to use, all of which are used to produce, treat and convey water to the Seattle Retail Distribution System, Water Utility, other Wholesale Customers, and block or other wholesale customers as set forth in Section 1 of Exhibit VI. This does not include New Supply, New Transmission or Subregional Facilities.

"Facilities Charges" – Facilities Charges (FCs) are the product of the Equivalent Residential Unit (ERU) Charge and the ERU Factor, as further described in Section IV.D.2.c. and Exhibit V. FCs are only as described in this Contract.

"Firm Yield" - Firm yield is the amount of water that Seattle is able to supply system-wide as published in the Seattle Water System Plan.

"Full Requirements Contract" – A contract in which Seattle supplies a Wholesale Customer with its Full Water Requirements.

"Full Water Requirements" – All of the water, except for Emergency Supplies, if any, that Water Utility needs to meet the demand of its present and future retail water customers within its retail distribution service area, as shown in Water Utility's water system plan in effect on the Effective Date of this Contract, as may be amended according to the provisions of this Contract.

"Independent Supply(ies)" – Water supplies that are owned and operated by Water Utility pursuant to existing or transferred water rights, claims or permits as specifically identified in Section II of Exhibit I or new water supplies acquired by Water Utility through a merger with another water purveyor not supplied by Seattle water. Independent Supplies do not include Emergency or Purchased Supplies.

"Index O&M Costs" – The portion of O&M Costs used to support the Seattle Regional Water Supply System only, except those identified as Non-Index O&M Costs, as more particularly described by the O&M Cost categories specified in Exhibit VIII.

"Infrastructure Adder" –1.5% that is added as a component of the Rate of Return on Investment to the Net Book Value of facilities recognized under the Utility Basis.

"Mixed-use Assets" – Capitalized facilities or assets that are shared between or used to support both the Seattle Retail Distribution System and the Seattle Regional Water Supply System.

"Mixed-use O&M Costs" –The portion of O&M Costs that are shared between or used to support both the Seattle Retail Distribution System and the Seattle Regional Water Supply System.

"New Supply Facilities" – New resources and facilities developed after January 1, 2002, or portions of rehabilitated or replaced Existing Regional Facilities as may be allocated by the Operating Board, that expand the supply capacity of the Seattle Regional Water Supply System as set forth in Section II of Exhibit VI. This does not include Existing Regional, New Transmission or Subregional Facilities.

"New Transmission Facilities" – New resources and facilities developed after January 1, 2002, or portions of rehabilitated or replaced Existing Regional Facilities as may be allocated by the Operating Board, that expand the transmission capacity of the Seattle Regional Water Supply System as set forth in Section III of Exhibit VI. This does not include Existing Regional, New

Supply or Subregional Facilities.

"Non-index O&M Costs" – A portion of O&M Costs to support the Seattle Regional Water Supply System only but not included in the Index O&M Costs because they are nonrecurring or other special circumstances, as determined by Seattle, which may include, but are not limited to pre-or post-capital expenses, claims or net disposition costs.

"Operating Board" – A board of representatives established by Section V of this Contract and having the specific roles and limited authorities as more particularly set forth throughout this Contract.

"O&M Costs" - The fully loaded costs of labor (i.e. all wages and fringe benefits); costs of materials, supplies, and equipment; and other direct or indirect costs or expenses that are not capitalized; or portions thereof, required or expended to operate, maintain, repair and support the Seattle Regional Water Supply System and the Seattle Retail Distribution System in good working order consistent with all applicable local, state and federal laws, policies and standards and to meet the obligations of this Contract.

"Partial Requirements Contract" - A contract in which Seattle supplies a Wholesale Customer with its Partial Water Requirements during the Contract term.

"Partial Water Requirements" – All of the water that is over and above the aggregate amount of Water Utility's Independent and Purchased Supplies that Water Utility needs to meet the demand of its present and future retail water customers within its service area as shown in Water Utility's water system plan in effect on the Effective Date of this Contract, as may be amended according to the provisions of this Contract.

"Purchase Commitment" – Water Utility's Full or Partial Water Requirements, as appropriate, as specified in Exhibit I.

"Purchased Supplies" – Water supplies Water Utility purchases from another water purveyor to meet the demand of its present or future retail water customers as specifically identified in Section III of Exhibit I.

"Qualified Partial Requirements Contract" - A contract in which Seattle supplies a Wholesale Customer with its future partial or full requirements during the Contract term following a customer's demand reduction due to Purchased Supplies.

"Qualified Partial Water Requirements" – Water Utility's Partial Water Requirements less the amount of a new Purchased Supply that becomes effective pursuant to a reduction of Water Utility's Purchase Commitment under Section II.B.5.

"Rate of Return on Investment" - Seattle's Average Cost of Debt plus the Infrastructure Adder.

"Regional Facilities" – All of the Existing Regional, New Supply and New Transmission Facilities.

"Regional Water Conservation Program" - A regional program, implemented collaboratively between Seattle and Wholesale Customers, to help retail customers use water efficiently, defer development of new supply resources and meet applicable regulations and agreements as more particularly described in Section II.E.

"Renton Subregional Facilities" - Certain subregional transmission facilities used, in part, to serve those Wholesale Customers in the Renton Subregion as more particularly described in Section III of Exhibit VII.

Seattle's Average Cost of Debt ("ACOD") - The weighted average interest rate on Seattle's water system debt outstanding over the course of a calendar year calculated at the end of each calendar year during the term of this Contract.

"Seattle's Cash Pool Rate" - The interest rate earned by the Seattle Water Fund for cash deposited

in the City of Seattle's cash pool.

"Seattle Retail Distribution System" – Seattle's retail water distribution system consisting of its retail customers within the Seattle retail water service area as defined in its Water System Plan, and including storage facilities, distribution mains, pumps, disinfection facilities, retail service connections, and all other facilities not included in the Seattle Regional Water Supply System.

"Seattle Regional Water Supply System" - Seattle's regional water supply system consisting generally of water rights (including permits and claims), real property rights, dams, impounded water, supply and transmission mains, pumps, treatment facilities, Subregional Facilities, Service Connections and all other resources and facilities utilized in producing, treating and conveying water up to but not including the Seattle Retail Distribution System, and through to the end of the Service Connections of the Water Utility and other Wholesale Customers, and block or other wholesale customers.

"Seattle's Service Area Boundary" - Seattle's then current designated place of use of Seattle's water certificates, permits, claims or service area under Seattle's approved Water System Plan.

"Seattle Water Enterprise Fund" - A public utility enterprise fund of the City of Seattle established to account for activities of the water system operated by Seattle.

"Seattle Water System Plan" - Seattle's 2019 Water System Plan, dated August 2019, and amendments and updates thereto, prepared by Seattle to comply with the requirements of WAC 246-290-100, and successor regulations, including each successive Water System Plan issued approximately every 10 years.

"Service Connection" - The Seattle-owned and operated metered delivery locations as specified in Exhibit II, beginning at the outlet from the regional supply pipeline (which may be a subregional pipeline) to the end of the Seattle-owned vault, or the first isolation valve downstream

of the vault; including the water meter and associated appurtenances through which Seattle delivers water at a defined level of service from the Seattle Regional Water Supply System to a Wholesale Customer's retail distribution water system.

"Southwest Subregional Facilities" - Certain subregional transmission facilities used, in part, to serve those Wholesale Customers in the Southwest Subregion, as more particularly described in Section II of Exhibit VII.

"Stranded Costs" – Those portions of infrastructure costs that Seattle has incurred and fixed operations costs committed for the Seattle Regional Water Supply System, but not yet recovered through rates and charges, at the time a Wholesale Customer reduces or terminates its Purchase Commitment, that other Wholesale Customers, including Seattle, would have to pay due to the loss of expected revenue resulting from that Wholesale Customer's reduction or termination as more particularly described in Exhibit IX.

"Subregional Facilities" – All of the Eastern, Southwestern and Renton Subregional Facilities, or other subregions, if any, that may be added during the term of this Contract.

"Wholesale Customer" – Those water utilities who purchase water from Seattle under a Full or Partial Requirements Contract for the purposes of reselling to their retail customers.

"Wholesale Level of Service" – Water delivered by Seattle to the Service Connection(s) in accordance with the conditions listed in Exhibit II and this Contract intended for Wholesale Customers' distribution to their retail customers through their own distribution systems. Except as may be specifically provided in this Contract, Seattle is not responsible for, and Wholesale Level of Service does not include, compliance with Department of Health ("DOH") standards, including fire flow, emergency back-up and water quality within Water Utility's retail service area or distribution system.

SECTION II. TERM OF CONTRACT AND GENERAL CONDITIONS

II.A. Term of Contract

1. Term. This First Amended and Restated Contract shall be in effect beginning at 12:01 AM on the Effective Date and shall remain in effect until 12:00 AM on January 1, 2062 ("Contract Term").

2. Effective Date. This First Amended and Restated Contract shall be effective on January 1, 2026 ("Effective Date").

3. Review of the Contract Term. The parties acknowledge and agree that it is desirable to manage the expiration or extension of this Contract Term prior to expiration and therefore agree that the Contract Term in Section II.A.1 shall be automatically extended for an additional ten (10) years ("Extension") on January 1, 2032, and every ten (10) years thereafter ("Extension Date"). The Water Utility may opt out of such extension of the Contract Term by providing written notice to Seattle prior to the Extension Date. If Water Utility opts out of the Extension, Seattle shall plan to supply water to Water Utility for only the remaining Contract Term and shall plan for Water Utility to not purchase any water supplies from Seattle as of the expiration of such Contract Term.

4. Periodic Review and Right to Change Certain Terms and Conditions. The parties may review and change certain terms and conditions governing the sale of water under this Contract by January 1, 2042 ("1st Review"), and January 1, 2062 ("2nd Review"), and by January 1 every 20 years thereafter during the term of this Contract or as soon as practicable after the respective January 1, as follows.

   a. Mutual Agreement. On or before January 1, 2041, and then again on or before January 1, 2061, and every 20 years thereafter, respectively, Seattle, Water Utility

or any Wholesale Customer may provide the other party and Wholesale Customers with a written proposal to amend the Contract terms. All parties, including Seattle, Water Utility, and other Wholesale Customers, shall consider the proposal(s), if any. If the parties mutually agree to the proposal(s), or as negotiated, prior to January 1, 2042 or January 1, 2062, or every 20 years thereafter, respectively, or a date later than January 1 as may be mutually and reasonably agreed to by the parties to continue negotiations, a written amendment to this Contract shall be approved and executed by both parties and this Contract shall be amended accordingly.

b. Seattle's Right to Amend. If the parties are unable to mutually agree on a proposal by Seattle pursuant to subsection II.A.4.a above within the one-year period associated with the 1st Review, or mutually agreed later date, Seattle may propose in writing its desired amendment to the Operating Board by March 31, 2042, or by 90 days past the expiration of a mutually agreed later date. The Operating Board shall review and recommend revisions, if any, to the proposed amendment. Seattle and the Operating Board shall use reasonable efforts to resolve any concerns in the proposal. After 90 days from Seattle's written proposal to the Operating Board, Seattle may propose its desired amendment to the Seattle City Council. If the Operating Board does not agree with Seattle's proposal, it may submit a revised proposal to the Seattle City Council within 90 days of Seattle's submission of its proposal to the Seattle City Council. After receiving the Operating Board's alternate proposal, or after the lapse of the 90 day period for the Operating Board to make an alternate proposal, the Seattle City

Council may then deny both proposals or approve one of them and issue an amendment to this Contract, which shall be in effect for the remaining term of the Contract from the date of issuance, unless later amended pursuant to this subsection II.A.4, or by mutual agreement. Seattle shall not have the right to unilaterally amend the Contract after the 1st Review period and all subsequent Contract amendments must be mutually agreed to by Seattle and Water Utility.

c. Limitation on Seattle's Right to Amend. Notwithstanding subsection II.A.4.b above, Seattle shall not have the right to amend the Contract under that provision in a manner to: (i) reduce its obligation to provide the Full or Partial Water Requirements of Water Utility, as appropriate; (ii) cease to provide wholesale water to Water Utility at an equivalent Wholesale Level of Service as it provides to itself; (iii) charge a higher wholesale rate for water supply and transmission to Water Utility than that charged to the Seattle Retail Distribution System; (iv) reduce its water quality obligations for the Seattle Regional Water Supply System; (v) change the methodology for calculating Rate of Return on Investment; (vi) restrict Water Utility's right to terminate or reduce its Purchase Commitment; (vii) disband or significantly reduce the powers of the Operating Board; (viii) amend any Contract provision that will apply only to Water Utility; ix) change the definition of the Seattle Regional Water Supply System; (x) extend or expand its contractual rights to any portion of Water Utility’s retail water distribution systems; (xi) include taxes or surcharges beyond what the water rate setting industry would consider normal in wholesale rates or that are not in accordance with applicable laws and regulations; (xii) amend any Contract

provision relating to Seattle's obligation to approve Water Utility's proposal to introduce Alternate Supplies into Water Utility's retail distribution system as provided in Section II.D.9; (xiii) change the criteria for approval of Alternate Supplies.

d. Intent. The purpose and intent of the provisions allowing Seattle a limited right to amend the Contract as provided in Section II.A.4.b-c. are to provide Seattle with flexibility to administer numerous Full and Partial Requirements Contracts in a consistent manner when changes to the Contract are desired by Seattle but are not approved by the Operating Board and/or all of the Wholesale Customers as well as to make reasonable changes in response to changing conditions, laws, and regulations over the course of this long-term Contract. Any proposed amendments to the Contract are subject to the procedures and limitations provided in Section II.A.4.b-c. In 2062, when Seattle no longer has this limited right to amend, Wholesale Customers may agree to different contract terms which could necessitate the creation of separate Full and Partial Requirements Customer Classes, each with their own Wholesale Statements and administered according to each Class's agreed-to contract terms.

II.B. Agreement to Supply and Purchase Water

1. Full or Partial Requirements Commitment. Seattle shall supply, and Water Utility shall purchase, Water Utility's Full or Partial Water Requirements as specified in Exhibit I, for the term of this Contract, unless amended pursuant to the provisions below.

2. Expansions in Water Utility's Service Area. Seattle shall supply the Full or Partial Water Requirements, as appropriate, if Water Utility acquires additional service area that is: 1)

located outside of the service area as defined in Water Utility's Water System Plan in effect on the Effective Date of this Contract and 2) which is not already served with water from the Seattle Regional Water Supply System, subject to a) the availability of water in the Seattle Regional Water Supply System as reasonably determined by Seattle; b) the limitation of Seattle's Service Area Boundary; and c) Water Utility's payment of Facilities Charges ("FCs") for the retail service connections in that additional service area in accordance with Section IV.D. The parties will cooperate to amend, by letter agreement Exhibits I and II, as appropriate, for the limited purpose of documenting the changed circumstances resulting from acquiring the additional service area.

3. Contractions in Water Utility's Service Area. In the event Water Utility's entire service area and service responsibilities, or portion thereof, are assumed by or are transferred to another utility or utilities, then this Contract shall become null and void at the time, and to the extent, the assumption or transfer becomes effective; provided, however, 1) this Contract will remain in full force and effect for Water Utility's remaining service area, if any; and 2) if the transferee of the service area is a Wholesale Customer, Seattle shall provide water to the transferee according to the terms of the transferee's water supply contract with Seattle. Seattle, Water Utility and the transferee Wholesale Customer will cooperate to amend, by letter agreement Exhibits I and II, as appropriate, for the limited purpose of documenting the changed circumstances resulting from the transfer. If the transferee is not a Wholesale Customer, then Seattle may offer the transferee a water supply contract for the transferred service area subject to terms and conditions as Seattle shall determine.

4. Annexation by Seattle. If Water Utility's entire service area, or a portion thereof, is

annexed to Seattle, then this Contract shall become null and void to the extent of the annexation and upon the effective date of Seattle's assumption of Water Utility's water system or a portion thereof. In the event Water Utility has remaining service area after the assumption, this Contract will remain in full force and effect for the remaining service area, and Seattle and Water Utility will cooperate to amend, by letter agreement Exhibits I and II, as appropriate, for the limited purpose of documenting the changed circumstances resulting from the annexation of a portion of Water Utility's service area.

5. Water Utility's Right to Terminate or Reduce Purchase Commitment. Water Utility may terminate or reduce its Purchase Commitment subject to the terms and conditions set forth below.

a. Notice Required:

i. Timing: Water Utility must submit 5 years' advance written notice ("Notice Period") to Seattle indicating its desire to terminate or reduce its Purchase Commitment ("Notice"), except as provided below.

(a) If Seattle amends the terms and conditions of this Contract pursuant to Section II.A.4.b above, Water Utility must submit 1 years' advance written notice to Seattle to terminate its Purchase Commitment within 1 year of the effective date of the amendment.

(b) Any notice previously issued by Water Utility to Seattle prior to December 31, 2022, in accordance with the terms and conditions of the Contract then in existence shall be effective to terminate or reduce Water Utility's Purchase Commitment under the Contract. All such notices will be described in Exhibit I.

ii. Contents of Notice: The Notice shall include the following:

(a) A resolution of Water Utility's governing body approving the Notice and acknowledging Water Utility is subject to the relevant conditions in Section II.B.5.c.

(b) A description of the relevant information, including but not limited to: a description of any new Alternate Supply consistent with the information in Exhibit I; the scope (e.g. termination or reduction, amount); and brief description of actions necessary to put the proposed Alternate Supply into use (e.g. regulatory approvals, capital projects, water quality analysis, contract approvals, etc.) or that it is terminating based on Section II.B.5.a.i.(a) above.

(c) Except for a termination pursuant to Section II.B.5.a.i.(a) above, Water Utility may include a request for a Notice Period shorter than 5 years, which request shall include a justification.

(d) Water Utility will provide additional information upon reasonable request by Seattle or the Operating Board.

iii. Pre-Notice Request for Calculation of Stranded Costs: Water Utility shall have the right to request Seattle to perform a calculation of Stranded Costs that would be incurred by Water Utility if it issues a Notice to terminate or reduce its Purchase Commitment ("Pre-Notice Request"). A Pre-Notice Request shall be made by Water Utility in writing and shall include the amount of the reduction in its Purchase Commitment and the anticipated effective date of such reduction. Seattle shall respond to Water Utility's

Pre-Notice Request by providing a written estimate to Water Utility within thirty (30) days ("Pre-Notice Calculation Estimate"). Water Utility agrees to provide Seattle with additional information requested by Seattle that is necessary to allow Seattle to perform the Pre-Notice Calculation Estimate. The Pre-Notice Calculation Estimate will not be binding on either party and will be based on Stranded Cost only; any Avoided Cost calculation will not be included. The Pre-Notice Calculation Estimate shall be completed as described in Exhibit IX, will be based on the current asset schedule, and will not include any changes that occur or information that becomes known between the estimate and the notice.

b. Effective Date: The termination or reduction will become effective 5 years from the date of the Notice, or 1 year in the case of a termination under Section II.B.5.a.i.(a). Alternatively, if Water Utility requested, and the Operating Board approved a shorter notice period, the termination or reduction will become effective upon the date approved by the Operating Board. In either case, Water Utility must meet the relevant conditions in Section II.B.5.c. below for the termination or reduction to become effective. Additionally, upon Operating Board approval, the parties may mutually agree in writing to extend the 5-year or approved shorter Notice Period for a reasonable and specific amount of time to allow Water Utility additional time to meet the relevant conditions or complete actions to put the Alternate Supply into use. The Operating Board may approve a shorter or extended notice period upon a determination that it is in the best interests of the Seattle Regional Water Supply System. Water Utility may rescind its Notice in writing any time prior to the effective

date. For any notice other than those provided under Section II.B.5.a.i.(b), if Water Utility has not met the conditions by the effective date, the Notice will be rescinded automatically. In either case, when a Notice is rescinded, the Contract will remain in full force and effect.

c. Conditions/Effect of Termination or Reduction:

i. Termination: Water Utility will be subject to the following conditions if it terminates its Purchase Commitment in its entirety:

(a) Water Utility will lose representation or membership on the Operating Board upon the date of the Notice.

(b) This Contract will terminate in its entirety as of the effective date of the Notice as specified in Section II.B.5.b above.

(c) Water Utility will pay the full costs for Seattle to decommission Water Utility's Service Connections as listed in Exhibit II. This obligation will survive the termination of the Contract.

(d) Water Utility will pay, or receive credit, as the case may be, for its proportional share of any deficit or surplus running balances in any cost pool as of the end of the year of the Effective Date, which shall be prorated by Water Utility's share of total demand (e.g. flow) since the most recent year the running balances were zero.

(e) Water Utility will pay the Final Net Stranded Cost Payment, or receive the Final Net Billing Credit, as described below in Section II.B.5.c.ii (e)(i) as determined by Seattle pursuant to Exhibit IX.

(f) Seattle, in its sole discretion, may offer Water Utility a new water

supply contract if Water Utility wants to purchase water from the Seattle Regional Water Supply System again in the future, however any new contract will be subject to: i) Seattle's determination of the availability of water; ii) no guarantee of a Full or Partial Requirements Contract; and iii) terms and conditions as Seattle may require, including but not limited to, special charges and rates, provided the terms and conditions are consistent with the Ratemaking Principles in this Contract.

ii. Reduction: Water Utility will be subject to the following conditions if it reduces its Purchase Commitment in part:

(a) The parties will cooperate to amend, by letter agreement, Exhibits I and II, as appropriate, for the limited purpose of documenting the reduction in Water Utility's Purchase Commitment, the new Alternate Supply, and the amount and effective date of any Purchase Commitment reductions. Water Utility's Full or Partial Requirements Contract may be converted to a Partial Water Requirements or Qualified Partial Water Requirements Contract, as the case may be, consistent with this Section II.B.5.c.

(b) Water Utility will pay the full costs for Seattle to decommission Water Utility's Service Connections listed in Exhibit II or add new Service Connections, if appropriate.

(c) Water Utility will pay the Final Net Stranded Cost Payment, or will receive the Final Net Billing Credit, as described below in

II.B.5.c.ii(e)(i), if applicable, as determined by Seattle pursuant to Exhibit IX, unless Water Utility provided Seattle with written notice of its intention to reduce its purchase commitment between January 1, 2009 and December 31, 2022.

(d) Will receive a Facilities Charge Allowance pursuant to Section IV.D.2.c.

(e) For reductions related to the use of new or increased production of Independent Supplies only, Water Utility:

(i) May be eligible for an Avoided Cost offset to Stranded Costs (or if the offset is large enough, a Net Billing Credit) as determined by Seattle pursuant to Exhibit IX and if Seattle determines the Independent Supply:

1. Will be used entirely within Water Utility's retail distribution system;
2. Results in Avoided Costs of future supply for the Seattle Regional Water Supply System; and
3. Meets all applicable eligibility criteria that Seattle may develop in consultation with the Operating Board to ensure the offset (or Net Billing Credit) is only applicable to independent supplies that provide reliable, high-quality water, which criteria will include, but not be limited to operational reliability, water quality, and environmental impact.

(f) For reductions related to the use of new or increased Purchased Supplies, Water Utility:

(i) Will be converted to a Qualified Partial Requirements Contract. If Water Utility loses its Purchased Supply, in whole or in part, and wants to purchase additional water from the Seattle Regional Water Supply System to replace the lost Purchased Supply, the purchase may be subject to: availability of water as determined by Seattle or terms and conditions such as special charges to convert back to a Full or Partial Requirements Contract, provided the terms and conditions are consistent with the Ratemaking Principles in this Contract.

(ii) May not use Purchased Supplies in a manner that will have adverse impacts on the Seattle Regional Water Supply System due to constraints or other terms and conditions in the contract for the Purchased Supply. Seattle, in consultation with the Operating Board, reserves the right to require terms and conditions to protect against adverse impacts or constraints, such as prohibiting impacts to seasonal shaping or peak demands or waiving rights under Section II.C.2.

(iii) Exhibit I will be updated by Seattle whenever Water Utility or other Wholesale Customer terminates or reduces purchases pursuant to this section and such update will be provided to all Wholesale Customers and the Operating

Board.

d. Not Considered Reduction: For the purposes of this Section II.B.5, reductions under the following circumstances are not considered a reduction of Water Utility's Purchase Commitment and this Section II.B.5 will not apply:

i. The use of Emergency Supplies listed in Section I of Exhibit I;

ii. Customer-driven Demand Fluctuations;

iii. Participation in the Regional Water Conservation Program;

iv. Participation in Regional Shortage Management Contingency Plan or similar plans requiring restrictions on water deliveries.

v. Contraction of Water Utility's service area pursuant to Sections II.B.3 and 4 above.

vi. Acquisition of additional Independent Supplies through a merger or acquisition of another water purveyor that is not currently a customer of Seattle.

vii. Reductions defined in any notice previously issued by Water Utility to Seattle prior to December 31, 2022, in accordance with the terms and conditions of the Contract then in effect.

viii. Reductions in demand, or portions thereof, that result in aggregate reductions under this Contract for Water Utility that are equal to or less than the Automatically Allowed Reduction applicable to Water Utility, which shall be equal to 5.0% of Water Utility's average purchases from Seattle for the five most recent calendar years at the time of Water Utility's initial Purchase Commitment Reduction as described in Exhibit I.

ix. Demand fluctuations that are out of Seattle or Water Utility's control and result from new laws or regulations, including rulings, that require the use of reuse water by Water Utility.

6. New or Extended Water Supply Contracts. The full terms and conditions of any new, amended, or extended water supply contracts, along with Seattle's analysis and explanation of the same, will be submitted to the Operating Board for review and comment prior to adoption.

II.C. Continuity of Service within the Term of the Contract

1. Parity of Service. Seattle shall provide wholesale water to Water Utility at an equivalent Wholesale Level of Service that it provides to the Seattle Retail Distribution System.

2. Emergency and Water Shortage Contingency Planning. Seattle shall adopt, as part of its Water System Plan, emergency plans to provide for water supply in the event of drought or disaster. It is recognized by both parties that Seattle may adopt plans to manage emergencies or water shortages that are implemented on a regional basis in order to meet an emergency condition or a water shortage that impacts the Seattle Regional Water Supply System and may offer trainings or coordinate emergency preparedness activities amongst water utilities within the Seattle Regional Water Supply System. Seattle will follow the Seattle Water Shortage Contingency Plan or any other emergency plan in effect as of the effective date of this Contract, and as may be added or amended from time to time. The Operating Board may review and recommend revisions to any amended water shortage contingency plans or other relevant emergency plan before Seattle adopts the plan. Restrictions placed on water deliveries under any adopted plan will be applied consistently to Water Utility, other Wholesale Customers, and the Seattle Retail

Distribution System. Water Utility shall assist with and support all procedures or emergency plans, including cooperating with restrictions on water deliveries, that are implemented under Seattle's then current Water Shortage Contingency Plan, or another adopted emergency plan that impacts the Seattle Regional Water Supply System. Water Utility is responsible for adopting its own plans for emergencies or water shortages from Alternate Supplies or within its retail distribution system. Seattle may offer assistance or coordinate with Water Utility to make mutual aid plans together, including via WA WARN or other platform as mutually agreed.

3. Other Emergencies or Interruptions to Service. It is recognized by both parties that Seattle may temporarily interrupt or reduce deliveries of water or revise conditions of service (e.g. minimum hydraulic gradient) (collectively "Temporary Interruptions"), to Water Utility if Seattle determines that Temporary Interruptions are necessary or reasonable in case of system emergencies or in order to conduct necessary operations and maintenance, including but not limited to, installing equipment, making repairs, replacements, investigations and inspections or performing other maintenance work on the Seattle Regional Water Supply System. Except in cases of emergency, and in order that Water Utility's operations will not be unreasonably interrupted, Seattle shall give Water Utility and the Operating Board reasonable notice of any Temporary Interruptions, the reasons for and the probable duration. Seattle shall use its best efforts to minimize Temporary Interruptions to Water Utility.

4. Waiver of Charges. If Temporary Interruptions require that Water Utility draw water supply in a manner that would potentially subject Water Utility to demand charges under Section IV.G.5.a, Seattle shall waive the demand charges during the period of the

Temporary Interruption.

II.D. Water Quality

1. Seattle Regional Water Supply System. Seattle shall be responsible for water quality within the Seattle Regional Water Supply System. Seattle and Water Utility shall work collaboratively to address water quality concerns raised by Water Utility. The Water Utility may request Operating Board review of any water quality concerns that it believes are not reasonably resolved by Seattle. Seattle shall construct, operate and maintain water quality treatment and other facilities and programs and use its best efforts to carry out its water quality responsibilities to deliver safe, high-quality water in the most cost-effective manner for the region.

2. Applicable Standards. Seattle shall at all times during the term of this Contract deliver water through the end of the Service Connection(s) that meets or exceeds all applicable Federal and State regulations as may be amended from time to time. The parties acknowledge and agree that a minor regulatory violation (e.g. missed sample collection) is not considered a default of Seattle's water quality obligations under this Section II.D except to the extent it is significant in duration and risk to public health and Seattle has not made good faith efforts to correct the violation consistent with the applicable regulations.

3. System-wide Water Quality Program. Seattle, in consultation with the Operating Board, may develop and implement a system-wide water quality program, portions of which will guide its obligations for water quality within the Seattle Regional Water Supply System under this Section II.D consistent with applicable regulatory requirements, industry standards and operational needs. The system-wide program may include, but not be

limited to objectives, policies and procedures, and roles and responsibilities for water quality treatment, regulatory and non-regulatory monitoring, reporting, water quality incident response, cross-connection control, and best or adaptive management practices. Seattle will allocate these program costs to the appropriate cost pools as provided in Section IV.

4. Role of Operating Board. The Operating Board may:

a. review and recommend revisions to the relevant portions of Seattle's system-wide water quality program related to the Seattle Regional Water Supply System or obligations under this Contract;

b. recommend best or adaptive water quality management practices for the Seattle Regional Water Supply System;

c. approve allowances for flushing when Seattle or Operating Board determines flushing is the best available option to maintain or improve regional water quality;

d. review and recommend revisions to the water quality criteria Seattle adopts and applies prior to: (1) approving the introduction of a new water source into the Seattle Regional Water Supply System or into Water Utility's retail distribution system if the new water source will be mixed with water from the Seattle Regional Water Supply System under Section II.D.9 and Seattle can establish that the revisions to the water quality criteria are related to the Seattle Regional Water Supply System, or (2) determining whether a new or increased Independent Supply may be eligible for an offset or Billing Credit under Section II.B.5.c.ii;

e. approve any changes to the water quality obligations under this Section II.D upon recommendation by Seattle, resulting from changes in regulatory requirements during the

term of this Contract. The parties will amend this Section II.D by letter agreement in the event the Operating Board approves changes to the water quality obligations under this subsection; and

f. establish a technical subcommittee(s) to assist in its roles under this Section II.D.4.

5. Distribution Systems. Water Utility shall be responsible for compliance with all applicable federal, state, and local water quality laws and regulations within its retail distribution system. Seattle is not responsible for water quality compliance for water from Alternate Supplies.

6. Monitoring. Monitoring generally consists of sample collection, testing and reporting. Seattle is responsible for water quality monitoring for the Seattle Regional Water Supply System and Water Utility is responsible for water quality monitoring for its retail distribution system. Notwithstanding the foregoing, the parties acknowledge and agree that it is in the best interests of the region for Seattle to perform certain monitoring responsibilities as described below within those Wholesale Customers' retail distribution systems that have not opted out of the monitoring services as described below and to include the costs of such monitoring services in the appropriate cost pools under Section IV of this Contract. Seattle will not monitor the water within a Wholesale Customer's retail distribution system that opts out of monitoring services. A Wholesale Customer that elects to opt out of Seattle's monitoring services shall submit a written notice to Seattle of its election to opt out of these monitoring services. Water Utility may contract with Seattle to perform water quality monitoring and reporting services that are in addition to Seattle's obligations under this Section II.D as an elective service under Section IV.F. of this Contract. Specific monitoring procedures for Rules identified in the Federal Safe

Drinking Water Act (40 CFR 141) and Chapter 246-290 WAC are described below:

a. Surface Water Treatment Rule ("SWTR") and Groundwater Rule ("GWR"). Seattle shall perform all monitoring for the water sources it owns in the Seattle Regional Water Supply System, and any chlorine residual sample collection and testing in Water Utility's distribution system, which is done in conjunction with Seattle's TCR monitoring consistent with Section II.D.6.c below. Seattle will report SWTR and GWR results to WA DOH and chlorine residual data to Water Utility. Water Utility is responsible for any applicable monitoring for its Independent or other Alternate Supplies and any other chlorine residual monitoring within its retail distribution system required under the SWTR.

b. Lead and Copper Rule ("LCR"). Seattle shall perform monitoring within retail distribution systems for Wholesale Customers who hold Full Requirements Contracts under a regional LCR program. If Water Utility is a holder of a Full Requirements Contract, Water Utility is responsible for coordinating the location and collection of samples and reporting results to property owners as part of the regional LCR program. If Water Utility is the holder of a Partial Requirements Contract, Water Utility is responsible for all monitoring for LCR within its retail distribution system. In that case, Water Utility may elect to use the Seattle WQ Lab to test any LCR samples it collects as an Elective Service pursuant to Section IV.F.

c. Total Coliform Rule ("TCR"). Seattle shall perform all routine sample collection and testing within Water Utility's retail distribution system, unless Water Utility notifies Seattle in writing that it will be responsible for all routine TCR

monitoring within its retail distribution system. When Seattle performs routine TCR monitoring, Seattle shall report results to Water Utility and WA DOH, and Water Utility shall verify number and location for routine sample collection. Water Utility is responsible for performing any repeat sample collection, testing, and required reporting to WA DOH. Water Utility may elect to use the Seattle WQ Lab to test any samples it collects as an Elective Service under Section IV.F and Seattle will report results to Water Utility and WA DOH.

d. Disinfection By-Products Rule ("DBP"). Seattle shall perform all routine sample collection at designated sample stands and testing of those samples within Water Utility's retail distribution system unless Water Utility notifies Seattle in writing that it will be responsible for all DBP monitoring within its retail distribution system. When Seattle performs routine DBP monitoring, Seattle shall report results to Water Utility and WA DOH, and Water Utility shall verify number and location for sample collection. Water Utility is responsible for any routine sample collection at sites that are not designated sample stands and any additional sample collection, testing of samples it collects, and required reporting to WA DOH. Water Utility may elect to use the Seattle WQ Lab to test any samples it collects as an Elective Service under Section IV.F and Seattle will report results to Water Utility and WA DOH.

e. Unregulated Contaminant Monitoring Rule ("UCMR"). Seattle shall perform all applicable monitoring required under the UCMR within the Seattle Regional Water Supply System. Water Utility will be responsible for all applicable monitoring required under the UCMR within its retail distribution system. Upon

recommendation by Seattle, the Operating Board may approve an alternate allocation of monitoring responsibilities under the UCMR when it is in the best interests of the Seattle Regional Water Supply System. The costs of any monitoring Seattle performs within the Seattle Regional Water Supply System or as approved by the Operating Board will be allocated to the appropriate cost pool under Section IV of this Contract.

f. Other Monitoring. Seattle shall perform any other regulatory or non-regulatory monitoring within the Seattle Regional Water Supply System it deems necessary to ensure safe, high-quality water; including but not limited to, other source and miscellaneous monitoring; taste and odor sampling; and emerging contaminants. Water Utility will be responsible for any additional regulatory or non-regulatory monitoring within its retail distribution system.

7. Water Quality Reporting to Regulatory Agencies and Retail Customers (Consumer Confidence Reports). Each Wholesale Customer, including Water Utility, and Seattle, at its sole cost, is responsible for periodic water quality notifications and reporting to its respective retail customers and regulatory agencies as required by law. Seattle shall provide Water Utility all relevant water quality monitoring data consistent with its responsibilities in Section II.D.6 above in a timely manner so that Water Utility may incorporate the water quality data in its required notifications or reports and Seattle may offer public notification assistance, training, or other public notification resources to Water Utility.

8. Flushing. Water Utility shall be solely responsible for flushing water mains within its retail distribution system. Flushing allowances will be provided by Seattle when Seattle

or the Operating Board determine flushing is the best available option to maintain or improve regional water quality.

9. New Water Sources. To ensure public health and regional reliability, the parties agree that blending of water supplies is a matter of regional importance to be managed with the cooperation of the Water Utility, the Operating Board, and Seattle. Therefore, before Water Utility may introduce a new Alternate Supply into its retail distribution system that will mix with water from the Seattle Regional Water Supply System, Seattle must approve the Alternate Supply in writing as a compatible source after an evaluation using customary and reasonable water quality criteria developed in consultation with the Operating Board from time to time. Seattle is required to approve the proposed Alternate Supply when the evaluation establishes that the proposed Alternate Supply meets the following criteria: 1) satisfactory results from a blending study to determine the compatibility of the new Alternate Supply with existing sources already in the Seattle Regional Water Supply System or Water Utility's retail distribution system; 2) the appropriate method and level of treatment and the probable distribution area of the new Alternate Supply within Water Utility's retail distribution system; and 3) satisfactory evidence that Water Utility has obtained all necessary and appropriate regulatory permits, reviews, agreements and approvals for rights to and operational use of the Alternate Supply. The requirements under this Section II.D.9 are in addition to any other requirements, e.g. Section II.B.5, under this Contract to add a new Alternate Supply.

10. Transfers Outside Water Utility's Retail Distribution System. If Water Utility has approval pursuant to Section III.B and transfers water from the Seattle Regional Water Supply System through its retail distribution system to the distribution system of another

water utility, Water Utility, the other water utility, or both, shall be fully responsible for meeting all applicable water quality standards related to the transfer of such water between their respective systems. Seattle will not be responsible for water quality for water transferred outside of Water Utility's retail distribution system.

II.E. Regional Water Conservation Program

The parties acknowledge and agree that conservation is an important ongoing tool to manage water supply resources and that a regional program, implemented collaboratively between Seattle and Wholesale Customers, to assist retail customers in using water efficiently will help defer development of New Supply Facilities and meet applicable regulations and agreements including, but not limited to, Washington State's Municipal Water Law (Chapter 90.03 RCW, as may be amended from time to time) and associated Water Use Efficiently (WUE) Rule (WAC 246-290 Part 8, as amended from time to time), Seattle's 2000 Cedar River Habitat Conservation Plan (HCP) and the 2006 Muckleshoot Indian Tribe (MIT) Settlement Agreement. As a condition of service under this Contract, Water Utility agrees to participate in the Regional Water Conservation Program ("Program"), as it may be amended from time to time during the term of this Contract, consistent with the Program guidelines below.

1. Program Elements. The Regional Water Conservation Program generally consists of the adoption of a regional WUE goal, good faith participation by all Wholesale Customers and Seattle, measurement of performance toward the regional WUE goal on a regional basis, and a combination of measures such as education, technical assistance and financial incentives to achieve the regional WUE goal.

2. Role of Operating Board. The Operating Board will approve the regional WUE goal subject to the additional approval under Section II.E.5 below and the total Program

budget subject to further approval by Seattle City Council, and set the strategic priorities for the Program consistent with any applicable requirements from regulations, agreements or orders. The Operating Board will also determine the cost recovery mechanism for the infrastructure costs of the Program, i.e. New Supply Rates or FCs, pursuant to Section IV.C.2.b. The Operating Board may also establish and provide strategic direction to a technical subcommittee of the Operating Board, the Conservation Technical Forum ("CTF"), comprised of program level staff from each Wholesale Customer and Seattle.

3. Role of Conservation Technical Forum. The CTF participates in designing the Regional Water Conservation Program, consistent with the strategic direction from the Operating Board, and may include review or generation of proposed Program elements or measures.

4. Role of Seattle. Seattle will administer the Regional Water Conservation Program, consistent with the approved regional WUE goal and total Program Budget, Program priorities and in consultation with the CTF. Administration includes, but is not limited to: staffing, including any consultants, to implement the Program; maintaining the Program website; maintaining a system to accept, process, and pay rebates; providing technical assistance to retail customers; developing template education and outreach materials for Wholesale Customers and Seattle to use in their retail distribution service areas ("Program materials"); coordinating certain regional marketing efforts with CTF; and providing each Wholesale Customer, including Water Utility, information related to achievement of the regional WUE goal and Program activity level within their respective retail distribution service areas.

5. Role of Wholesale Customers. At their own cost and expense, Seattle and each Wholesale Customer, including Water Utility, is responsible for marketing the Program using the Program materials within their retail service area that are in addition to any regional marketing efforts coordinated with CTF; adopting the regional WUE goal by their governing body; any required reporting of the regional WUE goal and performance to the State and their respective retail customers; and data collection as needed to track the regional WUE goal in their respective retail distribution systems.

6. Conservation in Addition to the Regional Program. Water Utility may elect to implement its own water conservation program or measures, in addition to the Regional Water Conservation Program, at its own discretion and its sole cost.

7. Postponing the Need for New Supply Facilities. In order to avoid the necessity of developing or acquiring New Supply Facilities for as long as reasonably practicable, any water saved through the Regional Water Conservation Program shall be dedicated first to the municipal water supply purposes of the Seattle Regional Water Supply System before any other use of such water may be undertaken.

8. Responding to changes in Conservation Program requirements. The parties acknowledge and agree that changes in conservation regulation, agreements, and other conservation requirements may occur from time to time. Upon Seattle's request, Water Utility will cooperate to amend, by letter agreement, this Contract as appropriate, for the limited purpose of documenting adjustments to the Regional Water Conservation Program or documenting other conservation activities resulting from such changed circumstances.

II.F. Cedar River Watershed Education Center and Other Facilities

Water Utility may use the Cedar River Watershed Education Center up to two times per year

without charge, subject to availability. Water Utility may request occasional guided tours of the Cedar River Watershed or other facilities in the regional system. Water Utility may coordinate any use under this provision with the Wholesale Contracts Manager.

SECTION III. CONDITIONS OF SERVICE

III.A. Minimum Hydraulic Gradient and Flow Rates

1. Initial Minimum and Flow Rates. Seattle shall operate and maintain the Regional Facilities, and Subregional Facilities, if applicable, as necessary to maintain the minimum hydraulic gradients at each Service Connection as long as Water Utility does not exceed the flow rates at each Service Connection that are allocated from and based on maximum day demand, both of which are more specifically described in Exhibit II for each Service Connection. Seattle and Water Utility will include this information in their respective water system plans. Seattle, in consultation with the Operating Board, may increase the flow rates in Exhibit II from time to time based on updated average daily demand projections subject to transmission system capacity. Water Utility shall use best efforts to operate and maintain its retail distribution system in a manner consistent with the flow rates described in Exhibit II. Water Utility may use all or some of the flow rates allocated to each Service Connection on any other Service Connection that is located on the same Pipeline Segment Number, but in that case, the minimum hydraulic gradients are not guaranteed. Water Utility shall avoid taking water from a Service Connection in a manner that exceeds the flow rates for that Service Connection (or the aggregate flow rate for the Service Connections on the same Pipeline Segment Number) or take the flow at a rate faster than 24 hours, e.g. excessive intraday peaking, which could impact Regional Facilities or other Wholesale Customers downstream or upstream of Water Utility's

Service Connections. Upon notice by Seattle, Water Utility shall immediately reduce water deliveries at the Service Connection to no more than the flow rates for a Service Connection (or aggregate on same Pipeline Segment Number) in Exhibit II. In the event that Water Utility does not reduce deliveries as required under this provision, Seattle may install and operate flow restricting devices at the Service Connection(s), at Water Utility's expense. Water Utility shall maintain sufficient storage in its retail distribution system to manage peak demands in excess of the flow rates in Exhibit II and may be subject to the Demand Charges pursuant to Section IV.G.5.a if storage is insufficient. The parties will amend Exhibit II by letter agreement to reflect any modifications pursuant to this Section III.A.1.

2. Modifications. If Seattle proposes a capital improvement project that would result in needing to modify the minimum hydraulic gradient and the corresponding flow rates at one or more Service Connections, Seattle may modify the minimum hydraulic gradient and corresponding flow rates described in Exhibit II if Seattle finds, and the Operating Board concurs, that Seattle's proposed capital improvement project would benefit the Seattle Regional Water Supply System and that it is feasible from an economic, land use and engineering perspective for Water Utility to adapt to the modification at its expense. Seattle may make these modifications only once during any fifteen (15) year period provided that four (4) years advance written notice is given to Water Utility unless a shorter notice is approved by the Operating Board. The parties will amend Exhibit II by letter agreement to reflect any modifications pursuant to this Section III.A.2.

3. New or Changed Service Connections. Seattle, in consultation with the Operating Board, and Water Utility may mutually agree to new or relocated Service Connections or

adjustments to the minimum hydraulic gradients and corresponding flow rates. The parties will amend Exhibit II by letter agreement to reflect any changes under this provision. Any costs associated with a new or changed Service Connection will be allocated consistent with Section IV.C.1.c.

III.B. Resale to Other Parties

Water Utility may sell, or supply for emergency purposes, water supplied by Seattle to other water utilities located outside of Water Utility's existing or future retail service area and within Seattle's Service Area Boundary, or to Seattle's other Wholesale Customers, block customers or retail customers, only upon the prior written consent of Seattle (or oral, in case of emergency), which consent may include any terms and conditions or limitations Seattle may require. Agreements for resale or emergency supply of water by Water Utility listed in Sections I or IV of Exhibit I, as appropriate, are hereby approved by Seattle subject to whatever written terms, conditions and limitations that Seattle has imposed on such resale or emergency supply.

III.C. Interconnection With Other Systems

1. Prohibition on Interconnection. Water Utility shall not interconnect any part of its retail distribution system supplied with water from Seattle with other water systems without the prior written approval of Seattle, in consultation with the Operating Board, or, in case of emergency, upon oral approval by Seattle, which shall not be unreasonably withheld. Any such interconnection also shall be subject to the approval of the Washington State Department of Health and the installation of a meter. The interconnecting systems must be in compliance with all applicable laws and regulations including the requirement that they have a valid operating permit issued by the Washington State Department of Health. The parties will revise Exhibit I by letter

agreement to include any interconnections approved under this Section III.C.1.

2. Requests by Seattle to Interconnect. Seattle may request that Water Utility interconnect its retail distribution system to the distribution system of an adjacent Wholesale Customer for the purposes of wheeling water from the Seattle Regional Water Supply System through Water Utility's retail distribution system to the adjacent Wholesale Customer, provided that the adjacent Wholesale Customer has agreed to be subject to the provisions of Section III.C.2.b below. Water Utility shall comply with that request subject to the terms and conditions set forth below.

   a. Requirement for Interconnection. If Water Utility does not consent to Seattle's request for interconnection, Seattle may submit its request to the Operating Board. Water Utility may present the reasons it does not consent to the interconnection to the Operating Board, and may include alternatives for consideration to serve the adjacent Wholesale Customer. The Operating Board shall consider the matter. Upon (a) a written finding by the Operating Board that the proposed interconnection with an adjacent Wholesale Customer for wheeling purposes is feasible taking into account Water Utility's capabilities, limitations, and obligations, (b) a written finding by the Operating Board that such interconnection benefits the Seattle Regional Water Supply System and (c) a written demand of the Operating Board that Water Utility carry out the interconnection, Water Utility shall be required to interconnect its facilities to the adjacent Wholesale Customer for the purposes of wheeling water to that Wholesale Customer through its retail distribution system, provided that the adjacent Wholesale Customer has agreed to be subject to the provisions of Section III.C.2.b below.

b. Payment and Indemnity. Seattle will require that the adjacent Wholesale Customer agree: 1) to perform or cause to perform the interconnection, at adjacent Wholesale Customer's cost, in a location and according to specifications and a schedule acceptable to Seattle and Water Utility that do not unduly disrupt Water Utility's operations; 2) pay Water Utility its actual costs incurred to review, inspect and accept the installation of the interconnection; 3) pay Water Utility a reasonable rate or charge for the cost of wheeling the water to the adjacent Wholesale Customer as determined by the Water Utility, ; and 4) indemnify Water Utility from any liability that may result from operating the interconnection to deliver water to the adjacent Wholesale Customer. The Operating Board may adopt a standard methodology based on industry standards for calculating costs that ensures that Water Utility is fairly compensated for wheeling water through its retail distribution system. The adjacent Wholesale Customer may request review of Water Utility's wheeling rate by the Operating Board. The Operating Board shall have the authority to revise any rate that it determines is in excess of the Water Utility's full costs of owning, operating, maintaining, repairing and replacing and supporting the water facilities necessary to wheel water to the adjacent Wholesale Customer.

III.D. Development of Seattle Regional Water Supply System Infrastructure

Final decisions and authority to approve construction of capital infrastructure related to the Seattle Regional Water Supply System shall rest with the Seattle City Council. Capital construction activities include, but are not limited to installations, renewals, replacements, upgrades, expansions, and any other costs included in Seattle's Capital Improvement Plan as more

particularly described in Section VI.D.

III.E. Metering Equipment

1. Service Connection Meters. Seattle shall own and perform reading, testing, cleaning, routine maintenance and recalibration on the meters within each Service Connection to measure the amount of water delivered to Water Utility through the Service Connection pursuant to this Contract. Seattle shall perform all other work on the Service Connections including major maintenance, repairs, and replacements, at Water Utility's expense regardless of the cause, provided that the cause is consistent with AWWA and safety standards and practices (e.g. major maintenance, repairs and replacements) except to the extent the costs are a result of 1) Seattle's negligence, or 2) a meter failure within 5 years of the original installation; in which for both cases, the costs shall be allocated to the Existing Regional System Cost Pool. Water Utility shall operate and maintain its retail distribution system in a manner that the water flowing through the Service Connection meter operates within the normal operating range for the meter as specified by the manufacturer. In the event Seattle fails to conduct routine maintenance on the meters, including vault structures, Water Utility may notify Seattle of its failure and request that Seattle conduct the necessary and appropriate maintenance within a period of 90 days. Water Utility may in its discretion install additional water meters within Water Utility's water system to measure the supply of water from Seattle under this Contract. In the event of a discrepancy in meter readings, the parties will work in good faith to resolve the discrepancy.

2. Deliveries to Seattle. Until such time as Seattle determines it to be economical to install metering devices to measure the amount of water delivered from the Seattle Regional

Water Supply System to the Seattle Retail Distribution System, the amount of water delivered to the Seattle Retail Distribution System shall be measured indirectly by subtracting the metered water delivered to all of Seattle's Wholesale Customers and other wholesale customers, e.g. block contract holders, from 98% of the total amount of water exiting Seattle's sources of supply as measured by the supply meters. Seattle shall perform routine maintenance and recalibration of its supply meters in accordance with industry standards to ensure the accuracy of the data and information being provided by the supply meter.

SECTION IV. COST OF WATER SUPPLY & TRANSMISSION

Cost-based rates are a water industry accepted practice and the historical practice of Seattle and the Wholesale Customers. The ratemaking principles, policies and methodologies set forth in this Section IV are intended to meet the objective of equitable and cost-based rates.

IV.A. Ratemaking and Cost-allocation Principles

The parties will apply the following general principles and policies to the establishment of all rates, charges, and cost allocations for water supply, transmission, and related services under this Contract.

1. No expenses attributable to electric power development may be allocated to the cost pools identified herein unless the pools are allocated a commensurate share of revenue derived from such development.

2. Seattle shall utilize the governmental accounting and financial reporting standards established by the Governmental Accounting Standards Board ("GASB standards") that follow generally accepted accounting principles, as may be amended from time to time, consistently applied as a basis for developing the financial information upon which rates

and charges are based.

3. Abrupt changes in financial policies should be avoided.

4. The rate structure should encourage the efficient use of water, conservation and the timely development of new environmentally responsible, cost-efficient, and high-quality water sources and should incorporate seasonal rates and other pricing approaches to encourage efficient use.

5. The rate structure should be innovative, flexible, and adaptive whenever it is cost effective and beneficial in furthering the ratemaking policies.

6. The rate structure should be simple to administer and easily understandable.

7. The rate structure should be designed to recover the costs to own, operate and support the Seattle Regional Water Supply System fairly and objectively.

8. Unless modified with the approval of the Operating Board or implemented prior to the initiation of the current Contract review process in 2020, Seattle's ratemaking processes will reflect the generally accepted guidelines and practices of the U.S. water industry.

9. When revenues for regional or subregional assets are received outside of rates or Facilities Charges (such as but not limited to capital contributions, grants, donated plant, insurance or FEMA reimbursements, payments based on allowances or other agreed-upon terms), that portion of the asset equal to the amount of outside revenue received shall be removed from the applicable cost pool. When revenues for Index O&M Costs or Non-Index O&M Costs are received outside of rates (such as but not limited to grants, fee for services, insurance or FEMA reimbursements, payments based on allowances or other agreed-upon terms), the Index O&M Costs or Non-Index O&M Costs shall be reduced by the corresponding amount.

10. Certain costs may be recovered through allowances or other mutually negotiated terms. Any costs recovered through such terms must be recognized and accounted for appropriately within Seattle's ratemaking processes to eliminate the possibility of double-recovery.

11. Any portion of Seattle's Non-Index O&M Costs or capital costs which benefit only an individual Wholesale Customer or serves growth of a customer having a Block Purchase Contract shall be allocated to that customer or to a cost pool in which the customer bears an appropriate share, except as specifically provided in Sections IV.C.3.b, IV.D.2, and VI.D.2 of this Contract.

12. Only those costs incurred by the Seattle Water Enterprise Fund to own, operate, and reasonably support the Seattle Regional Water Supply System are eligible for recovery through the rates and charges pursuant to the terms of this Contract.

13. Seattle shall provide reasonable and early notice and appropriate information to the Operating Board so that it can carry out its roles with reasonable opportunity for meaningful input.

14. The Seattle Retail Distribution System shall be treated as the equivalent of a Wholesale Customer of the Seattle Regional Water Supply System for the purpose of charging Seattle the same applicable wholesale rates and charges as Water Utility for water supply and transmission unless specifically provided otherwise in this Contract. Costs calculated under the costs pools described below shall apply to all Wholesale Customers and to the Seattle Retail Distribution System consistently.

15. All parties will use best efforts in establishing rates and cost allocations that reflect the ratemaking and cost allocation principles set forth in this Section IV.A.

16. Costs should be capitalized for wholesale ratemaking purposes by applying the same capitalization policy as applied to the Seattle Water Enterprise Fund, except as allowed under Section IV.D.2.a.i.

IV.B. Ratemaking Framework

Subject to the foregoing principles, wholesale rates and charges for the services described in this Contract shall be developed by Seattle based on the following framework:

1. Water Supply and Transmission Services. The costs of water supply and transmission of water shall be accounted for in the cost pools described in Section IV.C below. Seattle will recover the costs in each cost pool by establishing separate rates or charges for each cost pool but may charge composite rates. Rates and charges will be applied consistently to Wholesale Customers within a Customer Class and the Seattle Retail Distribution System except as may be specifically defined as a charge to an individual or subset of Wholesale Customers, including Seattle.

2. Mixed-use Allowances. Seattle owns and operates Mixed-use Assets and performs Mixed-use O&M that are shared between or used to support both the Seattle Regional Water Supply System and the Seattle Retail Distribution System. The parties mutually agree to the recovery of costs of the portion of the Mixed-use Assets and Mixed-use O&M used to support the Seattle Regional Water Supply System.to the extent specified in this Contract, including in Sections IV.D.2.b and 3.a.ii.

3. Seattle Retail Distribution System. Seattle may not allocate the costs of the Seattle Retail Distribution System or the portion of the Mixed-use Assets and Mixed-use O&M used to support the Seattle Retail Distribution System to any cost pools under this Contract.

IV.C. Seattle Regional Water Supply System Cost Pools

For the purpose of determining costs of water supply and transmission, there shall be the cost pools described below.

1. Existing Regional System Cost Pool. The Existing Regional System Cost Pool shall be accounted for as follows:

   a. A rate shall be charged to recover the full costs of owning, operating, maintaining, repairing, renewing, and replacing and supporting the Existing Regional Facilities, which are assigned to this cost pool. Seattle may amend the list of Existing Regional Facilities in Exhibit VI, if necessary, to add or delete Existing Regional Facilities, as appropriate. The amended Exhibit VI will be incorporated as part of this Contract.

   b. The Operating Board may approve the allocation of 1) any portion of a New Supply or New Transmission Facility project that enhances reliability of Existing Regional Facilities to the Existing Regional System Cost Pool and 2) any portion of an Existing Regional Facility project that expands the supply capacity of the Seattle Regional Water Supply System to the New Supply Cost Pool or the transmission capacity of the Seattle Regional Water Supply system to the New Transmission Cost Pool. Seattle will amend the relevant lists of Regional Facilities in Exhibit VI, as appropriate, to document any portion of a project or costs that are allocated by the Operating Board under this Section IV.C.1.b. The amended Exhibit VI will be incorporated as part of this Contract.

   c. Costs of Service Connections and Metering Equipment. If Seattle requests a change in the location of the Service Connection to Water Utility for the benefit of the Seattle Regional Water Supply System or incurs costs for metering

equipment that meet one of the exceptions in Section III.E, then the costs, including any retirement costs of the old Service Connection, shall be included in the Existing Regional System Cost Pool. If Water Utility requests a new Service Connection, a change in location, an adjustment to service conditions of an existing Service Connection or Seattle incurs any other costs that are allocated to Water Utility pursuant to Section III.E, then Seattle shall invoice Water Utility for the costs of the new, replaced/repaired or changed Service Connection, including any retirement costs of the old Service Connection consistent with Section III.E.

2. New Supply Cost Pool. The New Supply Cost Pool shall be accounted for as follows:

a. A rate shall be charged to recover the full costs of owning, constructing, operating, maintaining, repairing, renewing and replacing and supporting the New Supply Facilities, which are assigned to this cost pool, and which includes the costs of the Regional Water Conservation Program. Seattle may amend the list of New Supply Facilities in Exhibit VI, to add or delete New Supply Facilities, as appropriate. The amended Exhibit VI will be incorporated as part of this Contract.

b. The Operating Board may approve the allocation of certain costs to the New Supply Cost Pool consistent with Section IV.C.1.b above. Seattle will amend the relevant lists of Regional Facilities in Exhibit VI, as appropriate, to document any portion of a project or costs that are allocated by the Operating Board under this Section IV.C.2.b. The amended Exhibit VI will be incorporated as part of this Contract.

c. The Operating Board shall determine whether the infrastructure costs of New Supply Facilities shall be recovered through FCs or new supply rates.

d. The Operating Board may allocate the reasonable expenses of the Operating Board to this cost pool.

3. New Transmission Cost Pool. The New Transmission Cost Pool shall be accounted for as follows:

a. A rate shall be charged to recover the full costs of owning, constructing, operating, maintaining, repairing, renewing, and replacing and supporting the New Transmission Facilities, which are assigned to this cost pool. Seattle may amend the list of New Transmission Facilities in Exhibit VI, if necessary, to add or delete New Transmission Facilities, as appropriate. The amended Exhibit VI will be incorporated as part of this Contract.

b. The Operating Board may approve the allocation of certain costs to the New Transmission Cost Pool consistent with Section IV.C.1.b above. In addition, the Operating Board may approve the allocation of any portion of a New Transmission Facility project that benefits only a subset of Wholesale Customers or an individual Wholesale Customer to a subregional cost pool or the individual Wholesale Customer. Seattle will amend the relevant lists of Regional or Subregional Facilities in Exhibits VI or VII, as appropriate, to document any portion of a project or costs that are allocated by the Operating Board under this subsection IV.C.3.b. The amended Exhibits VI or VII will be incorporated as part of this Contract.

c. The Operating Board shall determine whether the infrastructure costs of New Transmission Facilities shall be recovered through FCs or new transmission rates.

d. The Operating Board may allocate the reasonable expenses of the Operating

Board to this cost pool.

4. Operating Board Review. Prior to commencing in the design and construction of facilities eligible for inclusion in the New Supply or New Transmission Cost Pools, Seattle will review the purpose, timing, and need for said new supplies with the Operating Board. The Operating Board will have 90 days to provide Seattle with written comments on the proposed new supply or transmission development along with its recommendation on whether or not Seattle should proceed with the proposed plan. Nothing in this provision shall be interpreted to prevent Seattle from engaging in preliminary design efforts necessary to determine the feasibility of, or costs associated with, a particular project.

5. Subregional Cost Pools. Certain Wholesale Customers are served, in part, by subregional transmission facilities that only benefit those Wholesale Customers in the specific subregions. If Water Utility is served by subregional transmission facilities as described in Exhibit I, Water Utility is subject to the relevant provisions of this Section IV.C.5. If Water Utility is not served by subregional transmission facilities, this provision does not apply. The following subregional cost pools shall be accounted for as follows:

   a. Eastside, Southwest and Renton Subregional Cost Pools. A rate for each subregion shall be charged to the appropriate Wholesale Customers who are served by the respective subregional facilities to recover the full costs, as defined by this Contract, of owning, constructing, operating, maintaining, repairing, renewing and replacing and supporting the Eastside, Southwest or Renton Subregional Facilities, respectively, which are assigned to the respective subregional cost pools. Seattle may amend the list of Subregional Facilities in

Exhibit VII, if necessary, to add or delete Subregional Facilities. The amended Exhibit VII will be incorporated as part of this Contract.

b. The Operating Board may approve the allocation of other costs that benefit the specific Wholesale Customers served by the Eastside, Southwest or Renton Subregional Cost Pools, as appropriate.

6. Renton New Supply Cost Pool. The Renton New Supply Cost Pool shall be accounted for as follows:

The full costs of owning, constructing, operating, maintaining, repairing, renewing and replacing and supporting the New Supply Facilities developed after January 1, 2012, including the costs of the Regional Water Conservation Program beginning January 1, 2012, shall be included in the Renton New Supply Cost Pool.

7. Creation of Additional Cost Pools. Seattle, in its discretion, may create additional cost pools, including its allocation by customer or customer class, to provide equity and flexibility in payment arrangements and the allocation of costs as the Seattle Regional Water Supply System expands to include new infrastructure, operations, and customers or responds to changed circumstances such as new regulatory requirements. The Operating Board may review and recommend revisions to the definition of the additional cost pool, and how it will be accounted for or allocated by customer or customer class. The Operating Board may approve the allocation of costs, or portion thereof, between a newly created additional cost pool and an existing cost pool if the costs to be allocated satisfy the criteria for allocation to the existing cost pool. Seattle and Water Utility will revise the Contract by letter agreement for the limited purposes of documenting the creation and allocation of an additional cost pool under this Section IV.C.7.

8. Approval of Cost Allocation Method. The Operating Board shall use its best efforts to determine and approve a cost allocation method for infrastructure projects and related capital costs within the Seattle Regional Water Supply System prior to the project obtaining construction approval from the Seattle City Council. Failure of the Operating Board to approve a cost allocation method, however, shall not hinder Seattle from approving such projects in order to assure Seattle's fulfillment of its obligations under this Contract.

IV.D. Allocation of Costs and Revenues into Cost Pools

1. Accounting. Seattle shall maintain and use a cost accounting system consistent with the provisions of this Contract and the GASB standards, as amended from time to time, consistently applied in developing the financial information for determining the costs of acquisition or ownership, construction, repair, renewal, replacement, upgrade, expansion, maintenance and operation of the Seattle Regional Water Supply System. Seattle's compliance with GASB standards will take precedence over any conflicting accounting provisions under this Contract.

   a. Asset Accounts. An asset account shall be maintained for each facility and within that account, Seattle shall record the original cost of that facility, plus betterments, and less retirements.

   b. Depreciation. Facilities shall be depreciated according to industry-standard water system asset lives and a record of life-to-date depreciation shall be maintained for each facility. No depreciation shall be recorded in the first calendar year of operation of a facility. A full year's depreciation shall be recorded in every subsequent year.

c. Net Book Value. The Net Book Value of any facility shall be its original cost, plus betterments, and less retirements as recorded in its facility asset account, less life-to-date depreciation.

2. Infrastructure Costs. Each cost pool shall include the infrastructure costs for the facilities assigned to each cost pool as more particularly listed in Exhibits VI and VII (Regional Facilities and Subregional Facilities, respectively) and recognized on a utility or cash basis depending upon the facility and the cost pool as set forth below.

a. Cost Basis. Seattle shall determine one of the following bases to recognize the infrastructure costs for ratemaking purposes and use it consistently throughout the life of the facility.

i. Utility Basis. Seattle shall use the Utility Basis to recognize the infrastructure costs for all Existing Regional and Subregional Facilities, as well as their replacements and betterments or portions thereof. Seattle shall also use the Utility Basis for New Supply and New Transmission Facilities. Under the Utility Basis, the infrastructure cost for a facility in any year shall be the sum of (i) the annual depreciation expense recorded for that facility and (ii) the product of the Net Book Value of that facility and the Rate of Return on Investment of that facility.

(a) Seattle, in its discretion, may consider interest costs as current infrastructure costs during the construction of a facility. However, any such interest costs must be considered contributions in aid of construction, and not included in the Net Book Value of the facility for purposes of recognizing infrastructure costs under the Utility Basis

in future years.

(b) For ratemaking purposes and with the approval of the Operating Board, assets may be depreciated over a different time frame than that used by Seattle for financial reporting purposes in preparation of its audited Financial Statements.

ii. Cash Basis. Seattle, with the approval of the Operating Board, may use the Cash Basis to recognize infrastructure costs for any Regional or Subregional Facilities or a portion thereof. Under the Cash Basis, the infrastructure cost for a facility in any year shall be the actual cash expenditure made by Seattle in that year for either the payment of construction costs or actual principal and interest costs on debt issued to finance its construction. In the event that the depreciation lifetime of the facility listed in the asset account is less than the term of the debt issued to finance all or a portion of the facility, Seattle will select debt maturities such that the construction cost of the facility will be fully amortized under the Cash Basis at the end of its depreciation lifetime.

b. Infrastructure Adder. The parties agree the Infrastructure Adder provides a reasonable way to recover an allowance for 1) the regional portion of infrastructure costs of Mixed-use Assets; 2) the regional portion of mixed-use unrestricted cash assets; and 3) the equity or higher opportunity cost of cash financing Regional Facilities or the regional portion of Mixed-use Assets.

c. Facilities Charges.

i. Establishing Facilities Charges. If the Operating Board determines to recover infrastructure costs for certain New Supply or New Transmission Facilities

through FCs, then Seattle will establish FCs as follows:

(a) ERU Charge. At the time the designated New Supply or New Transmission Facilities are put into service, Seattle shall establish a charge per one Equivalent Residential Unit (ERU Charge) for the Facility, or Facilities as the case may be, pursuant to the methodology in Exhibit V, which may include adjusting existing ERU Charges, if any, to include the new ERU Charges being established.

(b) ERUs.

(i) ERU Definition. Seattle, in its discretion, shall set, or amend from time to time, the capacity of one ERU to reflect the typical consumption of a single-family residence based on appropriate information consistent with accepted industry standards. The Operating Board may review and recommend revisions to Seattle's ERU definition. The then current ERU definition will be used in the methodology in Exhibit V to establish an ERU Charge.

(ii) ERU Factor. Seattle shall use the table of ERU Factors set forth in Exhibit V, which assigns a multiplier to each retail meter connection size. Seattle may propose, and the Operating Board may approve, adjustments to the table of ERU Factors. In the event the Operating Board approves an adjustment to the ERU Factors, the parties will amend Section B of Exhibit V by letter agreement for the limited purposes of documenting adjustments to the ERU

Factors.

(c) Facilities Charges. Seattle shall adopt Facilities Charges for each meter connection size based on the then current ERU Charge multiplied by the ERU Factor.

ii. Imposition and Payment of Facilities Charges. Seattle shall collect and Water Utility shall pay FCs based on the following:

(a) Water Utility's Retail Connections. Until such time as Seattle develops another basis, Water Utility shall track the number and size of each retail meter installed by Water Utility during each month and pay the appropriate Facilities Charges, taking into account the size of each meter, within 30 days of the end of the next month, unless Water Utility has an FC Allowance balance pursuant to Section IV.D.2.c.iii below.

(b) Seattle shall pay FCs on the same basis.

(c) If Water Utility has an FC Allowance as listed in Section 2 of Exhibit I, the FC Allowance balance will be reduced by an amount equal to the aggregate of the ERU Factors for each meter added by Water Utility during the previous month, and such reduction of the FC Allowance balance shall be in lieu of payment of FCs until the FC Allowance is zero.

(d) Seattle will allocate FC revenues to offset infrastructure costs in the New Supply or New Transmission Cost Pools, respectively, based on which cost pool the Regional Facility whose

infrastructure costs are being recovered through FCs is assigned. Seattle and Water Utility agree that FC revenues are the sole property of Seattle.

iii. FC Allowance for Supplies. If Water Utility operates Independent Supplies or Purchased Supplies as listed in Exhibit I, Seattle shall establish a growth allowance ("FC Allowance") based on the amount of additional ERUs the Independent Supply or Purchased Supply is sufficient to serve within Water Utility's retail distribution service area as specifically described in Section 2 of Exhibit I as of the effective date of this Contract. The FC Allowance shall be a credit against the imposition of FCs until the FC Allowance reaches zero, then Water Utility shall pay FCs in accordance with Section IV.D.2.c.ii above.

(a) Increase in FC Allowance. If Water Utility develops new Independent Supplies, makes improvements to an existing Independent Supply, or acquires new Purchased Supplies that increases the average annual production listed in Section 2 and/or Section 3 of Exhibit 1, the FC Allowance shall be adjusted as follows. If the new or improved Independent Supply or Purchased Supply produces at least one-third of its average annual production during the period between mid-May and mid-September, a trial period ("Trial Period") for the new or improved Independent Supply or Purchased Supply shall commence on January 1st of the calendar year following the year in which the new or improved

Independent Supply or Purchased Supply was placed into production. The Trial Period shall extend for three calendar years. At the conclusion of the Trial Period, the FC Allowance shall be increased by the additional number of ERUs, using the then current ERU definition, served by the average annual production of the new or improved Independent Supply or Purchased Supply during the Trial Period. The parties will amend Exhibit I by letter agreement to document the adjusted FC Allowance and the average annual production of the new or improved Independent Supply or Purchased Supply.

(b) Decrease in FC Allowance. In the event that the average annual production of an Independent Supply or Purchased Supply, or of all Independent or Purchased Supplies in aggregate, is lower than the average annual production as listed and under the conditions provided in Section II or Section III of Exhibit 1, the outstanding FC Allowance shall be reduced by the number of ERUs, at the then current ERU definition, that could be served, on an annual basis, by a supply of the same size as the reduction in average annual production of the Independent Supplies or Purchased Supplies. In the event that this adjustment results in a negative FC Allowance, Water Utility shall pay Seattle an amount equal to the then-current ERU Charge multiplied by the (negative) FC Allowance multiplied by minus one. The FC Allowance shall be zero upon full payment

or commencement of payments under a payment agreement pursuant to Section VII.A.2.

iv. Record-Keeping.

(a) Monthly Report. Water Utility shall provide Seattle with a monthly report, in a form acceptable to Seattle, along with its monthly payment of FCs, showing the number of retail connections by size that Water Utility installed in the previous month.

(b) Annual Report. Water Utility shall provide Seattle with an annual report by January 31st of each year for the previous year, in a form acceptable to Seattle, showing the total number of its retail connections by size as of December 31 of each year.

(c) Seattle Annual Report on ERUs. Seattle shall prepare and distribute a report, no later than March 31st of each year, showing the ERUs for the Seattle Retail Distribution System and each Wholesale Customer for the previous year and each year since the original effective date of this Contract.

3. O&M Costs. The parties mutually agree to handle the O&M Costs for each cost pool as follows:

a. Annual O&M Costs. For each of the Existing Regional System, New Supply and New Transmission Cost Pools, the Annual O&M Costs shall consist of the relevant Index O&M Costs times the Mixed-Use Multiplier, plus any Non-index O&M Costs in that year, if any.

i. Index O&M Costs. The Index O&M Costs are the O&M Costs for the regional O&M Cost categories for each cost pool as more particularly described in Exhibit VIII and are intended to reflect the O&M Costs for Regional Facilities and regional-only programs and support functions. Seattle, in consultation with the Operating Board, may amend the list of Index O&M Cost categories in Exhibit VIII, if necessary, when a Regional Facility is added to or deleted from Exhibit VI or a regional-only program or support function is established or discontinued. The amended Exhibit VIII will be incorporated as part of this Contract.

ii. Mixed-use Multipliers. The parties agree to use an initial Mixed-use Multiplier of 2.001, which, as applied above, results in an allowance for the portion of Mixed-use O&M Costs that support the Seattle Regional Water Supply System. The initial Mixed-use Multiplier established in this Contract, and any adjusted Mixed-use Multiplier, shall be consistent with the Ratemaking Principles in Section IV.A of this Contract and will be subject to periodic adjustment and review as provided in subsection (a) and (b) below and Section IV.H.1.a.

(a) The Mixed-Use Multiplier shall be adjusted every five years as a part of the Wholesale Statements, following the procedure below.

(i) Categorize the prior three years' O&M Costs of the Seattle Water Enterprise Fund, net of debt service and taxes on water sales, into the following: Index O&M Costs, Non-index O&M

Costs, Mixed-use O&M Costs, and the remainder, which is assigned as Seattle's retail costs.

(ii) Divide the Index O&M Cost by the sum of the Index O&M Cost and the retail cost. This calculation produces a percentage.

(iii) Apply the percentage produced in (ii) to the Mixed-use O&M Costs. The result is the portion of the Mixed-use O&M that will be recovered by the Mixed-use Multiplier.

(iv) To calculate the Mixed-use Multiplier, add the result from (iii) to the Index O&M Cost and divide that sum by the Index O&M Cost.

(b) Seattle, in its discretion, may adjust the Mixed-use Multiplier from time to time when 1) it determines that the allowance produced by the then current Mixed-use Multiplier should not change in proportion to a change in the Index O&M Costs; and 2) the change in the Index O&M Costs was due to the addition or deletion of a Regional Facility resulting in a change of more than $100,000 of Index O&M Costs. The calculation of the adjusted Mixed-use Multiplier shall follow the procedure outlined in Section IV.D.3.a.ii.(a) above, except that the anticipated change in cost for the added or deleted Regional Facility shall be added to or subtracted from the Index O&M Cost, respectively. The calculation of the adjusted Mixed-use Multiplier will be documented in the Wholesale Statements described in Section

IV.H.

iii. Non-index O&M Costs. Seattle, in its discretion, may add certain regional O&M Costs that are unique or nonrecurring to the Annual O&M Cost in any year(s), as appropriate. For Non-Index O&M Costs larger than 1% of the annual Index O&M Costs, the Operating Board may elect to amortize the costs over a timeframe of the Board's choosing, not to exceed ten years. The annual amortization shall be included in the applicable cost pool, as well as the product of the unamortized cost and Seattle's Cash Pool Rate.

b. Subregional O&M Costs. For each of the Subregional Cost Pools, the Annual O&M Costs shall consist of the actual O&M Costs for the respective Subregional Facilities assigned to each Subregional Cost Pool, including any net disposition costs for any of the Subregional Facilities in that cost pool, if any; together with any additional O&M Costs for the Subregional Facilities approved by Operating Board.

c. Renton New Supply O&M Costs. For the Renton New Supply Cost Pool, the Annual O&M Costs shall be the same as the Annual O&M Costs in the New Supply Cost Pool.

d. Disposition Costs. The costs of disposing of Regional or Subregional Facilities shall be included in the cost pool to which the Regional or Subregional Facilities are assigned. In the case of Regional Facilities, the net disposition costs will be added as a Non-index O&M Cost. Net disposition costs shall be calculated as follows:

i. Disposition Under the Utility Basis. The Net Book Value of the facility,

less any sales, salvage, or other revenues derived from the disposition of that facility. If an alternate life is being used for ratemaking purposes as compared to Seattle's financial reporting and Financial Statement purposes, the Net Book Value refers to the remaining asset value under the alternate life.

ii. Disposition Under the Cash Basis. The value of principal of unpaid maturities of debt used to finance the construction cost of the facility, less any sales, salvage or other revenues derived from the disposition of that facility.

iii. Certain Large Net Disposition Costs. For net disposition costs larger than 1% of the annual Index O&M Costs, the Operating Board may elect to amortize the net disposition costs over the remaining life of the asset(s), or another timeframe of the Board's choosing not to exceed ten years. The annual amortization shall be included in the applicable cost pool, as well as the product of the unamortized net disposition cost and Seattle's Cash Pool Rate.

IV.E Allocation of Cost Pools by Customer or Customer Class.

The costs and revenues in the cost pools shall be allocated within the pools as follows:

1. Allocation of Existing Regional System Cost Pool. The total cost of the Existing Regional System Cost Pool shall be allocated to customer classes as follows:

   a. Block Purchase Customer Class. The portion of costs in the Existing Regional System Cost Pool allocated to holders of Block Purchase Contracts shall be determined pursuant to those contracts, if any.

b. Other wholesale customers. The portion of costs in the Existing Regional System Cost Pool or Existing Supply and Existing Transmission Cost Pools, depending how they are named in the Block Contracts, allocated to holders of other types of wholesale water supply contracts with Seattle shall be determined pursuant to those contracts, if any.

c. Full and Partial Requirements Customer Class. The holders of Full and Partial Requirements Contracts and the Seattle Retail Distribution System shall be allocated the remaining costs in the Existing Regional System Cost Pool after the allocations in Sections IV.E.1.a and b above.

2. Allocation of New Supply Cost Pool. The total costs of the New Supply Cost Pool shall be allocated as follows:

a. Block Purchase Customer Class. The portion of costs in the New Supply Cost Pool allocated to holders of Block Purchase Contracts shall be determined pursuant to those contracts, if any.

b. Other wholesale customers. The portion of costs in the New Supply Cost Pool allocated to holders of other types of wholesale water supply contracts with Seattle shall be determined pursuant to those contracts, if any.

c . Full and Partial Requirements Customer Class. The holders of Full and Partial Requirements Contracts, except for Renton, and the Seattle Retail Distribution System shall be allocated the remaining costs in the New Supply Cost Pool after the allocations to Block Purchase Customers or other wholesale customers, if any, pursuant to Sections IV.E.2.a and b above; and after deducting an equivalent amount of costs that are allocated to Renton under the Renton New Supply Cost

Pool pursuant to Section IV.E.5 below.

3. Allocation of New Transmission Cost Pool. The costs allocated to the New Transmission Cost Pool shall be allocated as follows:

   a. Block Purchase Customer Class. The portion of costs in the New Transmission Cost Pool allocated to holders of Block Purchase Contracts shall be determined pursuant to those contracts, if any.

   b. Other wholesale customers. The portion of costs in the New Transmission Cost Pool allocated to holders of other types of wholesale water supply contracts with Seattle shall be determined pursuant to those contracts, if any.

   c . Full and Partial Requirements Customer Class. The holders of Full and Partial Requirements Contracts and the Seattle Retail Distribution System shall be allocated the remaining costs in the New Transmission Cost Pool after allocations to Block Purchase Customers or other wholesale customers, if any, pursuant to Section IV.E.3.a and b above.

4. Allocation of Eastside, Southwest and Renton Subregion Cost Pools. All costs in the Eastside, Southwest and Renton Subregional Cost Pools shall be allocated to the Wholesale Customers served by the respective Subregional Facilities according to Exhibit VII.

5. Allocation of the Renton New Supply Cost Pool. A portion of the costs in the Renton New Supply Cost Pool shall be allocated as follows:

   a. Block Purchase Customer Class and other wholesale customers. The holders of Block Purchase Contracts or other wholesale customers shall not be allocated any costs from the Renton New Supply Cost Pool.

b. Full and Partial Requirements Customers. Except for Renton, the holders of Full and Partial Requirements Contracts and the Seattle Retail Distribution System shall not be allocated any costs from the Renton New Supply Cost Pool.

c. Renton. Renton shall be allocated 6.8% of the remaining costs in the Renton New Supply Cost Pool after deducting an amount equivalent to the amount of costs from the New Supply Cost Pool allocated to the Block Purchase Customer Class or other wholesale customers, if any, pursuant to Section IV.E.2.a and b above. Seattle will recover the costs allocated to Renton from the Renton New Supply Cost Pool by a block payment paid in 12 equal installments in lieu of paying new supply rates or Facilities Charges (FCs) from the New Supply Cost Pool.

i. Seattle may update the percentage share of the costs in this cost pool allocated to Renton if Renton acquires additional retail distribution service area pursuant to Section II.B.2, or on January 1, 2022 and every 5 years thereafter during the term of this Contract. The basis for any adjustments to the percentage allocation will be based on the percentage of average annual flows of Renton's retail customers over the 5 prior years as compared to the average annual flows of all retail customers of the Wholesale Customers and the Seattle Regional Distribution System over the same 5 years.

6. Allocation of Additional Cost Pools. At the time an additional cost pool is created by Seattle pursuant to Section IV.C.7, the additional cost pool will be allocated by customer or customer class. The parties will enter into a letter agreement for the limited purposes of documenting the allocation of an additional cost pool.

IV.F. Elective Services

1. Elective Services. Seattle may provide certain elective services that are in addition to the services provided under this Contract to Water Utility upon request by Water Utility. Such services shall be negotiated and contracted for separately between Water Utility and Seattle or provided at then current standard charges, if applicable. Elective services may include:

   a. Transmission Wheeling. Seattle, at its sole discretion, may provide Water Utility access to excess transmission capacity, if any, for a fee and under any conditions it deems reasonable to protect the Seattle Regional Water Supply System for purposes of wheeling compatible water to or from Water Utility through the Seattle Regional Water Supply System. The Operating Board may review and recommend revisions to any policies or criteria Seattle may use to consider a request for wheeling services from a Wholesale Customer.

   b. Water Quality. So long as Seattle owns and operates a water quality lab, Water Utility may request the services of that lab based on its published rates for testing of samples for water quality monitoring that Water Utility performs.

IV.G. Rate Setting, Adjustments and Special Charges

1. Wholesale Rate Setting. Seattle, in its sole discretion, shall determine the structure of FCs and wholesale water rates, except that the FCs or wholesale rates may not, without approval of the Operating Board, be set to collect more than the projected costs included in the cost pools as described in this Section IV.

2. Retail Rate Setting. Each party to this Contract shall have sole authority for establishing retail rates, connection charges and other fees and charges within its respective jurisdiction, including the manner of passing through or incorporating any wholesale rates and charges due under this Contract.

3. Wholesale Rate Adjustment. Seattle may adjust water service rates and FCs from time to time. Rate adjustments will be effective only within five years of the completion of a rate study consistent with Section IV.G.4 below and provided that Seattle transmits its final rate adjustment proposal to the Operating Board and Water Utility for final review at least 30 days before it transmits it to Seattle City Council for consideration. The Operating Board may review and recommend revisions to the final rate proposal. Seattle will provide a written explanation of any recommendations that are not accepted and forwarded to Seattle City Council.

4. Rate Study and Review Consultant. Seattle shall conduct a rate study in accordance with accepted industry standards and this Contract. Seattle shall provide Water Utility and the Operation Board 30 days' advance written notice of its intent to conduct a rate study and shall make detailed information and progress reports during the course of the rate study available to Water Utility, other Wholesale Customers and the Operating Board for review and comment. Seattle shall select an independent rate consultant to review the rate study, including an independent review of the allocation of costs and revenues between cost pools. The Operating Board may review and recommend revisions to the scope of work for the rate consultant. Seattle shall cause a final rate consultant report to be made available to Water Utility and the Operating Board not less than 30 days before Seattle formally transmits any resulting rate adjustment proposal to the Operating Board. Unless otherwise

approved by the Operating Board, Seattle shall conduct a cost-of-service rate study no less frequently than once every five years.

5. Special Charges.

a. Demand Charge.

i. Seattle, in its discretion, may adopt and implement a demand charge in accordance with the methodology described in Exhibit III. The demand charge consists of a calculation of Water Utility's deficient storage, if any, and a Storage Deficiency Rate (i.e., dollars per 1000 gallons of deficient storage) that is based on an equivalent annualized cost of providing the deficient storage, and which shall be updated with each rate study.

ii. Seattle shall be exempt from the demand charge until such time as metering devices are installed pursuant to Section III.E.2.

iii. The costs and revenues from implementing the demand charge will be allocated to the Existing Regional System Cost Pool. The Operating Board may approve the allocation of these costs and revenues to the New Transmission Cost Pool in the future to offset other costs that may be allocated to the New Transmission Cost Pool in the future.

iv. Seattle shall suspend the implementation of demand charges, if any, in the event of emergencies and unforeseen conditions.

b. Emergency Surcharge. In the event of a drought, catastrophe, or other extraordinary condition that requires emergency expenditures to maintain sufficient and safe water supply or transmission capacity, or both, Seattle, through its City Council, may impose an emergency surcharge on all Wholesale

Customers, including Seattle, in order to pay for emergency expenditures or maintain financial stability of the Seattle Regional Water Supply System, or both ("Emergency Surcharge"). The Operating Board may review and recommend revisions to any proposed Emergency Surcharge prior to submission to the Seattle City Council for consideration. Seattle shall provide a written explanation of any recommendations that are not accepted and forwarded to City Council. Revenues from an Emergency Surcharge will be applied to the appropriate cost pool that relates to the emergency situation giving rise to the Emergency Surcharge. For the avoidance of doubt, and for example only, an Emergency Surcharge issued in response to a drought would be applied to offset costs in the Existing Regional System Cost Pool and an Emergency Surcharge issued to pay for extensive transmission repair on New Transmission Facilities would offset costs in the New Transmission Cost Pool. If the emergency is not related to any particular cost pool, the Operating Board shall make the final determination as to which cost pool the revenues shall be applied.

c. New Wholesale Customer Charge. Seattle will charge any new customer who signs a Full or Partial Requirements Contract after the Effective Date of this Contract and who has not previously contributed to the costs in the New Supply Cost Pool or the development of New Supply Facilities an appropriate charge for an equitable share of the New Supply Facilities. This charge may be satisfied by either paying FCs and new supply rates or arranging a special water supply rate in lieu of paying FCs. The revenue from this charge will be allocated to offset costs in the New Supply Cost Pool.

6. Transition.

a. Initial Existing Regional System Running Balance Surplus.

As part of the contract transition process, Seattle shall implement a one-time return of the lesser of the full amount of the Existing Regional System Cost Pool running balance surplus or $82M to Wholesale Customers in lump sum payments following completion of the updated contracts (either fully executed with mutual agreement or amended through the process identified in Section II.A.4(b)) with all Wholesale Customers. Water Utility will receive payment for its prorated portion of the amount above based on each Wholesale Customer's demand since the balance last crossed zero within 60 days following the completion of the updated contracts (as defined above), even if such payments are made before the Effective Date of the Contract.

b. Cost-of-Service Rate Study.

Seattle agrees to begin performing a cost-of-service rate study no later than three months of the date on which all Wholesale Customer contracts are either fully executed pursuant to Section II.A.4.a. or amended pursuant to Section II.A.4.b.

c. Rebate Based on Alternate Utility Basis Cost.

As a result of negotiations pursuant to Section II.A.4.a, an Alternate Utility Basis will be applied as described below to calculate an annual rebate to Wholesale Customers signing this First Amended and Restated Contract for the Supply of Water. Water Utility will be eligible for an annual rebate in the form of a credit on its bill for a portion of the difference between Utility Basis cost

and the Alternate Utility Basis cost (for assets whose cost is calculated on a Utility Basis) as described below, if the Alternate Utility Basis results in a lower cost. This comparison will be conducted annually as part of the Wholesale Statement Review and the Water Utility's portion will be based on Water Utility's percentage of Wholesale Customer demand for each applicable Cost Pool in that year.

i. Definitions.

The following definitions will be used to calculate the Alternate Utility Basis cost:

"Alternate Infrastructure Adder" – A certain percentage amount that is applied as a component of the Rate of Return on Investment to the Net Book Value of facilities recognized under the Utility Basis, which may be adjusted pursuant to Section IV.G.6.c.iii below.

"Alternate Mixed-use Assets" – Capitalized facilities or assets that are shared between or used to support both the Seattle Retail Distribution System and the Seattle Regional Water Supply System.

"Alternate Rate of Return on Investment" – Alternate Seattle's Average Cost of Debt plus the Alternate Infrastructure Adder.

"Alternate Seattle's Average Cost of Debt" ("Alternate ACOD") - The weighted average coupon interest rate on Seattle's water system debt outstanding over the course of a calendar year with adjustments to recognize i) outstanding amortized premium or discount on water system debt; ii) gains/losses on water system bond refunding's; iii) issuance costs

including third party costs paid by bond proceeds; iv) prepaid insurance costs; v) net interest expense on debt service reserves; and vi) any other appropriate ongoing debt costs, e.g. variable rate remarketing, ongoing credit rating agency monitoring fees, calculated at the end of each calendar year during the term of this Contract.

ii. Under the Alternate Utility Basis, the infrastructure cost for a facility in any year shall be the sum of (i) the annual depreciation expense recorded for that facility and (ii) the product of the Net Book Value of that facility and the Alternate Rate of Return on Investment of that facility.

a. Seattle, in its discretion, may consider interest costs as current infrastructure costs during the construction of a facility. However, any such interest costs must be considered contributions in aid of construction and not included in the Net Book Value of the facility for purposes of recognizing infrastructure costs under the Utility Basis in future years.

b. For ratemaking purposes and with the approval of the Operating Board, assets may be depreciated over a different time frame than that used by Seattle for financial reporting purposes in preparation of its audited Financial Statements.

iii. Alternate Infrastructure Adder. The parties mutually agree to use an initial Alternate Infrastructure Adder of 1.40%, which Seattle will apply as a component of the Rate of Return on Investment, to the Net Book Value of facilities that are recognized under the Utility Basis. The parties agree that

the Alternate Infrastructure Adder provides a reasonable way to recover an allowance for 1) the regional portion of infrastructure costs of Mixed-use Assets; 2) the regional portion of mixed-use unrestricted cash assets; and 3) the equity or higher opportunity cost of cash financing Regional Facilities or the regional portion of Mixed-use Assets. The parties agree that Seattle may adjust the Alternate Infrastructure Adder that is applied to facilities recognized under the Alternate Utility Basis from time to time as follows:

a. In order to maintain an equitable allocation of costs through the allowance, Seattle may increase or decrease the then-current Alternate Infrastructure Adder annually by 0.12% for every 1.00% increase or decrease to Seattle's Alternative ACOD, or portion thereof, as the case may be, e.g. if Seattle's Alternative ACOD increases from 4.08% to 5.08%, the Infrastructure Adder would increase from 1.40% to 1.52%.

b. In the event the Operating Board determines to use the Cash Basis to recognize costs for a Regional or Subregional Facility, Seattle may adjust the then current Alternate Infrastructure Adder by multiplying it by an amount equal to the sum of the then current NBV of Regional and Subregional Facilities recognized under the Alternate Utility Basis plus the current NBV of such Facilities recognized under the Cash Basis, divided by the then current NBV of Regional and Subregional Facilities recognized under the Alternative Utility Basis only.

IV.H. Cost Review and Truing Actual Costs and Actual Revenues

1. Wholesale Statement Review. At the end of each fiscal year, Seattle shall cause an independent review of its statement of actual costs and revenues received allocated to each cost pool ("Wholesale Statements"). Seattle will select an independent accountant, which may be Seattle's independent auditor for its audited financial statements.

   a. Scope of Review. The procedures for the annual review shall be set by the Operating Board and shall include, at a minimum: (i) a comparison of the actual costs and revenues received to Seattle's accounting records, (ii) a comparison of the procedures used by Seattle to allocate costs and revenues to each cost pool to those procedures and requirements specified in this Contract, (iii) in years where the Mixed-use Multiplier is adjusted, the accuracy of the adjustment calculation, and (iv) identification of any corrective actions necessary. The scope of review may include additional elements identified by the independent accountant, as well as procedures at Seattle's discretion together with any reasonable requests of the Operating Board.

   b. Operating Board and Water Utility Review of Report of Independent Accountant. Seattle will cause the independent accountant to present a copy of the review report to the Operating Board and Water Utility.

   c. Operating Board and Water Utility Right to Review. The Operating Board, or Water Utility at its sole expense, may select its own independent accountant to review the Wholesale Statements including the Mixed-use Multiplier under separate agreed-upon procedures at their discretion. Subject to Seattle's reasonable requests for security and confidentiality procedures and agreement to

the same, an independent accountant retained by Water Utility, may at any time upon prior reasonable notice to Seattle and in coordination with Seattle's reasonable scheduling ability, during normal business hours, review the books, records and accounts of Seattle to the extent that such books, records and accounts are directly used in the production of the Wholesale Statements or other allocations, charges or payments under this Contract. Seattle shall maintain all such books, records and accounts. Independent accountant's access shall include the right to make copies and discuss the books and records with Seattle's personnel having knowledge of the facilities, systems, processes and document contents. Water Utility's right to review shall survive the expiration or termination of this Contract for a period of three (3) years. If an inspection or examination pursuant to this section discloses overpricing or overcharges by Seattle in excess of one percent (1%) of the appropriate amount due, in addition to making adjustments for the overcharges, the reasonable actual cost of Water Utility's review shall be reimbursed to Water Utility by Seattle, and the costs will be included in the Existing Regional Cost Pool. Any adjustments which must be made as a result of any such review shall be reflected in the Wholesale Statements.

2. Truing Actual Costs and Actual Revenues. Seattle shall reconcile the projected costs and revenue targets for the various cost pools and the actual expenses and revenues received during each year of this Contract as follows:

a. Running Balances. For each cost pool, Seattle shall maintain a running balance of the surplus or deficit of actual rate revenues collected from each class of

customers less actual expenses incurred, except that Seattle shall maintain separate running balances for FC revenues pursuant to Section IV.H.2.c below. Each running balance shall earn simple interest at Seattle's Cash Pool Rate. At the end of each fiscal year, Seattle shall adjust each balance to reflect the operating results of that year. The year-end statement of these balances shall be reviewed as described in Section IV.H.1 above.

b. Running Balance Deficits. Seattle shall design rates to eliminate any deficit in the cost pool running balances, except as provided herein.

c. Running Balance Surpluses.

i. Running Balance Surplus at True Up.

Annually, after presentation of the Wholesale Statements to the Operating Board, the Board shall decide the portions of any surplus to be a) returned to the Wholesale Customers as a credit on their bill in the following year, with the balance prorated to each Wholesale Customer based on each Wholesale Customer's demand since the balance last crossed zero, b) redeemed as a capital contribution towards specific assets assigned to the applicable Cost Pool, and/or c) retained for rate smoothing purposes as determined by the Operating Board based on the review of the most recent rate study following the process in Section IV.H.2.iii below. The Operating Board may select one or any combination of these options for implementation. When returned as a credit on the bill or redeemed as a capital contribution, the surplus balance shall be reduced by those amounts.

ii. Running Balance Surplus at Contract Transition.

The running surplus balance existing as of December 31, 2024 shall be fully or partially returned as provided in Section IV.G.6, Contract Transition.

iii. Running Balance Surplus at Rate Study.

During each rate study, the Operating Board shall decide the portion of the surplus, up to an amount not to exceed 30 percent of the annual projected costs in the relevant cost pool for the first year of the rate study, to retain for future rate smoothing purposes. Seattle shall design rates to eliminate any surpluses above this amount in the cost pool running balances.

d. FC Running Balances. Seattle shall maintain separate running balances within the New Supply and New Transmission Cost Pools, as appropriate, of the surplus or deficit balances of actual FC revenues received in any year over the facility's annual utility or cash basis costs to be recovered through FCs for that year. Running surplus FC balances shall earn simple interest at Seattle's Cash Pool Rate. For any year with a running FC deficit balance, Seattle shall transfer an amount from the running balance of rate revenues in the New Supply or New Transmission Cost Pool, as the case may be, to eliminate the FC deficit balance for that year even if it results in a deficit running balance in rates. FC surplus balances in any subsequent year shall be transferred back to the running balance in the New Supply or New Transmission Cost Pools until the amount transferred to eliminate the prior deficit FC balance is repaid. Any remaining surplus FC balances, if any, may upon Operating Board approval, be transferred to the running balances of rate revenues in the New Supply or New Transmission cost pools for rate smoothing purposes. Otherwise, they shall be retained as a surplus

FC balance in an amount up to two times the Net Book Value of the Regional Facilities whose infrastructure costs are being recovered by FCs. Any surplus FC balance that exceeds two times the Net Book Value of those facilities shall be transferred to the running balance for the New Supply or New Transmission Cost Pools, as appropriate, (and the FC surplus balance shall be reduced by the amount transferred). This transfer is permanent and not repaid. ERU Charges are based on Section IV.D.2.c and shall not be adjusted to reflect surpluses or deficits in FC balances.

SECTION V. OPERATING BOARD

1. Purpose. The purpose of the Operating Board is to provide advice and direction in certain areas of limited authority over policy, financial and operational matters as they affect the Seattle Regional Water Supply System. The representatives of the Operating Board shall, to the best of their ability, act in the best interests of the Seattle Regional Water Supply System as a whole, not for the benefit of a group of Wholesale Customers or an individual Wholesale Customer. Therefore, only Wholesale Customers that have agreed to automatic extensions of this Contract, committed to purchase their Full or Partial Requirements as set out on Exhibit I, and agreed to the limitations on purchase reductions contained in Section II.B.5, are eligible to have their representative voted onto the Operating Board.
2. Structure and Authority. The Operating Board shall have only the roles and limited authorities as specifically and explicitly set forth in specific provisions of this Contract. The Operating Board shall have the structure described in Exhibit IV.
3. Review. The parties may review the structure and roles and limited authorities of the

Operating Board as of January 1, 2027 and every five years thereafter to determine its effectiveness in addressing regional and contractual issues. The review may address the composition of the Board and its roles and limited authorities as set forth in the Contract and Exhibit IV. Any Wholesale Customer, including Water Utility, or Seattle may initiate the review. The initiating party shall provide all Wholesale Customers and Seattle, as the case may be, with its proposals. Water Utility and Seattle agree to consider each other's and any other Wholesale Customer's comments and proposals and to respond in writing stating its reasons for rejecting any proposals and the reasons for its own counter proposal. Notwithstanding any other provisions in this Contract, any changes to the Operating Board structure shall be made through an Amendment to the Operating Board Bylaws; provided that any such changes shall be subject to the restrictions and limitations contained in this Contract.

SECTION VI. PLANNING

VI.A. Reporting of Planning Data

1. By no later than March 1 of each year, Water Utility shall report to Seattle and the Operating Board the following data for the previous calendar year as follows, except as otherwise provided in Section VI.A.4 below:

   a. The amount of water produced each month from its Independent Supplies, listed by source.

   b. The amount of water purchased each month from any other water utilities, listed by other utility name and whether Emergency or Purchased Supply.

   c. The amount of water sold each month to any other water utilities, listed by other utility name and whether Emergency or Resale Supply.

d. The amount of water wheeled through Water Utility's distribution system each month, listed by both utility names that deliver water to and receive water from Water Utility.

e. The amount of water sold to retail and wholesale customers, by customer class and by month.

f. The number of accounts billed, by customer class and month.

g. Other data reasonably necessary to track, report and plan for the metrics used for the regional WUE Goal, upon Seattle's request.

2. Water Utility shall report other data as may be reasonably requested by Seattle for water planning purposes or as may be required by amendments to applicable regulations from time to time, except as otherwise provided in Section VI.A.4 below. This data may include, but not be limited to:

a. Water Utility's forecasts of the amount of water to be used by Water Utility from Alternate Supplies. Forecasts will reflect best judgement of Water Utility and be consistent with industry standards.

b. Water Utility's forecasts of annual growth in the number of meters installed by Water Utility by the size of the meter as necessary for establishing Facility Charges pursuant to Section IV.D.2.c.

c. Water Utility's rates and charges, including background information such as rate studies.

d. Water Utility's maps, land use and growth projections, and geographical information system ("GIS") layers of current and future retail service areas of Water Utility, provided that Water Utility shall be permitted to withhold

information or records which Water Utility reasonably believes the release of such information and records presents a security risk associated with Water Utility's facilities, infrastructure and operations.

3. Records relevant to water supply and consumption within the possession of Seattle or Water Utility shall be provided to the other upon reasonable request.

4. Water Utility shall not be required to provide records, including related information or data, that are exempt from disclosure under the Public Records Act, Chapter 42.56 RCW, or other applicable federal and state laws.

VI.B. Submittal of Water Utility Water System Plans

Water Utility shall provide a copy of its proposed water system plan, including any amendments, to Seattle for review and comment before adoption by its legislative body, and a copy of its final approved water system plan or amendments.

VI.C. Seattle as Water Planning Agency

1. Seattle shall be the lead agency and primary planning authority for the purposes of fulfilling its obligations to provide for the Full or Partial Water Requirements of Water Utility, as appropriate.

2. Seattle, in consultation with the Operating Board, shall examine and investigate water supplies suitable and adequate to meet the present and reasonable future needs of Seattle and the Wholesale Customers.

3. Seattle, in consultation with the Operating Board, shall prepare and adopt a plan for acquiring new, high quality water supplies in a timely and cost-effective manner. The plan shall provide for the lands, waters, water rights and easements necessary therefor, and facilities for retaining, storing and delivering such waters, including dams, reservoirs,

aqueducts and pipelines to convey same throughout the Seattle Regional Water Supply System. In preparing or adopting the plan, Seattle shall consider as possible alternatives or additional water supply sources, the acquisition of water from sources controlled or developed by individual water utilities, legally constituted groups of water utilities or utilities which are not presently supplied by the Seattle Regional Water Supply System. Seattle has final responsibility for the plan and for fulfilling the obligations of this Contract. However, the Operating Board may participate in developing the plan by proposing goals and objectives for the Seattle Regional Water Supply System, by making any additional suggestions and by acting in a review capacity. If Water Utility opts out of an Extension pursuant to Section II.A.3, Seattle shall begin planning for Water Utility to stop purchasing water from Seattle at the expiration of its Contract Term.

VI.D. Capital Improvement Plan

1. To fulfill the requirements of this Contract, Seattle shall make improvements to the Seattle Regional Water Supply System based on a Capital Improvement Plan adopted by the Seattle City Council. The projects and programs in the Capital Improvement Plan will include those that meet operational, regulatory, or contractual requirements, provide for growth, improve reliability and resiliency, and are cost-effective. Prior to submission of the proposed Capital Improvement Plan to the Seattle City Council for approval, Seattle shall provide the Operating Board a reasonable and meaningful opportunity to review and recommend revisions to the relevant portions of the proposed Capital Improvement Plan that affect the Seattle Regional Water Supply System. Seattle shall give serious consideration to the recommendations of the Operating Board. Seattle will transmit the final adopted Capital Improvement Plan to the Operating Board and Water Utility within

30 days of adoption. Seattle shall provide periodic updates of major projects and programs affecting the Seattle Regional Water Supply System upon request of the Operating Board. Seattle shall also review and respond to concerns expressed by the Operating Board or any Wholesale Customer regarding the scheduling of or delays in completing projects included in Seattle's Capital Improvement Plan or questions about the budgets or actual costs incurred on projects included in Seattle's Capital Improvement Plan. Seattle shall, upon request, provide opportunities for the Operating Board, or a designee of the Operating Board, to participate in options analysis, design review or value engineering for relevant projects or programs that substantially affect the Seattle Regional Water Supply System or Wholesale Customers.

2. The Operating Board may approve the allocation to a cost pool in Section IV.C of reasonable costs for capital improvements that serve or benefit an individual Wholesale Customer, including Water Utility, that are reasonably necessary to alleviate a disproportionate adverse impact to the retail distribution system(s) of Water Utility or another Wholesale Customer, to the extent it is caused by a capital project in the Capital Improvement Plan for the Seattle Regional Water Supply System. Water Utility, or another Wholesale Customer may request consideration of this provision, and the Operating Board will make a determination of whether 1) there is a disproportionate adverse impact and either (i) such disproportional adverse impact could have been reasonably avoided through a different project design in the Capital Improvement Plan, or (ii) the other Wholesale Customers, including the Seattle Retail Distribution System, receive tangible benefits, directly or indirectly, from the project in the Capital Improvement Plan; 2) the proportion of capital costs to include, if any; and 3) the cost

pool the costs would be allocated to, if any. Water Utility and Seattle will enter into a separate agreement consistent with this section if the Operating Board determines this provision applies to Water Utility and the costs will be allocated to the cost pool identified by the Operating Board.

SECTION VII. PAYMENT

VII.A. Collection of Money Due City

1. Seattle shall bill Water Utility on a monthly basis for all charges due under this Contract unless the Contract expressly provides otherwise, in which case Water Utility will submit payment according to the Contract. Water Utility shall pay all charges within 60 days of the invoice or billing date or, if another provision is applicable, when due.
2. For those charges that are not monthly commodity charges or Facilities Charges, Water Utility and Seattle may mutually agree by letter agreement to a reasonable monthly payment plan and any outstanding balance shall be charged interest at Seattle's Cash Pool Rate until paid in full.

VII.B. Penalties for Late Payment

All late payments, and any refund of an amount in dispute that was paid under protest, shall accrue interest at 1% per month.

VII.C. Billing Disputes

1. Water Utility may dispute the accuracy of any portion of charges billed by Seattle by notifying Seattle in writing within the 60-day payment period of the specific nature of the dispute and paying the undisputed portion of the charges. This provision is not intended to limit Water Utility's right to dispute billing errors or charges that are not reasonably discoverable by Water Utility within the 60-day payment period.

2. Seattle shall consider and decide any billing dispute in a reasonable and timely manner. Any billing disputes that remain after such consideration shall be reconciled pursuant to the dispute resolution procedures of this Contract.

VII.D. Availability of Records

Upon request with reasonable notice, Water Utility or Seattle shall make any public records that support the charges or payments under this Contract available to the other party for inspection and copying during normal business hours.

SECTION VIII. CONTRACT AMENDMENTS

Seattle shall notify Water Utility and all other holders of Full or Partial Requirements Contracts of any amendments to such contracts within 30 days of the execution of such amendment. Water Utility shall then have 90 days to decide whether to include such amendment in this Contract by giving written notice to Seattle of its election to do so. Upon the issuance of such notice, Seattle shall issue the amendment to Water Utility and the amendment shall be final and binding upon both parties upon mutual execution.

SECTION IX. DISPUTE RESOLUTION

Dispute resolution shall proceed as follows:

IX.A. Operating Board Review

Any dispute regarding this Contract that remains unresolved after good faith negotiations between Water Utility and Seattle shall be referred to the Operating Board for consideration and recommendation. Each party shall submit a written statement regarding the dispute to the Operating Board.

1. If the dispute cannot be resolved in discussions with the Operating Board, then the Operating Board shall provide written recommendations to each party within 60 days of

receiving the written statements, which shall include any applicable findings or interpretations of the applicable facts or contract provisions.

2. If either party rejects the written recommendation of the Operating Board, that party shall, within 10 days, notify the other party in writing of its reasons.

IX.B. Seattle Mayor Review

If the dispute remains unresolved, the written statements of the parties, the recommendations of the Operating Board, if applicable, and the written reasons for either party's rejection of those recommendations shall then be submitted to the Seattle Mayor for review.

1. Within 60 days of the submittal of the written materials, the Seattle Mayor shall provide written recommendations to resolve the dispute.
2. If either party rejects the written recommendation of the Seattle Mayor, that party shall, within 10 days, notify the other party in writing of its reasons.

IX.C. Mediation

Within 10 days of receiving the written rejection of the Seattle Mayor's recommendations by one or both parties, each party shall designate in writing not more than 5 candidates it proposes to act as an impartial mediator.

1. If the parties cannot agree on one of the mediators from the combined list within 5 days, the Operating Board shall, within an additional 5 days, select one of the mediators from either list to serve as mediator.
2. Upon selection of the mediator, the parties shall use reasonable efforts to resolve the dispute within 30 days, or other mutually agreed timeframe, with the assistance of the mediator.

IX.D. Resort to Litigation or Arbitration

If mediation fails to resolve the dispute within 30 days, or the other mutually agreed timeframe, of selection of the mediator, the parties may thereafter seek redress in court subject to Section X.G. below. Alternatively, the parties may mutually agree to resolve any disputes through arbitration using a single arbitrator acceptable to parties. Nothing in this provision shall be construed to require arbitration without the mutual agreement of the parties.

IX.E. Efficiency of Review

In order to facilitate a more efficient review of disputes under this Section, the parties may agree to skip the step in Section IX.A above in order to avoid a redundant act. The parties may also mutually agree to skip the step in Section IX.C, if it is in the best interests of the parties in resolving the dispute.

SECTION X. MISCELLANEOUS

X.A. Notification

1. Whenever written notice is required by this Contract, that notice shall be given to the following representatives, or their designees, by email with receipt requested, actual delivery or by the United States mail (registered or certified with return receipt requested,) addressed to the respective party at the following addresses or a different address hereafter designated in writing by the party:

SEATTLE:	WATER UTILITY:
General Manager	Manager
Seattle Public Utilities	
Seattle Municipal Tower	
PO Box 34018	
700 Fifth Ave, Suite 4900	
Seattle, WA 98124-4018	

The date of giving such notice shall be deemed to be the email date or postmarked date of mailing.

2. Seattle's Wholesale Contracts Manager will be the initial point of contact for all other issues arising under the Contract.

X.B. Severability

The purpose of this Contract is to provide for long-term water supply planning and certainty for both Seattle and Water Utility through adoption of orderly plans calling for the expenditure of significant sums of money for the Seattle Regional Water Supply System. It is the intent of the parties that if any provision of this Contract or its application is held by a court of competent jurisdiction to be illegal, invalid, or void, the validity of the remaining provisions of this Contract or its application to other entities, or circumstances shall not be affected. The remaining provisions shall continue in full force and effect, and the rights and obligations of the parties shall be construed and enforced as if the Contract did not contain the particular invalid provision; provided, however, if the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to render performance of the remaining provisions unworkable

and non-feasible, is found to seriously affect the consideration and is inseparably connected to the remainder of the Contract, the entire Contract shall be null and void.

X.C. Consent

Whenever it is provided in this Contract that the prior written consent or approval of either party is required as a condition precedent to any actions, in each such instance said consent or approval shall not be unreasonably withheld, and in each such instance where prior consent is sought, failure of the party to respond in writing within 90 days of the request shall be deemed as that party's consent or approval unless expressly stated herein. This provision does not apply to requests for amendments of this Contract.

X.D. Emergency Situations

Nothing in this Contract shall be deemed to preclude either party from taking necessary action to maintain or restore water supply in emergency situations and such action shall not be deemed a violation of this Contract.

X.E. No Joint Venture - Individual Liability

This is not an agreement of joint venture or partnership, and no provision of this Contract shall be construed so as to make Water Utility individually or collectively a partner or joint venturer with any other Wholesale Customer or with Seattle. Neither party is an agent of the other. Neither Seattle nor Water Utility shall be liable for the acts of the other in any representative capacity whatsoever.

X.F. Complete Agreement

This Contract represents the entire agreement between the parties hereto concerning the subject matter hereof. This Contract may not be amended except as provided herein.

X.G. Venue, Jurisdiction and Specific Performance

In the event of litigation between the parties, venue and jurisdiction shall lie with the King County Superior Court of the State of Washington. The parties shall be entitled to specific performance of the terms hereof.

X.H. Default and Non-Waiver

In the event of default of any provision of the Contract, the non-defaulting party shall issue written notice to the other party setting forth the nature of the default. If the default is for a monetary payment due hereunder, the defaulting party shall have thirty (30) days to cure the default. In the event of other defaults, the defaulting party shall use its best efforts to cure the default within ninety (90) days. If such default cannot be reasonably cured within such ninety (90) day period, the defaulting party shall, upon written request prior to the expiration of the ninety (90) day period, be granted an additional sixty (60) days to cure the default. Any waiver of the breach or default of any provision, term or condition of this Contract shall not be deemed to be a waiver of any preceding or succeeding breach or default of the same or any other provision, term or condition.

X.I. Force Majeure

The time periods for the parties' performance under any provisions of this Contract shall be extended for a reasonable period of time during which a party's performance is prevented, in good faith, due to circumstances beyond the party's control such as fire, flood, earthquake, lockouts, strikes, embargoes, pandemics, acts of God, war and civil disobedience. If this provision is invoked, the parties agree to immediately take all reasonable steps to alleviate, cure, minimize or avoid the cause preventing such performance, at their sole expense.

X.J. Successors

This Contract shall inure to the benefit of and be binding upon the parties and their successors

and assigns.

X.K. Exhibits

Exhibits I through IX are attached hereto and incorporated herein. To the extent this Contract authorizes the parties to amend a specific exhibit by letter agreement, such amended exhibit will become attached and incorporated herein upon the effective date of the letter agreement.

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereby execute this Contract.

[WATER UTILITY]

BY: _____

TITLE: _____

DATE _____

AUTHORIZING LEGISLATION: ORDINANCE/RESOLUTION _____

THE CITY OF SEATTLE

BY: _____
General Manager, Seattle Public Utilities

DATE: _____

AUTHORIZING LEGISLATION: ORDINANCE No.

LIST OF EXHIBITS

I. Purchase Commitment & Emergency, Independent and Purchased Supplies

II. Service Connections, Minimum Hydraulic Gradients, and Flow Rates of Water Supplied

III. Demand Charge Methodology

IV. Operating Board Structure

V. Facilities Charges

VI. Regional Facilities

VII. Subregional Facilities

VIII. Index O&M Cost Categories

IX. Stranded and Avoided Costs

EXHIBIT I

PURCHASE COMMITMENT & EMERGENCY, INDEPENDENT AND PURCHASED SUPPLIES

Water Utility's Purchase Commitment is its [**Full or Partial] Water Requirements**.

Water Utility **[is/is not]** served by **[Eastern, Southwestern, or Renton]** Subregion

Water Utility represents that it has access to the following Alternate Supplies:

I. EMERGENCY SUPPLIES

Create table

Name of Entity/location of intertie/meter size/capacity/agreement date/mutual?/

II. INDEPENDENT SUPPLIES

Create table

Source name/location/category (GW or SW)/permit or claim #/amt of right/average annual production /FC allowance

1. Water Utility shall use its best efforts to maintain and operate the Independent Supplies listed above, if any, in order to maintain the listed average annual production for each Independent Supply.

2. Water Utility shall provide written notice to Seattle within thirty days of determining that it is not possible or not cost effective to maintain and operate an Independent Supply at its listed average annual production. Such written notice shall describe the new level of average annual production expected for Independent Supply. Seattle may decrease the FC Allowance under Section IV.D.2.c. The parties will revise this Section II of Exhibit I by letter agreement to reflect the new average annual production or decreased FC Allowance.

3. Water Utility shall use its best efforts to cure any temporary interruption of water supply from an Independent Supply. Water Utility shall provide oral notice to Seattle of any interruption lasting longer than 1 week and the expected additional demand for water deliveries from Seattle resulting from the interruption. Water Utility shall use its best efforts to minimize the impact of an interruption of an Independent Supply on the Seattle Regional Water Supply System by utilizing its other Independent Sources unaffected by the interruption within their operating and maintenance constraints.

4. It is the intent of the parties that the listed average annual production fairly represents the average annual production of the Independent Supplies. In the event that, over a 5 year period, (i) the actual average annual production, as may be adjusted to reflect a reasonably unforeseeable interruption

in the Independent Supplies that lasts a substantial amount of time and is cured within a reasonable time, is consistently less than represented , and (ii) the annual deliveries of water to Water Utility by Seattle are consistently increasing, the listed average annual production shall be revised by letter agreement to reflect the reduction. Seattle may also decrease the FC Allowance under Section IV.D.2.c, which decrease shall also be revised in the letter agreement.

5. Water Utility shall provide Seattle with six months written notice before placing any new or improved Independent Supply into production and the parties will revise this Section II of Exhibit I to reflect the new or improved Independent Supply and new or increased average annual production capacity. This condition is independent of and in addition to any other applicable provisions in the Contract relating to adding a new or improved Independent Supply (e.g. Sections II.B.5, reducing Purchase Commitment and II.D.9, WQ provisions for introducing new Alternate Supply).

6. Water Utility shall maintain records of the monthly production of each Independent Supply in a manner consistent with industry standards.

III. PURCHASED SUPPLIES

Create table

Name of entity/location/size of meter for delivery/amount/conditions on use/expiration date

IV. REDUCTIONS IN PURCHASE COMMITMENTS - STRANDED COST

Create table to include the following information for all Wholesale Customers:

Reduction notices received prior to December 31, 2022as per II.B.5.a.i.(b)

Automatically Allowed Reductions in II.B.5.d.viii

Reduction notices received after Effective Date of Contract

Related Stranded Cost information for reductions

V. APPROVED RESALE OF SEATTLE WATER

Create table

Name of entity/location/size of meter for delivery/amount/conditions/expiration date

EXHIBIT II

SERVICE CONNECTIONS, MINIMUM HYDRAULIC GRADIENTS, AND FLOW RATES OF WATER SUPPLIED

SERVICE CONNECTION[1]				MINIMUM HYDRAULIC GRADIENT FOR PLANNING PURPOSES AT STATION UPSTREAM OF METER (FEET NAVD-88 Datum)	FLOW RATE UP TO WHICH THE MINIMUM HYDRAULIC GRADIENT APPLIES (gpm) [3][4]
LOCATION	STATION NUMBER [2]	PIPELINE SEGMENT NUMBER[2]	SIZE OF METER (IN.)		

Notes:

(1) Water is provided to Service Connections at a Wholesale Level of Service.

(2) Station and Pipeline Segment Numbers are for information purposes and pertain to cost allocations and the demand metering program.

(3) The Total is based on City of Seattle's estimate of Water Utility's average daily demand for 2040 multiplied by a peaking factor of 2.0 for peak day use. Seattle and Water Utility agreed to the allocations of the Total to each Service Connection.

(4) Pursuant to Section III.A of the Contract, Water Utility may use all or some of the flows rates allocated to each Service Connection on any other Service Connection that is located on the same Pipeline Segment Number, but in that case the minimum hydraulic gradients are not guaranteed.

EXHIBIT III

DEMAND CHARGE METHODOLOGY

In order to meet the conditions of service in Section III and Exhibit II of the Contract, each Wholesale Customers has to construct adequate storage volume within their individual retail distribution system to avoid excessive peak flow withdrawals at the Service Connection and potential adverse impacts to the Seattle Regional Water Supply System or other Wholesale Customers.

When Seattle has determined to implement demand charges for any period, Water Utility shall be subject to a demand charge if its average peak hourly flow rate from its 10 highest daily flow days exceeds its average daily flow rate from the same 10 days by more than 30% as more particularly described below.

The demand charge and method of application shall be as follows:

1. At Water Utility's cost, Seattle shall install metering devices that record hourly water deliveries at Service Connections. All other costs Seattle incurs to implement demand charges shall be allocated to the Existing Regional System Cost Pool; or New Transmission Cost Pool, upon approval by the Operating Board.

2. There shall be no requirement for Seattle to install demand-metering equipment or monitor water deliveries at all Service Connections for the purposes of implementing demand charges. Seattle, in its discretion, may choose to monitor water deliveries at all Service Connections, or the Service Connections of one or more Wholesale Customers based on considerations such as hydraulic capacity or other operational constraints in the Seattle Regional Water Supply System may be occurring.

3. When calculating Water Utility's deficient storage and whether demand charges apply:

    a. Seattle may consider Service Connections to Water Utility on the same pipeline segment, or Service Connections that are on the same pipeline segment and subject to a joint operating agreement between Water Utility and another Wholesale Customer, as 1 Service Connection; and
    b. A "Day" commences at 9:00 a.m. and ends at 9:00 a.m. the following calendar day.
    c. The "Monitoring Period" will generally consist of the summer months of June, July, and August. However, if peak flow rates create adverse hydraulic or other operating conditions at other times, Seattle, in consultation with the Operating Board, may establish a different Monitoring Period.

4. For each Service Connection, Seattle will determine the ten Days within the Monitoring Period with the highest daily volume of water delivered.

5. For each of those ten Days, Seattle will determine the "Demand Factor" for each Service Connection by dividing the peak hourly flow rate by the average flow rate for the same Day expressed in gallons per hour.

6. Seattle will average: a) the Demand Factors for the ten Days to get an "Average Demand Factor" and b) the daily volume for the same ten Days to get an "Average Daily Quantity" of water in gallons for each Service Connection.

7. If Water Utility's Average Demand Factor exceeds 1.30 at any Service Connection(s), Water Utility will be subject to a demand charge.

8. If Water Utility is subject to a demand charge, Seattle will determine Water Utility's deficient storage volume at each Service Connection where the Average Demand Factor exceeds 1.3 using the following formula: S = (F-1) Q: where S = deficient storage volume in gallons, F = Average Demand Factor and Q = Average Daily Quantity.

9. Seattle shall establish a Storage Deficiency Rate each rate study that is based on Seattle's most recent actual cost to construct a reservoir, inflated to the most recent year that the Engineering News Record "ENR" index or equivalent inflation data is available. The Storage Deficiency Rate is the flat debt service payment required to finance the storage facility over 30 years at Seattle's Average Cost of Debt at the time of each rate study, prorated for 1,000 gallons of storage.
   Example:

Annual debt service cost of new reservoir at Average Cost of Debt			
Actual cost of new reservoir in 2012	$	60,000,000	
ENR Index in 2012		100.00	
ENR Index in 2019		125.00	
Increase in Index		1.25	
Cost of new reservoir inflated to 2019	$	75,000,000	
Term of Debt		30	Years
Seattle Average Cost of Debt in 2020		4.15%	
Annual Cost	$	4,416,596	
Volume of new reservoir		61,000,000	Gallons
Annual Debt Service per 1,000 Gallons	$	72	
Storage Deficiency Rate	$	72	

10. At each Service Connection subject to the demand charge, the demand charge shall be calculated as S/1000 times the Storage Deficiency Rate. The total demand charge for Water Utility shall be the sum of the demand charges for each Service Connection. The demand charge shall be due by March 31 the following calendar year, or Water Utility may request a payment agreement pursuant to Section VII of the Contract.

11. Peak flows caused by emergencies in the Seattle Regional Water Supply System or Water Utility's retail distribution system during any Monitoring Period will be excluded in determining the demand charge. Peak flows caused by other unusual situations may also be excluded at Seattle's sole discretion. Seattle may request documentation of any emergency or other situation from Water Utility to support a determination to exclude certain flows from demand charges during a Monitoring Period.

12. At Seattle sole discretion, Seattle may disallow daily flow rates which differ substantially from customer's daily consumption patterns in calculating the demand charge.

13. In case of malfunction of metering equipment during certain period causing loss of data, Seattle shall use the remaining data to determine the demand charge, if any.

EXHIBIT IV

OPERATING BOARD STRUCTURE

1. Structure. The Operating Board (or "Board") shall be structured as follows:

   a. The Board shall consist of seven (7) members, composed of three members representing Seattle Public Utilities (SPU), three members representing Seattle's Wholesale Customers selected as described below, and one independent party selected as set forth below to be a tie-breaker as needed. Board members shall, to the best of their ability, act in the best interests of the Seattle Regional Water Supply System as a whole, not the interest of a group of utilities or an individual utility.

   b. The term of each Board position shall commence on January 1 and shall be for four (4) years. Terms of each Board position shall be staggered such that no more than two positions are renewed in any single year. Except for SPU members, Board members may serve not more than three successive terms.

   c. Three Board members representing the Wholesale Customers will be selected from the holders of the First Amended and Restated Contract for the Supply of Water, mutually agreed to pursuant to Section II.A.4.a. Wholesale Customers will be sorted into three categories based on utility size. The selected categories will be small, medium, and large utilities, which will be made up from approximately equal numbers of holders of Full and Partial Requirements Contracts. Each category of utility may elect, by majority vote (one vote per utility) its representative to the Operating Board. The Board will be recomposed on January 1, 2012 and every 5 years thereafter. Only Wholesale customers demonstrating their commitment to the region by agreeing to limits on purchase reductions contained in Section II.B.5 shall be eligible to be elected as a member of the Operating Board.

   d. The seventh member of the Board shall be a person having expertise in the operations of regional water supply systems. Such person shall be selected by majority vote of the other Board members. In the event of a deadlock in selecting the independent representative, the independent Board member shall be selected by Judicial Arbitration and Mediation Services Inc., of Seattle, Washington, or its successor. The seventh member shall not vote on issues coming before the Board unless there is a deadlock in the voting among the other six Board members. The seventh member may nevertheless express his or her opinions in Operating Board discussions. Such member shall have no employment, financial or contractual relationship with Seattle nor any Wholesale Customer or any other actual or apparent conflict of interest in holding this position.

2. Voting. Except as otherwise provided above, each member of the Board shall have one vote on all matters coming before the Board. Each Board member may appoint an alternate to vote in his or her absence. A quorum of four (4) Board members present shall be required for any vote. Members of the Board may not grant proxies for any vote.

3. Chairperson. The Board shall have a Chairperson who will be selected and have duties as defined below:

   a. The Chairperson shall be selected at the first regularly scheduled meeting of each new year.

b. All Chairpersons shall be selected by the Board using a nomination and voting process.

c. Nomination for the position of Chairperson shall be taken from Board members. The Chairperson shall be selected based upon the simple majority vote of Board members. Should the Board fail to elect a Chairperson at the first regularly scheduled meeting of the new year, Seattle shall designate one of the SPU members to be the Acting Chairperson until such time as the Board elects a Chairperson.

d. The Chairperson shall have the responsibility to call meetings, determine the agenda and preside over meetings. In the absence of the Chairperson, for whatever reason, Seattle shall designate one of the SPU members to be the Acting Chairperson for that meeting. The Chairperson shall also act as the spokesperson for the Board and liaison between the Administrator and the then current Seattle City Council's Committee that considers matters related to Seattle Public Utilities.

4. Schedule/Procedures/Bylaws. The Board shall adopt a regular meeting schedule and notify all Wholesale Customers of the schedule. The Operating Board may adopt its own internal procedures and Bylaws. The latest edition of Roberts Rules of Order shall, in the absence of agreement by the Operating Board on procedural matters, govern all meetings and votes of the Operating Board.

5. Reporting. The Board will provide reports to the Wholesale Customers, SPU and to the appropriate Seattle City Council Committee, on its decisions and recommendations in a timely manner.

6. Responsibilities and Authority of the Board. The Operating Board shall have only those powers and authorities specifically and explicitly established by the clear terms of this Contract.

7. Expenses. The Board shall be authorized to incur reasonable expenses which will be allocated by the Board to either or both of the New Transmission or New Supply Cost Pools.

EXHIBIT V

FACILITIES CHARGES

A. Methodology to Calculate ERU Charges

The ERU Charge is:

- the flat annual debt service payment required to finance the New Supply or New Transmission Facility for the lesser of (i) the facility life or (ii) the period over which new demand is projected to fully utilize the facility's projected supply or transmission capacity

- divided by -

- the average annual number of new ERUs of demand expected in each year.

Seattle's Average Cost of Debt at the time the facility is put into service shall be used to determine the flat debt service payment above. In the event that several New Supply or New Transmission Facilities are put into service simultaneously, the facilities may be considered together as providing a total new supply or new transmission capacity for a total construction cost.

Example: A New Supply Facility costing $100 million is built with a projected total capacity of 100,000 ERUs and a 50-year facility life. Growth of 5,000 ERUs per year is projected over the next 20 years, so the facility is projected to be supplying its full capacity in 20 years. If this facility were financed over 20 years at Seattle's Average Cost of Debt of 6% interest, the flat annual debt service payment would be $8.7 million and the ERU Charge would be $1,740 (8,700,000/5,000).

At the time a subsequent New Supply or New Transmission Facility is put into service, but the capacity of a prior New Supply Facility has not yet been fully utilized, an ERU Charge for the subsequent facility shall be calculated separately according to the formula above, then averaged with the then-current ERU Charge from the prior facility. This average shall be weighted by the remaining number of ERUs at the then-current ERU Charge and the number of new ERUs being added at the new ERU Charge. This weighted average shall be the new ERU Charge, and the number of ERUs available at that weighted ERU Charge shall be the sum of the remaining ERUs for the prior facility plus the number of new ERUs for the subsequent facility.

Example: 10 years ago, a $100 million New Supply Facility was constructed that can supply 100,000 ERUs. 50,000 ERUs remain at the ERU Charge of $1,740. This year, we construct a New Supply Facility costing $70 million and a 50-year facility life, with a projected capacity of 40,000 ERUs that is projected to be fully utilized in 10 years. The ERU Charge of the subsequent New Supply Facility alone using the formula above is $2,375. The weighted average ERU Charge for any of the 90,000 available ERUs is $2,022 (50,000 * $1,740 + 40,000 * $2,375) / 90,000).

B. ERU Factors by Connection Size

Connection Size	ERU Factors
1” and smaller	1.12
1 1/2"	5
2”	8
3”	22
4”	31
6”	66
8”	112
10”	169
12”	238

ERU Proving Methodology

The size of the retail water service connection used to serve a retail customer depends upon both the total demand and the instantaneous flow required by that retail customer. For this reason, connection size is only a general indicator of the annual demand placed on water supplies by any particular retail customer.

EXHIBIT VI

REGIONAL FACILITIES

I. Existing Regional Facilities

1. Cedar Source

- All roads, buildings, structures, water supply facilities, other equipment and infrastructure, recreational and educational facilities, downstream habitat enhancement, fisheries enhancement and mitigation facilities located within or close to the Cedar River Hydrographic Watershed boundary as defined by Seattle land ownership or other contractual rights, including the land itself, and any capitalized or amortized studies or obligations related to the above. Excepted are facilities solely owned by Seattle City Light for the purpose of power generation. Facilities shared by Seattle City Light and Seattle Public Utilities shall be part of the Seattle Regional Water Supply System only to the extent of SPU share or responsibility.
- All roads, buildings, structures, water supply facilities, and other equipment and infrastructure located within the Lake Youngs Reservation as defined by Seattle ownership of the land, including the land itself and any capitalized or amortized studies or obligations related to the above.
- All facilities, structures, and other equipment and infrastructure located within the Lake Youngs Aqueduct, the Landsburg Tunnel, and the Lake Youngs Supply Lines right-of-way, including the right-of-way itself.

2. Tolt Source

- All roads, buildings, structures, water supply facilities, other equipment and infrastructure, recreational and educational facilities, downstream habitat enhancement, fisheries enhancement and mitigation facilities located within or close to the South Fork Tolt River Hydrographic Watershed boundary as defined by Seattle land ownership or other contractual rights, including the land itself, and any capitalized or amortized studies or obligations related to the above. Excepted are facilities solely owned by Seattle City Light for the purpose of power generation. Facilities shared by Seattle City Light and Seattle Public Utilities shall be part of the Seattle Regional Water Supply System only to the extent of SPU share or responsibility.
- Tolt Pipeline No. 1, from the Tolt Regulating Basin to the outlet of the Tolt Treatment Facility, including any transfer and ancillary small diameter parallel pipes.
- Tolt Pipeline No. 2, from the Tolt Regulating Basin to the inlet of the Tolt Treatment Facility, including any transfer and ancillary small diameter parallel pipes, and including the connection to Tolt Pipeline No. 1 (a.k.a. TPL2 Phase 6b).
- Tolt Treatment Facility, including its outlet line up to the connection to Tolt Pipeline No. 1.

3. Seattle Wellfields (formerly known as Highline Wells)

- Riverton Wells, including all pumping and treatment equipment, original yard piping, to the connection to CRPL4, and the low flow piping to Riverton Reservoir.

- Boulevard Well, including all pumping and treatment equipment, and all piping up to the connection to CRPL4.
- Any facilities related to operation of the Seattle Wellfields, such as for streamflow augmentation or mitigation.

4. Other

- GIS Projects related to facilities identified herein as part of the Seattle Regional Water Supply System.
- Hardware and Software projects related to facilities identified herein as part of the Seattle Regional Water Supply System.

5. Pipelines

- Tolt Pipeline No. 1, from the outlet pipeline of the Tolt Treatment Facility to Lake Forest Reservoir, including any transfer and ancillary small diameter parallel pipes.
- Tolt Pipeline No. 2, where constructed, west of the outlet of the Tolt Treatment Facility (a.k.a TPL2 Phases 1, 2, 3, and 4), including any transfer and ancillary small diameter parallel pipes.
- Tolt Tieline.
- Tolt Eastside Supply Line (from TESS Junction to the intersection of SE 16th Street and 145th Place SE).
- Tolt Eastside Line Extension (from the intersection of SE 16th Street and 145th Place SE to Eastside Reservoir).
- The 550 head Pipeline from Maple Leaf Reservoir to Lake Forest Reservoir, sections of which also known as "The Haller Lake Pipeline", and "The 195th Street Pipeline".
- Lake Youngs Bypass No. 4 from the outlet of each of the Cedar Treatment Facility clearwells to Control Works, including Flow Control Facility 4.
- Lake Youngs Bypass No. 5 from the outlet of each of the Cedar Treatment Facility clearwells to the Lake Youngs Tunnel, including Flow Control Facility 5.
- The Lake Youngs Tunnel (from the original lake outlet to Control Works).
- The Maple Leaf Pipeline (from the intersection of 18th Avenue E. and E. Prospect Street to Maple Leaf Reservoir).
- Cedar River Pipeline No. 1 (CRPL1) from Control Works to the 24-inch remote controlled valve (a.k.a. "The CRPL1 to CRPL2 Valve" in the vicinity and east of Beacon Reservoir (primarily 66-inch pipeline).
- The primarily 54-inch Pipeline known as "The Old Cedar River Pipeline No. 2", from the 24-inch remote controlled valve (a.k.a. "The CRPL1 to CRPL2 Valve") in the vicinity of Beacon Reservoir to the intersection of 18th Avenue E and E Prospect Street.
- Cedar River Pipeline No. 2 (CRPL2) from Control Works to the 20-inch butterfly valve (a.k.a. "The CRPL2 to CRPL1 Valve") in the vicinity and east of Beacon Reservoir (primarily 54-inch pipeline).
- The primarily 42-inch pipeline known as "The Old Cedar River Pipeline No. 1", from the 20-inch butterfly valve (a.k.a. "The CRPL2 to CRPL1 Valve") in the vicinity and east of Beacon Reservoir to the intersection of 12th Avenue and E Olive Street.
- The short pipeline sections of various diameters in the vicinity and east of Beacon Reservoir connecting CRPL1, CRPL2, Old CRPL1 and Old CRPL2.

- Cedar River Pipeline No. 3 from Control Works to the intersection of 18th Avenue E. and E. Prospect Street (primarily 66-inch).
- 30" intertie pipeline between "The Old CRPL1" and CRPL3 in E Olive Street, from 12th Avenue to 18th Avenue.
- The interconnections between the Maple Leaf Pipeline, Cedar River Pipeline No. 3, and the Old Cedar River Pipeline No. 2 in the vicinity of the intersection of 18th Avenue E and E Prospect Street.
- Cedar River Pipeline No. 4 from Control Works to the West Seattle Pipeline.
- West Seattle Pipeline from Augusta Gatehouse to Cedar River Pipeline 4.
- The interconnections between the Cedar River Pipelines 1, 2, and 3 in the vicinity of 51st Avenue S and S Leo Street.
- Cedar Eastside Supply Line (from the Cedar Wye to the intersection of SE 16th Street and 145th Place SE).
- The 8th Avenue S. Pipeline between S. 146th Street and S. 160th Street.
- The Bow Lake Pipeline (between 8th Avenue S. and CRPL 4, and as relocated outside runways at Seatac Airport).
- The Burien Feeder (in S. 146th Street between 8th Avenue S. and CRPL 4).
- The Fairwood Line (between Fairwood Pump Station and Soos Reservoirs).
- The 24-inch discharge pipeline of Lake Youngs Pump Station up to Soos Reservoirs.
- The 12-inch discharge pipeline of Lake Youngs Pump Station up to Soos Reservoirs.
- The 630 head pipeline between Lake Youngs Pump Station and the Cedar River WSD pump station at the eastern boundary of the Lake Youngs Reservation.

6. Reservoirs

Reservoirs, Tanks, and Standpipes, including overflow pipes, all valves, appurtenances, and disinfection facility located on the premises of each storage facility, unless otherwise noted

- Lake Forest Reservoir
- Eastside Reservoir
- Riverton Reservoir
- Maple Leaf Reservoir (excluding Roosevelt Way Pump Station and its suction and discharge piping, Maple Leaf Tank and 520 zone piping, except where solely serving the disinfection facility)
- Soos Reservoirs

7. Pump Stations

Pump Stations, Major Valve Structures, and other transmission Facilities

- Eastgate Pump Station
- TESS Junction Pump Station
- Lake Hills Pump Station
- Maplewood Pump Station
- Maple Leaf Pump Station
- Bothell Way Pump Station
- Fairwood Pump Station
- Lake Youngs Pump Station

- The Control Works
- Augusta Gatehouse
- Duvall Shops

8. Service Connections to Wholesale Customers installed before January 1, 2002, and Service Connections assigned to the Existing Regional System Cost Pool pursuant to Section III.E.1., are part of the Existing Regional Facilities. Unless otherwise identified as regional, Service Connections to Wholesale Customers installed after December 31, 2001 shall not be considered Existing Regional Facilities.

9. The Existing Regional Facilities include all necessary and convenient appurtenances, including, but not limited to, rights of way, land ownership or contractual rights to use, e.g. easements, security infrastructure, dewatering facilities, line valves, system meters, and remote automation devices.

II. New Supply Facilities

1. Regional Water Conservation Program. The capitalized or deferred cost of the Regional Water Conservation Program, which generally consists of rebate programs for customers to upgrade fixtures or equipment to more efficient models

III. New Transmission Facilities

[Reserved.]

EXHIBIT VII

SUBREGIONAL FACILITIES AND ALLOCATIONS

I. Eastern Subregion

A. List of Eastern Subregional Facilities

SEGMENT 1
(Cascade, Mercer Island, and Seattle)

1. The portion of the of the original Mercer Island Pipeline from the tee off the Cedar Eastside Supply Line in Factoria Boulevard SE to the west flange of the main line tee at the east end of the 16-inch Mercer Slough Bridge Pipeline (30-inch).

SEGMENT 2
(Cascade, Mercer Island, and Seattle)

l. The portion of the of the original Mercer Island Pipeline from the west flange of the main line tee at the east end of the 16-inch Mercer Slough Bridge Pipeline to the west flange of the 20-inch valve west of the wye to the East Channel Bridge Pipeline (30-inch).
2. The entire 16-inch Mercer Slough Bridge Pipeline (16-inch).
3. The portion of the East Channel Bridge 16-inch Pipeline, from the wye off item 1 of Segment 2 above to the north flange of the 16-inch line valve, including the valve bypass line.

SEGMENT 3
(Mercer Island and Seattle)

1. The portion of the original Mercer Island Pipeline from the west flange of the 20-inch valve west of the Enatai service to Bellevue to the west flange of the tee for the Shorewood Apartments service on Mercer Island (20-inch across the East Channel, 24inch on Mercer Island).
2. The 16-inch East Channel Bridge Pipeline, except for the portion listed as item 3 of Segment 2 above.

SEGMENT 4
(Mercer Island only)

1. The portion of the original Mercer Island Pipeline from the west flange of the tee for the Shorewood Apartments service on Mercer Island to the west end of the original Mercer Island pipeline near SE 43rd Street & 89th Ave SE on Mercer Island (24-inch).

The facilities include the appurtenance of these transmission facilities including but not limited to rights of way, line valves, system meters and remote automation devices.

B. Allocation of Costs in the Eastern Subregional Cost Pool

In each year, the costs of each Eastside Subregional Facility shall be allocated by the segments identified in Section I.A above based on Peak 7 Day flows through each segment. In the event that Peak 7 Day flow data is not available, Peak Month flows may be substituted. The annual cost of each segment is adjusted by the annual utility basis cost of the following initial amounts, amortized over 50 years starting in 1998.

Segment 1:	$73,157.01 increase
Segment 2:	$1,296,845.17 decrease
Segment 3:	$136,782.17 increase
Segment 4:	$72,442.13 increase

Seattle shall establish a common rate for each Eastside Subregional segment that recovers the costs allocated to that segment plus any costs allocated from preceding segments to downstream segments based on the flow data used. Wholesale Customers served by Eastern Subregional Facilities as may be identified in Exhibit I will pay the applicable segment rates for every unit of water delivered to the Service Connection(s), or in Seattle's case to the retail connection, on the identified segment, e.g. Service Connections on Segment 3 would pay the rate for Segment 3, which rate would recover costs allocated from Segments 1, 2 and 3.

Seattle will track running balances and actual costs and actual revenues for each segment within the Eastside Subregional Cost Pool and shall true up each segment in a manner consistent with Section IV.H, except that Seattle may adjust the running balances between Segments 3 and 4 for a Wholesale Customer served by both Segments as follows:

Seattle will track the portion of surplus or deficit balance created by each Wholesale Customer, including Seattle, in Segment 3 based on the percentage of revenues paid by each. If there is a surplus balance for Segment 3, Seattle may transfer all or a portion of the surplus created by the Wholesale Customer served by both Segments to reduce a running deficit balance for Segment 4 and credit Seattle for a proportionate share of the Segment 3 surplus. If there is a surplus balance for Segment 4, Seattle may transfer all or a portion of the surplus in Segment 4 to reduce the portion of a running deficit balance in Segment 3 created by the Wholesale Customer served by both Segments and charge Seattle for a proportionate share of the Segment 3 deficit balance.

II. Southwestern Subregion

A. List of Southwest Subregion Transmission Facilities

585 ZONE FACILITIES

Pipelines

1. The discharge pipeline of Burien Pump Station, from the pump station to Ambaum Boulevard SW.
2. The pipeline in 8 Ave SW from SW Kenyon Street to SW 108 Street.

3. The discharge pipeline of Highland Park Pump Station to SW 108th Street.
4. The 585 Pipeline in SW 108th Street between 4th Avenue SW and 12th Avenue SW.
5. The 585 head Pipeline in 4th Avenue SW between SW 108th Street and SW 146th Street.
6. The 585 Pipeline in 12th Avenue SW and Ambaum Boulevard SW between SW 108th Street and SW 146th Street.
7. The 585 Pipeline in Ambaum Boulevard SW between SW 146th Street and SW 149th Street.
8. The 585 pipeline in SW 149th Street between Ambaum Boulevard SW and 14th Avenue SW.
9. The 585 pipeline in 12 Ave SW from SW 108 Street to SW 106 Street.
10. The discharge of the Trenton Turbines pump station within the West Seattle Reservoir property, and up to SW Cloverdale Street.
11. The 585 pipeline in 5 Ave SW from SW Cloverdale Street to SW Kenyon Street.
12. The 585 pipeline in SW Kenyon Street from 5 Ave SW to 8 Ave SW.
13. The 585 pipeline in SW Kenyon Street from 8 Ave SW to 35 Ave SW.
14. The 585 pipeline in 35 Ave SW from SW Kenyon Street to SW Myrtle Street.
15. The 585 pipeline in SW Myrtle Street from 35 Ave SW to Myrtle Tanks.

Pump Stations

1. Burien Pump Station, including its suction line from the 24-inch tee to the pump station.
2. Highland Park Pump Station, including its suction line from the tee off the 42-inch West Seattle Reservoir inlet-outlet line to the pump station.
3. Trenton Turbines Pump Station, including the suction/supply line from the pump station to the 36x36x20 tee.

Tanks

l. Beverly Park Tank, and all associated appurtenances and connections to the 585 zone.

2. Myrtle Tanks, and all associated appurtenances and connections to the 585 zone.

WEST SEATTLE RESERVOIR FACILITIES

l. The reservoir Gate House, except for the West Seattle Low Service Pump Station.
2. All reservoir appurtenances, including but not limited to the reservoir drain, washout, and overflow pipelines.
3. The reservoir bypass from the tee off the West Seattle Pipeline to the reservoir easterly outlet pipeline.

WEST SEATTLE PIPELINE FACILITY

From the connection to Cedar River Pipeline No. 4 to the West Seattle Reservoir Gate House.

DES MOINES WAY PIPELINE FACILITIES

1. From the connection to the Bow Lake Pipeline as relocated outside Seatac Airport, to S 168 Street.
2. South 168 Street to the terminus of the pipeline near S 208 Street.

MILITARY ROAD FEEDER FACILITY

THE EAST MARGINAL WAY FEEDER FACILITY

From the West Seattle Pipeline to S 115 Street, including pressure reducing and pressure relief facilities from the West Seattle Pipeline to that feeder.

The facilities include the appurtenance of these transmission facilities including but not limited to rights of way, line valves, system meters and remote automation devices.

B. Allocation of Costs in the Southwest Subregional Cost Pool

In each year, the cost of each Southwest Subregional Facility identified in Section II.A above shall be allocated between the Seattle Retail Distribution System and Wholesale Customers served by the Southwest Subregional Facilities as may be identified in Exhibit I as a group based on the following agreed upon allocations to the Wholesale Customers:

FACILITY	Allocation to Wholesale Customers
585 Zone	50%
West Seattle Reservoir	10%
West Seattle Pipeline	22%
Des Moines Way Pipeline	100%
Military Road Feeder	100%
East Marginal Way Feeder	100%

Wholesale Customers served by the Southwest Subregional Facilities shall pay a uniform rate to recover the costs from the Southwest Subregional Cost Pool allocated to the Wholesale Customers. This rate shall apply to every unit of water delivered to a Wholesale Customer served by Southwest Subregional Facilities without regard to the specific location at which that water was delivered. Actual costs and actual revenues for the Southwest Sub-region shall be trued up in a manner consistent with Section IV.H.

III. Renton Subregion

A. List of Renton Subregional Facilities

The 12-inch pipelines, from the outlets off the CRPLs l, 2, and 3 up to the south wall of the SPU meter vaults in Logan Avenue South.

B. Allocation of Costs in the Renton Subregional Cost Pool

In each year, the cost of all Renton Subregional Facilities shall be allocated to the Wholesale Customer(s) served by the Renton Subregional Facilities as may be identified in Exhibit 1.

The Wholesale Customer(s) served by the Renton Subregional Facilities shall pay either a rate established by Seattle or a lump sum, to recover the costs allocated to the Renton Subregional Cost Pool. The rate shall apply to every unit of water delivered to Wholesale Customer(s) served by the Renton Subregional Facilities. The parties may agree to a payment agreement for a lump sum pursuant to Section VII.A.

EXHIBIT VIII

INDEX O&M COST CATEGORIES

The following cost categories as may be amended further from time to time, that capture the portion of O&M Costs to support Seattle Regional Water Supply System only shall be used as the Index O&M Costs in the Existing Regional System, New Supply and New Transmission Cost Pools.

1. Existing Regional System Cost Pool

    - Cedar, Tolt, and Lake Youngs Watersheds, including but not limited to
        - Infrastructure and land: buildings, equipment, pipelines, security, roads, bridges, communication, IT
        - Forest management, ecological management including ecological thinning net of timber sales revenue
        - Dam safety
        - Limnology
        - Costs to comply with external requirements such as those imposed by Ecology, Tribes, FERC
        - Management of the public, Patrols, Recreation
        - Fire Protection including Wildland Fire Teams
    - Transmission
        - Infrastructure and land: buildings, equipment, pipelines, security, roads, bridges, communication, IT, for the Pipelines, reservoirs, pump stations, major valve structures, and other transmission facilities as listed in Exhibit VII
        - Vegetation Management
        - Litter and vehicle removal
        - Property costs including Fire Protection, permits, easements, and franchise fees
    - Treatment
        - Infrastructure and land: buildings, equipment, pipelines, security, roads, bridges, communication, IT
            - Cedar Treatment Plant
            - Tolt Filtration Facility
            - Landsburg Treatment Facility
            - Other treatment in the Seattle Regional Water Supply System
        - Water Quality Testing for tests described in Section II.D.6.
    - Regional planning
        - Water rights
        - Climate as it pertains to water supply or infrastructure in the Seattle Regional Water Supply System

2. New Supply Cost Pool
    - The Regional Water Conservation Program
    - Operating Board expenses, if allocated

3. New Transmission Cost Pool
    - [Reserved]

EXHIBIT IX

STRANDED AND AVOIDED COSTS

1. General Provisions

Within 30 days of receipt of a Notice to reduce or terminate Water Utility's Purchase Commitment under Section II.B.5.a, Seattle shall send a written notice to Water Utility, with a copy to the Operating Board, defining the amount of the reduction or termination that results in aggregate Water Utility reductions under this Contract that is in excess of the Water Utility's total Automatically Allowed Reduction, and providing an annual schedule of the Preliminary Net Stranded Cost, or Preliminary Net Billing Credit, if applicable, calculated pursuant to the methodology in Section 2 below using the available documented information as of the time of the Notice. If any reduction by Water Utility results in it having aggregate reductions greater than 5% of the average purchases from Seattle for the most recent five years but less than or equal to its Automatically Allowed Reduction, the Stranded Cost for the portion above 5% will be paid by Seattle, through annual Stranded Cost payments as calculated below. Note: This basis for Seattle payments will apply both to Regional Stranded Cost calculations and to Subregional Stranded Cost calculations, as further defined below.

On or before 180 days prior to the effective date of the Notice under Section II.B.5.b, Seattle shall send a written notice to Water Utility, with a copy to the Operating Board, providing a revised schedule of the Final Net Stranded Cost, or Final Net Billing Credit, if applicable, calculation pursuant to the methodology in Section 2 below using the available documented information as of 180 days prior to the effective date of the Notice under Section II.B.5.b which may reflect appropriate adjustments for changed circumstances during the Notice Period, as well as a calculation of any Stranded Cost obligation to be met by Seattle, as defined above.

The Final Net Stranded Cost, or Final Net Billing Credit, if applicable, will be the payment, or credit, if applicable, required pursuant to Section II.B.5.c. Water Utility will pay the Final Net Stranded Cost, or agree to a schedule of payments with equivalent discounted present value, or receive the Final Net Billing Credit, if applicable, on or before the effective date of the Notice under Section II.B.5.b.

If Water Utility is reducing its Purchase Commitment and will remain a Wholesale Customer, the parties may mutually agree to a payment schedule agreement to pay the Final Net Stranded Cost pursuant to Section VII.A of the Contract.

For rate smoothing or financial performance purposes, Seattle, in consultation with the Operating Board, may select which cost pool the revenues are applied to and whether or not to delay revenue recognition to future years.

In the event that Seattle acquires a new wholesale customer or a new block wholesale customer, or extends the size of the block contract to Cascade Water Alliance or other existing block wholesale

customer, these new regional sales will reduce prior demand reductions that are subject to Stranded Costs as follows: i) adjustments to prior reductions will be effective for all remaining years of the Contract, beginning with the first year of the new sales; ii) new customer sales or additional block sales amounts will be assigned to past Wholesale Customer demand reductions in order of their effective dates; iii) if the new sales amount is greater than the size of the first-in-time prior demand reduction, the remainder will be applied to the next-in-time demand reduction, and so on until either the new sales amount is exhausted or all prior reductions have been reduced to zero. In such cases, the schedule(s) of Water Utility's Annual Stranded Costs for remaining years will be reduced proportionately or entirely as the case may be, and Water Utility will pay the reduced amount from that year forward or, if it has made a prior payment in excess of its Annual Stranded Costs, it will receive a credit of equivalent present value.

2. Stranded and Avoided Cost Methodology

A. **Annual Regional Stranded Costs and Annual Regional Avoided Costs**: Seattle will first calculate Annual Regional Stranded Costs, and Annual Regional Avoided Costs, if applicable, for each year beginning with the first year Water Utility's reduction or termination of its Purchase Commitment is effective through the last year of the current Contract term using the formula below. Seattle will use the most up to date and available documented information from its then current Water System Plan, or annual plans and statements including financial and accounting statements, official demand forecasts, etc. for all the projections required in the methodology i) as of the date of the Notice for the Preliminary Net Stranded Costs, or Preliminary Net Billing Credit, if applicable; and ii) as of 180 days prior to the effective date of the Notice for the Final Net Stranded Costs or Final Net Billing Credit, if applicable.

Annual Regional Stranded Costs for Year X = [DEP + NBV*RORI + FOC] * Share

where:

- **DEP** - the projected annual depreciation for the Regional Facilities as of the effective date of the Notice of the reduction or termination of Water Utility's Purchase Commitment for year X,
- **NBV** - the projected Net Book Value of the Regional Facilities as of the effective date of the Notice of the reduction or termination of Water Utility's Purchase Commitment for year X,
- **RORI** - the Rate of Return on Investment in effect at the time of the calculation (remains constant for all years),
- **FOC** - the projected fixed portion of the Annual O&M Costs for year X, calculated as the Annual O&M Costs for the first year after the Effective Date ("year 1") (i.e. Annual O&M Costs in year 1 * 90% , which represents a deduction of an agreed upon amount for variable operations costs that are reduced in proportion to Water Utility's reduction or termination and therefore not included as Stranded Costs in the methodology), and escalated at 2.5% per year for each of the remaining years' calculations through year X.
- **Share** - the amount of Water Utility's reduction or termination in excess of its Automatically Allowed Reduction, divided by the projected total Wholesale Customer demand for year X, multiplied by the total Wholesale Customer share of revenue requirements for year X (i.e. (Firm yield – block contract demand)/Firm yield). For this calculation, block demand priced at Wholesale Customer rates shall be considered Wholesale Customer demand.

Annual Regional Avoided Costs for Year X = [DSN + NOC] * NSS

where:

DSN - The projected annual debt service payment for year X of 30-year debt at the then current Seattle Average Cost of Debt to finance the full cost of any New Supply Facility deferred by the reduction or termination, based on the then most current Seattle Water System Plan,

NOC – The projected operations cost for year X for the SPU New Supply Facility, escalated at 2.5% per year from the first year through the end of the contract period, and

NSS - The New Supply Share, defined as the ratio of the Water Utility's reduction in demand divided by the projected design capacity of the deferred New Supply Facility, as measured by average daily demand (ADD).

B. Annual Subregional Stranded Costs: If Water Utility is served by Subregional Facilities, Seattle will calculate Annual Subregional Stranded Costs for each year beginning with the first year

Water Utility's reduction or termination of its Purchase Commitment is effective through the last year of the Contract term using the formula below.

Annual Subregional Stranded Costs for Year X = [SRDEP + SRNBV*RORI + SRFOC] * SRShare

where:

- **SRDEP** - the projected annual depreciation for the Subregional Facilities for year X
- **SRNBV** - the projected Net Book Value of the Subregional Facilities for year X,
- **RORI** - the Rate of Return on Investment in effect at the time of the calculation (remains constant for all years),
- **SRFOC** - the projected fixed portion of the Annual O&M Costs for year X, calculated as the Annual O&M Costs for the first year after the Effective Date ("year 1") (i.e. Annual O&M Costs in year 1 * 90% , which represents a deduction of an agreed upon amount for variable operations costs that are reduced in proportion to Water Utility's reduction or termination and therefore not included in the methodology), and escalated at 2.5% per year for each of the remaining years' calculations through year X.
- **SRShare** - the amount of Water Utility's reduction or termination divided by the projected total Subregional demand for year X in the relevant subregion.

C. Totaling the Stranded Costs or Avoided Costs for all years: Seattle will then calculate the Net Stranded Costs or Net Billing Credit, if applicable, as follows by discounting each year of Annual Regional Stranded Costs and Annual Regional Avoided Costs (except year 1) and Annual Subregional Stranded Costs (if any, and except year 1) to its present value and then adding the first year and each of the discounted remaining years of the Annual Regional Stranded Costs; and subtracting first year and each of the discounted remaining years of the Annual Avoided Costs, if applicable; and adding the first year and each of the discounted remaining years of the Annual Subregional Stranded Costs, if any. If the difference is positive, a total Final Net Stranded Cost Payment is due from Water Utility and will reflect any applicable offset from Annual Avoided Costs. If the difference is negative, a total Final Net Billing Credit will be due from Seattle to Water Utility.

Net Stranded Cost (or Net Billing Credit if negative) =

Annual Regional Stranded Cost(1) – Annual Regional Avoided Cost(1) + Annual Subregional Stranded Cost(1) +

[Annual Regional Stranded Cost (2) – Annual Regional Avoided Cost (2)+ Annual Subregional Stranded cost (2)]*Discount Factor(2) +

…calculated for each year from 3 to n (see Illustrative Example of Annual Stranded & Avoided Cost Calculation)… +

[Annual Regional Stranded Cost(n) -Annual Regional Avoided Cost(n) + Annual Stranded Subregional Cost(n), if applicable]*Discount Factor(n)

where:

- Annual Regional Stranded Cost(1) – the Annual Regional Stranded Cost in the first year the reduction or termination is in effect,
- Annual Regional Avoided Cost(1) – the Annual Avoided Cost in the first year the reduction or termination is in effect,
- Annual Subregional Stranded Cost(1) – the Annual Subregional Stranded Cost in the first year the reduction or termination is in effect,
- Annual Regional Stranded Cost(2) - the Annual Regional Stranded Cost in the second year the reduction or termination is in effect,
- Annual Regional Avoided Cost(2) – the Annual Avoided Cost in the second year the reduction or termination is in effect,
- Annual Subregional Stranded Cost(2) – the Annual Subregional Stranded Cost in the second year the reduction or termination is in effect,
- Discount Factor(2) - the factor for discounting costs in the second year by one year, deemed to be the Annual O&M Cost escalation plus 2.5%.
- Annual Regional Stranded Cost(n) - the Annual Regional Stranded Cost in the last year of the Contract term, deemed to be the Annual O&M Cost escalation plus 2.5%,
- Annual Regional Avoided Cost(n) - the Avoided Cost in the last year of the Contract term,
- Annual Subregional Stranded Cost(n) - the Annual Subregional Stranded Cost in the last year of the Contract term, and
- Discount Factor(n) is the multiplied factor for discounting costs in the last year of the Contract term back to the first year the reduction is in effect, deemed to be the Annual O&M Cost escalation plus 2.5% per year, with the calculation including each of the years of the Contract term.

Illustrative Example of Annual Stranded & Avoided Cost Calculation: Reduction of 1.0 mgd (Million Gallons/Day) of Demand, not in a Subregion		
Annual Cost for 1 Year (2030)		
Projected Annual Depreciation	$22 M	
Projected Net Book Value	$400 M	
RORI	6.0%	
Total Annual Capital Costs	$22 M + ($400M*6%) = $46 M	$46 M
Projected Annual O&M Cost in Year 1	$60 M	
Projected Fixed Operations Costs (FOC) in Year 1	$60 M*.90	$54 M1
Total Annual Regional System Cost	$46 M + $54 M = $100 M	**$100 M**
Share of Annual Cost Associated with Reduction		
Regional System Firm Yield	172 mgd	
Block Contracts Portion of Firm Yield2	34.4 mgd	
Wholesale Customer plus Cascade Supplemental Block Share of Annual Revenue Requirements[3]	(172 – 34.4)/172 mgd = **80%**	
Wholesale Customer Forecasted Demand plus Cascade Supplemental Block	**100 mgd**	
Water Utility's Reduction	**1 mgd**	
Water Utility's Share of Wholesale Customer plus Cascade Supplemental Block Demand associated with Reduction	80% * (1.0/100) = 0.80%	**0.80%**
Annual Stranded Cost		
Water Utility's Share = Annual Stranded Cost (2030)	0.80% * $100 M = $800,000	**$800,000**
Annual Regional Avoided Cost, New Supply (beginning 2055)		
New Supply Facility (2055 Cost)	$600 M	
New Supply Facility Financing	30 years, 4% interest => $34.7 M/yr	
New Supply Facility O&M Cost in 2055	$8.5 M[4]	
New System Supply Capacity	24 mgd	
Water Utility's Avoided Supply Share ***(beginning in 2055)***	(1.0/24.0)*($34.7 M + $8.5 M)=$1.80M	**$1,800,000**

[1] Each Year X after Year 1, the projected FOC will be escalated at 2.5%.

[2] As of the Effective Date of this Contract, includes Cascade (Base Block only, not Supplemental Block) and Northshore Utility District block contract demand in each Year X at the full amount of their Blocks.

[3] Cascade's Supplemental Block is priced at the same regional rate paid by Wholesale Customers and is therefore included with Wholesale Customer demand at its full Supplemental Block size.

[4] Each Year X after 2055, the projected NOC will be escalated at 2.5%.

Total Present Value of Annual Stranded Costs and Avoided Costs for a 1.0 mgd (Million Gallons/Day) Reduction Beginning in 2030, Reducing New Supply Needs in 2055

Year	Annual Stranded Cost ($000)	Annual Avoided Cost ($000)	Annual Net Cost or Credit	PV of Stranded & Avoided Costs ($000)
2030	**$800**	**$0**	**$800**	**$800**
2031	$796	$0	$796	$758
2032	$792	$0	$792	$718
2033	$788	$0	$788	$681
2034	$784	$0	$784	$645
2035	$780	$0	$780	$611
2036	$776	$0	$776	$579
2037	$772	$0	$772	$549
2038	$768	$0	$768	$520
2039	$764	$0	$764	$492
2040	$760	$0	$760	$467
2041	$768	$0	$768	$449
2042	$776	$0	$776	$432
2043	$784	$0	$784	$416
2044	$792	$0	$792	$400
2045	$800	$0	$800	$385
2046	$808	$0	$808	$370
2047	$816	$0	$816	$356
2048	$824	$0	$824	$342
2049	$832	$0	$832	$329
2050	$840	$0	$840	$317
2051	$850	$0	$850	$305
2052	$860	$0	$860	$294
2053	$870	$0	$870	$283
2054	$880	$0	$880	$273
2055	$890	**$1,800**	**($910)**	**($269)**
2056	$900	**$1,809**	**($909)**	**($256)**
2057	$910	**$1,818**	**($908)**	**($243)**
2058	$920	**$1,827**	**($907)**	**($231)**
2059	$930	**$1,837**	**($907)**	**($220)**
2060	$940	**$1,846**	**($906)**	**($210)**
2061	$950	**$1,856**	**($906)**	**($200)**
Total Net Stranded Cost				**$10,143**

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Seattle Public Utilities	Terri Gregg	Akshay Iyengar

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to Seattle Public Utilities; authorizing the General Manager/Chief Executive Officer of Seattle Public Utilities to execute the First Amended and Restated Contract between The City of Seattle and its long-term, full and partial requirements contract holders for the supply of water; authorizing the withdrawal of funds from the Water Fund Revenue Stabilization Subfund; providing budget authority to use such funds to provide payments to Water Utilities as required under the proposed contracts; amending Ordinance 127156, which adopted the 2025 Budget, including the 2025-2030 Capital Improvement Program; changing appropriations to various departments and budget control levels, and from various funds in the Budget; imposing a proviso; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

Summary and Background of the Legislation:
Seattle Public Utilities serves 16 cities and water districts under long term wholesale water contracts signed in 2001 and 2011. These contracts have periodic reopeners to amend certain portions of the contracts, with the current reopener period concluding in 2025.

SPU has completed negotiations with its full and partial requirements contract holders who have agreed to amendments which provide certainty for future water planning through automatic extensions every 10 years. The amendments include stranded cost protections that provide reimbursements by customers if they choose to leave the system when supply is plentiful, and incentives if they leave at a point in the future when the region needs additional supply. Additionally, the contracts were updated to increase flexibility, to respond to changes in the bond market and SPU's financial systems, and to expand authority for the joint Seattle-customer Operating Board over contract administration.

The updated contract is anticipated to result in slightly higher revenues beginning in 2027, once new water rates are adopted. However, the larger impact in the near term is the mechanism used to return past overpayments. Under the current contracts, the $27 million in overpayments that have accumulated primarily since 2018 would be returned in the form of lower rates over 2027-2029.

The amended contract would instead return these as a direct payment in 2025 or 2026, with the timing dependent on when all the customers have signed the amendment. This legislation requests budget authority for 2025, with carry forward to 2026 if unspent in 2025. The direct payment has two advantages: the earlier return to customers avoids accrual of additional interest to be paid be Seattle, and the ability to match the payment with a withdrawal from the Water Fund Revenue Stabilization Subfund (RSF) which itself represents past overpayments.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ **Yes** ☒ **No**

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? ☒ **Yes** ☐ **No**

Expenditure Change ($); General Fund	**2025**	**2026 est.**	**2027 est.**	**2028 est.**	**2029 est.**
	-	-	-	-	-
Expenditure Change ($); Other Funds	**2025**	**2026 est.**	**2027 est.**	**2028 est.**	**2029 est.**
	27,000,000	-	-	-	-

Revenue Change ($); General Fund	**2025**	**2026 est.**	**2027 est.**	**2028 est.**	**2029 est.**
		-	-	-	-
Revenue Change ($); Other Funds	**2025**	**2026 est.**	**2027 est.**	**2028 est.**	**2029 est.**
	-	-	**10,000,000**	**10,000,000**	**10,000,000**

Number of Positions	**2025**	**2026 est.**	**2027 est.**	**2028 est.**	**2029 est.**
	-	-	-	-	-
Total FTE Change	**2025**	**2026 est.**	**2027 est.**	**2028 est.**	**2029 est.**
	-	-	-	-	-

The timing of the expenditure is dependent on when the last of the 16 wholesale water customers sign the amended contract, which could occur in *either* 2025 or 2026. Also, because the contracts require the payment to be made within 60 days of signing, the expenditure cannot simply be delayed until 2026.

3.a. Appropriations

☒ **This legislation adds, changes, or deletes appropriations.**

Fund Name and Number	**Dept**	**Budget Control Level Name/Number**	**2025 Appropriation Change**	**2026 Estimated Appropriation Change**
Water Fund (43000)	Seattle Public Utilities	General Expense (BO-SU-N000B)	$27,000,000	
		TOTAL	**$27,000,000**	

Appropriations Notes: The timing of the expenditure is dependent on when the last of the 16 wholesale water customers sign the amended contract, and this may occur in *either* 2025 or 2026. Also, because the contracts require the payment to be made within 60 days of signing, it cannot simply be delayed until 2026.

3.b. Revenues/Reimbursements

☐ **This legislation adds, changes, or deletes revenues or reimbursements.**

Revenue/Reimbursement Notes: Changes in revenues will occur in 2027 and later as shown in the Financial Implications table.

3.c. Positions

☐ **This legislation adds, changes, or deletes positions.**

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.
All the impacts are described in the summary and shown in Financial Implications table. Specifically, they are:

1. The direct return to customers of up to $27M in past overpayments as an expense in 2025 or 2026. The exact amount will be determined by our financial auditor's final wholesale water cost allocated report for 2024, which is currently in progress.
2. The slightly higher revenues beginning in 2027 once new rates are adopted ($200k/year)
3. The avoided impact of the return of the overpayment on revenues in 2027-2029 ($9.8M/year for three years).
4. The RSF withdrawal to Water Fund operating cash (amount corresponds to the payment in item 1), which would decrease the 2025 year-end RSF balance from $54.1M to $27.1M. This is above the required balance of $9.0M.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.
There are no additional costs.

Please describe any financial costs or other impacts of *not* implementing the legislation.
The impact of not implementing the legislation would be loss of goodwill with wholesale customers that we have negotiated with for 5 years. Seattle would also be giving up on the hard-won stranded cost provisions that are being significantly strengthened by the amendment.

Please describe how this legislation may affect any City departments other than the originating department.
None

4. OTHER IMPLICATIONS

a. Is a public hearing required for this legislation? No

b. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation? No

c. Does this legislation affect a piece of property? No

d. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community. The impact on communities is handled by retail rates and policies within each of the wholesale water customers' service areas. It is not affected by this contract amendment.

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation. N/A

iii. What is the Language Access Plan for any communications to the public? This is a contract between governmental agencies so there is no direct communication with the public.

e. Climate Change Implications

i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response. It is not likely to impact carbon emissions.

ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects. This legislation includes stranded cost provisions, which ensures additional regional water supplies are developed when needed, but not before. This potentially improves resiliency and impacts on the environment.

f. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals? N/A

g. Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization? No

5. ATTACHMENTS

Summary Attachments: None

Amended Wholesale Full and Partial Water Supply Contracts

Seattle City Council

Parks, Public Utilties & Technology Committee

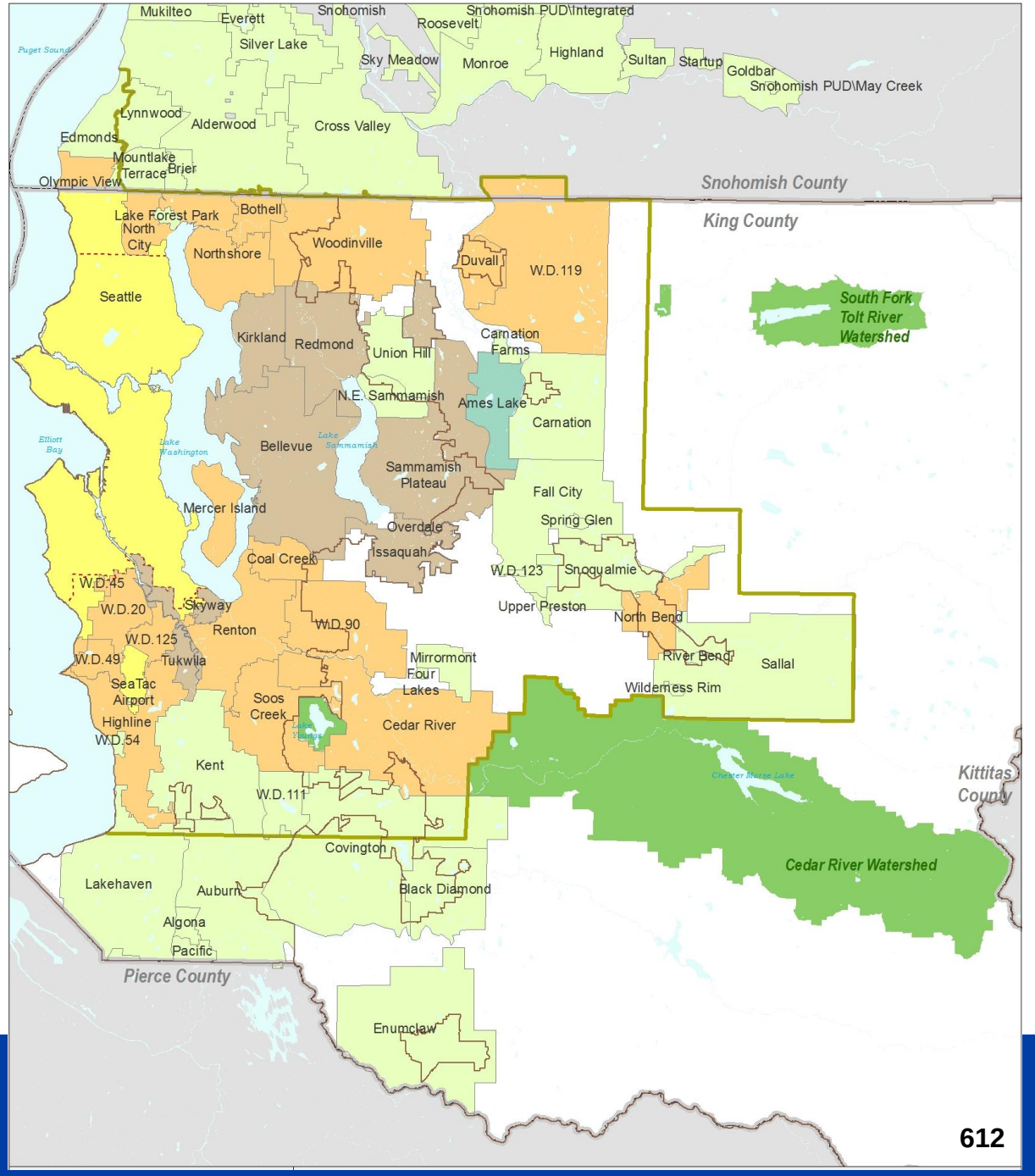
August 13th, 2025

Agenda and Purpose

- Overview of SPU wholesale water supply contracts
- Background on Full and Partial water supply contracts
- Details on major changes to contract
- Next steps

SPU Wholesale Customers and Water Supply Contracts

- 700,000 people served by SPU wholesale customers
- Wholesale customers buy about half of Seattle's supply
  - 16 Cities and Districts – Full or Partial (F&P) water needs met by SPU
  - Northshore Utility District – fixed block of water
  - Cascade Water Alliance (7 members) – fixed block of water that declines in the future
  - North Bend – mitigation water offsetting impacts on Snoqualmie River
  - Edmonds, Lake Forest Park – emergency supply only



Wholesale Water Supply Contacts - Background

- Full and Partial contracts (signed 2002–2011) include a provision allowing for an every 20-year re-opener
- First reopener began in 2020
- 2020-2025 – Multiple meetings, workshops and negotiation sessions with all 16 Full and Partial contract holders
- 2nd quarter 2025 – Concluded negotiation sessions
- End of 2025/early 2026 – Goal is to have all 16 contracts signed or amended through the contract provision which allows for Seattle to make limited amendments without mutual agreement

Intent of Contract Amendment

- Administrative and organizational
  - Update out-of-date or unclear provisions
  - Establish language and application consistency
  - Reorganize sections so similar items are together
- Update major substantive provisions
  - Future contract extensions
  - Stranded cost protections and potential future billing credits
- Update financial provisions to meet current conditions

Highlights to Contract Amendment
Contract Term and Stranded Cost

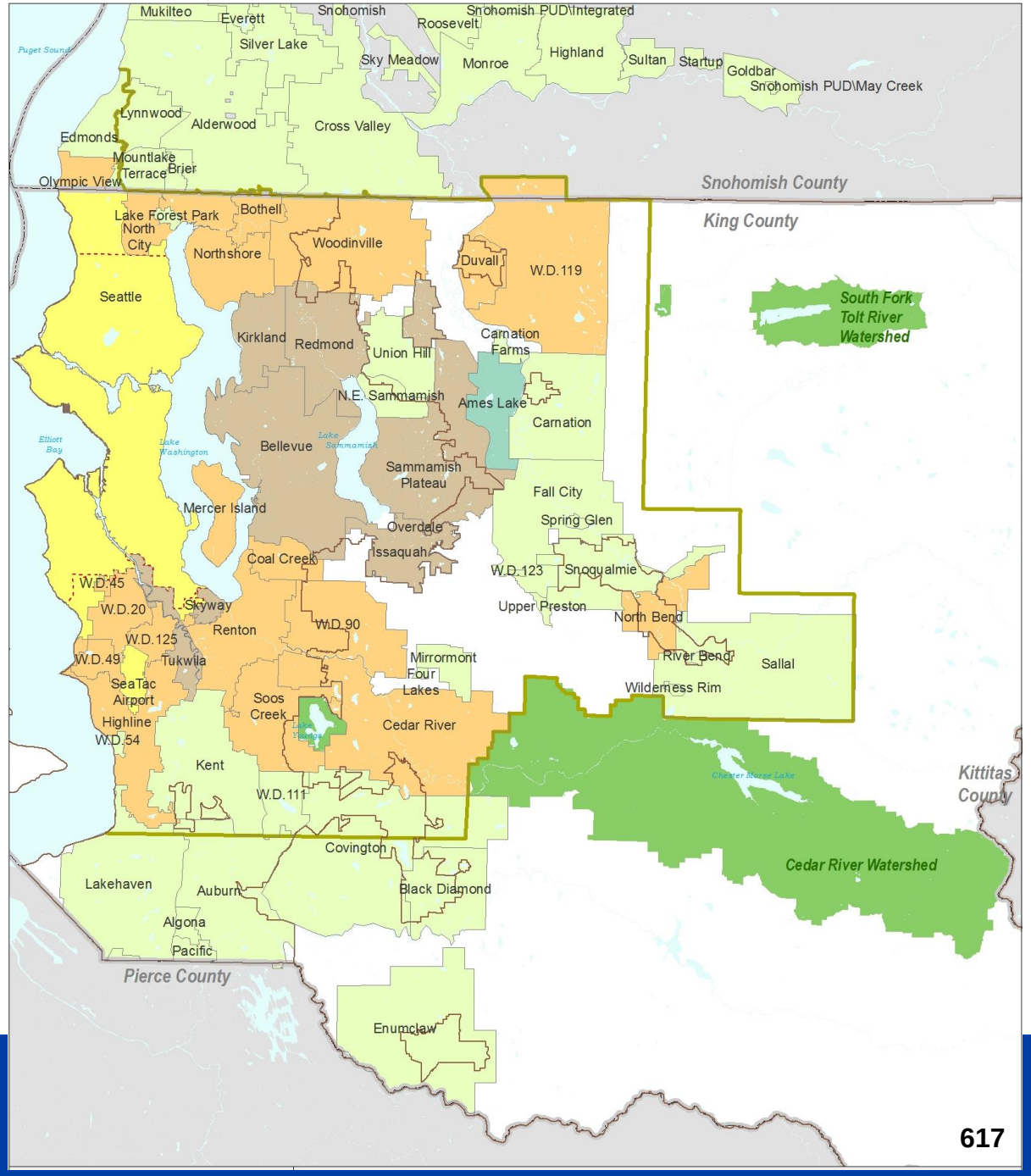
- Contract Term
  - Automatic 10-year extensions with SPU supply commitment:
    - Allowing customers to plan long-term
    - Securing Seattle's planning process
    - Providing continually long-term contracts beneficial for bond ratings
- Purchase Commitment
  - Main goal - stranded cost protection for both wholesale customers and Seattle
  - Stranded cost to be paid for any reduction over 5%
  - Billing Credits for timely independent supplies if growth or climate change diminish the system’s surplus

Contract Amendment - Financial

- Increased flexibility for cost allocation is expected to result in a more complete cost recovery
- Changes to how overpayments (which occur when wholesale rate payments are more than actual costs in a given time period) are returned
  - Contracts will now have the option for direct payment annually rather than applying overpayments to rates in future years, reducing interest paid by Seattle
- Return of $27M in cumulative overpayments since 2018 via direct payment to occur after contract signing - legislation includes:
  - Budget authority for these payments
  - Authority for matching withdrawal from Water Fund Revenue Stabilization Fund

Next Steps

- September 10 – Consideration and possible vote
- September 16 – Full Council consideration
- December 31, 2025 – Goal for all contracts to be signed or amended



Questions?

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to Seattle Public Utilities; updating side sewer regulations to conform to current standards, clarify existing requirements, allow side sewer fees to be created by Director's Rule, and update definitions; renumbering existing subsections 21.16.240.B and 21.16.240.C of the Seattle Municipal Code as Section 21.16.241 and further amending the section; amending Sections 21.16.030, 21.16.040, 21.16.070, 21.16.077, 21.16.140, 21.16.240, and 21.16.270 of the Seattle Municipal Code; renumbering existing and repealing Sections 21.16.071 and 21.16.350 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.

WHEREAS, the purpose of The City of Seattle's Side Sewer Code is to promote the health, safety and welfare in relation to side sewers and general sewer discharges to the public utility, and

WHEREAS, the Side Sewer Code has not been substantively revised since 2010; and

WHEREAS, the existing Side Sewer Code requires updating to reflect current permitting and construction practices, NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 21.16.030 of the Seattle Municipal Code, last amended by Ordinance 124919, is amended as follows:

21.16.030 Definitions((.))

((~~Words and phrases~~)) As used in this Chapter 21.16, unless ((~~the same shall be~~)) contrary to or inconsistent with the context((~~, shall mean as follows~~)) :

* * *

((~~"Director of the Seattle Department of Construction and Inspections" means the Director of the Seattle Department of Construction and Inspections or the Director's designee.~~))

* * *

"Director of Seattle Public Utilities" ((~~means the Director of Seattle Public Utilities, the Director's designee, or employees of Seattle Public Utilities.~~)) means the General Manager and Chief Executive Officer of Seattle Public Utilities of the City of Seattle or the designee of the General Manager and Chief Executive Officer of Seattle Public Utilities, who may be employees of that department or another City department.

"Director of the Seattle Department of Construction and Inspections" means the Director of the Seattle Department of Construction and Inspections or the Director's designee.

* * *

"Registered side sewer contractor" means a person approved and registered by the Director of ((~~the Seattle Department of Construction and Inspections~~)) Seattle Public Utilities to construct or repair side sewers.

"Responsible party" means ((~~all of the following persons~~)): (1) Owners, operators, and occupants of property; and (2) Any person causing or contributing to a violation of the provisions of this Chapter 21.16.

* * *

Section 2. Section 21.16.040 of the Seattle Municipal Code, last amended by Ordinance 124919, is amended as follows:

21.16.040 Connection or abandonment of side sewers((~~.~~))

A. Wastewater ((~~Side Sewer Connections~~)) side sewer connections. The owner or occupant of any lands, premises, or habitable structures shall connect all buildings, habitable structures, sanitary plumbing outlets, and other sources of polluted water located thereon, unless exempt under subsection 21.16.040.C, with the nearest accessible sanitary sewer or combined sewer, whenever such sewer is located within 300 feet of the closest point of the building, habitable structure, sanitary plumbing outlet, or source of polluted water. ((~~Except in conjunction with activity requiring a development permit, the~~)) The Director of Seattle Public Utilities shall determine whether a sanitary sewer or combined sewer is accessible and whether the connection shall be made by a side sewer or by an extension of the public sewer system. ((~~In conjunction with activity requiring a~~

~~development permit, the Director of the Seattle Department of Construction and Inspections, in consultation with the Director of Seattle Public Utilities, shall communicate the decision to the owner or occupant based on the determination of the Director of Seattle Public Utilities.~~))

B. Service ((~~Drain Connections~~)) drain connections. Connections of service drains to combined sewers or public storm drains shall meet the requirements specified in Chapters 22.800 through 22.808.

C. Exemptions from ((~~Connection~~)) connection. In conjunction with activity requiring a development permit, the Director of the Seattle Department of Construction and Inspections, after consulting with the Director of Seattle Public Utilities, may exempt any otherwise accessible developed property from connecting to the public sewer system; and except in conjunction with activity requiring a development permit the Director of Seattle Public Utilities may exempt any otherwise accessible developed property from connecting to the public sewer system((~~; provided, in all cases, that the following conditions are met~~)) if:

1. The owner or occupant has agreed to pay to the City a charge in an amount equal to the charge that would be made for sewer service if the property were connected to the sewer system, which amount shall be paid and collected at the times and in the manner provided by ordinance for the payment and collection of sewer service charges; and

2. The Director of Seattle Public Utilities has waived the requirement as provided in subsection 21.16.040.A that properties within 300 feet of a sanitary sewer or combined sewer must connect to that sewer; and

3. The property has a currently functioning on-site sewage disposal system as determined by the Director of Health.

The exemption will remain in effect until the on-site sewer system fails, or the property is sold or otherwise transferred, or the owner or occupant fails to timely pay the charges referred to in subsection 21.16.040.C.1, whichever occurs first, at which time the property shall be connected to the public sewer system as required in subsection 21.16.040.A.

D. Abandonment of ((~~Side Sewers~~)) side sewers. Whenever a side sewer is abandoned, the owner or occupant shall secure a permit from the Director of Seattle Public Utilities to cap the side sewer.

Section 3. Section 21.16.070 of the Seattle Municipal Code, last amended by Ordinance 123494, is amended as follows:

21.16.070 Permit and fee required for connection and repairs((~~.~~))

A. It is unlawful to connect any property or premises to a sanitary or combined sewer, or storm drain, ((~~as defined in Section 21.16.030,~~)) or to construct or to make repairs, alterations, additions to, or to abandon, remove, or cap any side sewer or service drain connecting to the sanitary or combined sewer, or storm drain, without first applying for and securing a permit for such work from the Director of Seattle Public Utilities and without first paying the fee as prescribed ((~~in Section 21.16.071~~)) by Director's Rule. This requirement shall apply to all property, including that of the United States of America, the State of Washington, and any political subdivisions thereof.

B. When an existing structure is removed from a site and a new structure is constructed, a side sewer permit is required to connect the new structure to the public sewer system or approved outlet.

C. Unless an emergency exists, as determined by the Director of Seattle Public Utilities, a side sewer permit must be obtained from the Director of Seattle Public Utilities before any work may be started on a side sewer located within areas served by the City's sewer and drainage infrastructure, either on private property or within a public place.

D. No work shall be performed on a side sewer other than that work provided for in the permit or any revised permit issued by the Director of Seattle Public Utilities. If additional work is necessary, the Director may require a permit revision, an additional permit, and/or additional fees.

Section 4. Section 21.16.071 of the Seattle Municipal Code, last amended by Ordinance 124919, is repealed:

((~~21.16.071 Permit application and fees.~~

~~Fees for side sewer permits shall be:~~

~~A. Side Sewers.~~

~~1. Installation, Connection, Relocation, or Alteration - All Structures~~

~~First connection….$375~~

~~Each pump installation (single, duplex, etc.)….$75~~

~~Each additional connection….$280~~

~~Inspection time in excess of one hour will be billed separately.~~

~~2. Additional Connections to Existing Side Sewers - All Structures~~

~~Each additional connection….$375~~

~~Each pump installation (single, duplex, etc.)….$75~~

~~Inspection time in excess of one hour will be billed separately.~~

~~3. Additional Direct Connections to Public Sewer - All Structures~~

~~Each additional connection….$375~~

~~Each pump installation (single, duplex, etc.)….$75~~

~~Inspection time in excess of one hour will be billed separately.~~

~~4. Reconnection to Public Sewer - All Structures~~

~~Each reconnection….$375~~

~~Each pump installation (single, duplex, etc.)….$75~~

~~Inspection time in excess of one hour will be billed separately.~~

~~5. Temporary Services for Side Sewers - All Structures~~

~~Each temporary service….$225~~

~~Inspection time in excess of one hour will be billed separately.~~

~~B. Repairs to Side Sewers - All Structures~~

~~Each repair….$280~~

~~Each pump repair (single, duplex, etc.)….$75~~

~~Inspection time in excess of one hour will be billed separately.~~

~~C. Capping Existing Side Sewers - All Structures~~

~~Each line capped….$375~~

~~Inspection time in excess of one hour will be billed separately.~~

~~D. Service Drains and Ancillary Facilities.~~

~~1. Installation, Connection, Relocation or Alteration to Storm Drain, Combined Sewer, On-Site Infiltration, Curb Discharge or Direct Discharge to Receiving Waters - All Structures.~~

~~Each connection….$375~~

~~Each pump installation (single, duplex, etc.)….$75~~

~~Each additional connection….$280~~

~~Inspection time in excess of one hour will be billed separately.~~

~~2. Additional Connections to Existing Service Drains - All Structures~~

~~Each additional connection….$375~~

~~Each additional pump installation (single, duplex, etc.)….$75~~

~~Inspection time in excess of one hour will be billed separately.~~

~~3. Additional Direct Connections to Storm Drain, Combined Sewer, Curb Discharge, On-site Infiltration or Direct Discharge to Receiving Waters.~~

~~Each additional connection….$375~~

~~Each additional pump installation (single, duplex, etc.)….$75~~

~~Inspection time in excess of one hour will be billed separately.~~

~~4. Reconnection to Storm Drain, Combined Sewer, Curb Discharge, On-site Infiltration or Direct Discharge to Receiving Waters.~~

~~Each reconnection….$375~~

~~Each pump reconnection (single, duplex, etc.)….$75~~

~~Inspection time in excess of one hour will be billed separately.~~

~~5. Temporary Services for Service Drains - All Structures~~

~~Each temporary service….$225~~

~~Inspection time in excess of one hour will be billed separately.~~

~~6. Repairs to Service Drains - All Structures~~

~~Each repair….$375~~

~~Each pump installation repair (single, duplex, etc.)….$75~~

~~Inspection time in excess of one hour will be billed separately.~~

~~E. Legal Document Fee.~~

~~For each document prepared by the City….$50~~

~~F. Inspection Fee~~

~~For the purpose of this Section 21.16.071 inspection time in excess of the base fee will be charged per hour at $160 or the current hourly fee as established by the applicable Seattle Department of Construction and Inspections Director's Rule.~~

~~In all cases of dispute regarding fees, permits, or other matters relating to this Section 21.16.071, the decision of the Director of Seattle Public Utilities shall be final and conclusive.~~))

Section 5. Section 21.16.077 of the Seattle Municipal Code, last amended by Ordinance 124919, is amended as follows:

21.16.077 Refund of sewer permit fees((~~.~~))

A. Applicants may request a refund of fees, less any administrative costs incurred by Seattle Public Utilities ((~~or the Seattle Department of Construction and Inspections~~)) up to the date of the refund request, at any time prior to any work or inspections occurring. Starting work signifies a use of the rights granted by the permit and thus the loss of a right to request a refund.

B. ((~~Not withstanding~~)) Notwithstanding the conditions of subsection 21.16.077.A, side sewer repair permits are not eligible for refunds.

Section 6. Section 21.16.140 of the Seattle Municipal Code, last amended by Ordinance 123494, is amended as follows:

21.16.140 Inspections((~~.~~))

* * *

D. The inspection shall include a test in the presence of the Director of Seattle Public Utilities to determine that the side sewer is of tight construction and does not allow infiltration or exfiltration of water. Specifications for such a test shall be included in ((~~the rules and regulations referred to in Section 21.16.350~~)) a Director's Rule.

* * *

Section 7. Section 21.16.240 of the Seattle Municipal Code, last amended by Ordinance 123494, is amended as follows:

21.16.240 Use of existing side sewer((~~.~~)) - Permission

((~~A.~~)) The Director of Seattle Public Utilities may approve the use of an existing side sewer for a new or converted building or dwelling unit ((~~provided~~)) if the permit application meets all requirements of this ((~~chapter~~)) Chapter 21.16 and the permit applicant:

((~~1.~~)) A. Submits to the Director of Seattle Public Utilities an evaluation prepared and certified by a licensed professional engineer that the existing side sewer from the public sewer main to the new or converted buildings or dwelling units:

((~~a) has~~)) 1. Has passed a pressure test per City standards; and

((~~b) is~~)) 2. Is in a condition and has the capacity to serve the existing and proposed connections.

Other existing side sewer lines connected to the evaluated and certified line are not subject to this evaluation and certification requirement; or

((~~2.~~)) B. Rehabilitates or replaces the existing side sewer from the public sewer main to the new or converted buildings or dwelling units requiring a side sewer connection. The permit applicant shall submit to the Director of Seattle Public Utilities a plan for such rehabilitation or replacement. A licensed professional engineer shall certify to the Director of Seattle Public Utilities that:

((~~a~~)) 1. The existing side sewer pipe has passed a pressure test or has been rehabilitated so that pipe joints are water-tight;

((~~b~~)) 2. The side sewer rehabilitation complies with accepted industry practices; and

((~~c~~)) 3. The rehabilitated side sewer is in a condition and has the capacity to serve the existing and proposed connections.

Other existing side sewer lines connected to the rehabilitated or replaced line are not subject to rehabilitation or replacement or certification.

21.16.241 Use of existing side sewer - Number of buildings or dwelling units

((~~B.~~)) A. If the number of buildings or dwelling units using an existing side sewer does not increase, in lieu of meeting the requirements of ((~~Section~~)) subsection 21.16.240.A, the permit applicant may instead elect to comply with the requirements of ((~~Section~~)) subsection 21.16.250.B.

((~~C.~~)) B. If the number of buildings or dwelling units using an existing side sewer increases, the permit applicant shall:

1. At least 30 days prior to the permit application date, ((~~the permit applicant shall~~)) notify all other owners of properties served by the existing side sewer that a side sewer permit to connect to the existing side sewer is being sought. Notification shall be by certified mail, return-receipt requested, on a form approved by the Director of Seattle Public Utilities, to the street address of all properties served by the existing side sewer and mailing address of taxpayers of the same properties as recorded with the office of the King County ((~~Department of Records and Elections~~)) Recorder's Office; and

2. Attest on a form approved by the Director of Seattle Public Utilities that notice was mailed.

The permit applicant shall submit the signed attest form with a copy of the notice to the Director of Seattle Public Utilities before a permit is issued.

Section 8. Section 21.16.250 of the Seattle Municipal Code, last amended by Ordinance 123494, is amended as follows:

21.16.250 Easements and agreements((.))

A. Before a new side sewer may be located on property other than the property being served by the new side sewer, and before the Director of Seattle Public Utilities ((~~shall~~)) issues a side sewer permit, the owner of the new side sewer ((~~shall~~)) must secure a written easement from the owner of the property to be crossed. The easement shall be acknowledged((~~,~~)) and ((~~shall~~)) grant the right to occupy the property for side sewer or utility purposes. The easement shall be recorded with the ((~~office of the~~)) King County ((~~Department of Records and Elections~~)) Recorder's Office, and the permit applicant shall provide a copy of the recorded easement to the Director of Seattle Public Utilities before a permit is issued.

B. Notwithstanding the requirements in Section 21.16.230, before the Director of Seattle Public Utilities may issue a side sewer permit authorizing a connection to an existing or new side sewer used by another building or dwelling unit, an instrument ((~~which~~)) that identifies all properties served by the shared side sewer and that saves harmless and indemnifies the City from any damage or injury resulting from the installation, operation, and maintenance of the shared side sewer must be executed by the property owners of the new or converted buildings or dwelling units. The Director of Seattle Public Utilities shall approve the form of the instrument. The instrument shall be recorded with the King County ((~~Department of Records and Elections~~)) Recorder's Office against all properties identified on the permit application. The permit applicant ((~~shall~~)) must provide a copy of the recorded instrument to the Director of Seattle Public Utilities before a permit is issued.

C. Before the Director of Seattle Public Utilities may issue a side sewer permit authorizing a side sewer line to serve more than one ((~~new building or dwelling unit~~)) property, a joint use and maintenance agreement ((~~shall~~)) must be executed by owners of all properties that will be subject to the approved side sewer permit.

The instrument shall be recorded with the King County ((~~Department of Records and Elections~~)) Recorder's Office against all properties identified in the permit application. The permit applicant ((~~shall~~)) must provide a copy of the recorded instrument to the Director of Seattle Public Utilities before a permit is issued.

D. No property owner may construct a new or modify an existing structure over a public sewer or storm drain.

E. Notwithstanding the prohibition in subsection 21.16.250.D ((~~of this section~~)), the Director of Seattle Public Utilities may grant a variance to permit construction over a public sewer or storm drain((~~, provided that~~)) if the property owner:

1. Demonstrates to the satisfaction of the Director that there is no other feasible alternative;

2. Enters into a ((~~build-over~~)) consent agreement with the Director ((~~that must include those~~)) including terms and conditions the Director determines are reasonably necessary or advisable to protect and maintain the sewer and storm drains and to preserve public health and safety;

3. Provides the City with an easement to allow Seattle Public Utilities to perform necessary maintenance and repair of the sewer and storm drains and to preserve the public's health and safety; and

4. Properly files and records the ((~~build-over~~)) consent agreement ((~~and easement~~)) with the King County ((~~Department of Records and Elections~~)) Recorder's Office.

Section 9. Section 21.16.270 of the Seattle Municipal Code, last amended by Ordinance 124919, is amended as follows:

21.16.270 Installation when compliance is impractical-Conditional permit((~~.~~))

If, in the opinion of the Director of Seattle Public Utilities, ((~~or the Director of the Seattle Department of Construction and Inspections, after consulting with the Director of Seattle Public Utilities,~~)) physical conditions make compliance with the provisions of this Chapter 21.16 impracticable, the Director of Seattle Public Utilities may issue a permit for installation of a side sewer requiring compliance with the provisions insofar as is reasonably possible, ((~~and such permit shall be issued~~)) issuable only upon the condition that the property

owner shall record with the King County ((~~Department of Records and Elections~~)) Recorder's Office an instrument acceptable to the Director of Seattle Public Utilities agreeing to save harmless and indemnify the City from any damage or injury resulting from the installation, operation, and maintenance of said side sewer. This Section 21.16.270 is not intended to ((~~be used to~~)) allow drainage connections to a sanitary sewer.

Section 10. Section 21.16.350 of the Seattle Municipal Code, last amended by Ordinance 124919, is repealed:

((~~21.16.350 Authority to make rules and regulations.~~

~~The Director of Seattle Public Utilities and the Director of the Seattle Department of Construction and Inspections may make rules and regulations and amend the same from time to time, not inconsistent with the provisions of this Chapter 21.16, as either or both shall deem necessary and convenient to carry out the provisions of this Chapter 21.16.~~))

Section 11. Pursuant to Seattle Municipal Code Section 21.28.230, the Director of Seattle Public Utilities shall promulgate standard and administrative charges for the side sewer permit functions established by this ordinance.

Section 12. Any act consistent with the authority of this ordinance taken prior to its effective date is ratified and confirmed.

Section 13. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the _____ day of _____, 2025, and signed by me in open session in authentication of its passage this _____ day of _____, 2025.

_____

President _____ of the City Council

Approved / returned unsigned / vetoed this ____day of _____, 2025.

_____

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2025.

_____

Scheereen Dedman, City Clerk

(Seal)

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Seattle Public Utilities	Cris Horbelt	Akshay Iyengar

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to Seattle Public Utilities; updating side sewer regulations to conform to current standards, clarify existing requirements, allow side sewer fees to be created by Director's Rule, and update definitions; renumbering existing subsections 21.16.240.B and 21.16.240.C of the Seattle Municipal Code as Section 21.16.241 and further amending the section; amending Sections 21.16.030, 21.16.040, 21.16.070, 21.16.077, 21.16.140, 21.16.240, and 21.16.270 of the Seattle Municipal Code; renumbering existing and repealing Sections 21.16.071 and 21.16.350 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.

Summary and Background of the Legislation:
Seattle's Department of Construction and Inspections (SDCI) has administered the City's side sewer permitting program since 2003. Seattle Public Utilities manages and maintains the City's wastewater and stormwater collection system. To better align the side sewer permitting program with the two departments' core functions and to improve customer service to ratepayers, SPU will be assuming the side sewer permitting function. To effectuate this change, the authority of each of the Department Director's must be revised.

This legislation would clarify program requirements, remove and relocate permit fees from the Seattle Municipal Code to an SPU Director's Rule, and clarify the authority of Department Directors. Side sewer permit fees would be relocated from SMC Chapter 21.16 and consolidated with other SPU fees in Finance Director's Rule 220.2. This will better help SPU's Rates and Finance section keep SPU revenue updated across the lines of business.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ **Yes** ☒ **No**

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? ☐ **Yes** ☒ **No**

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.
No

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.
This legislation does not have additional costs associated with it.

Please describe any financial costs or other impacts of *not* implementing the legislation.
This legislation will formalize the on-going transfer of the Side Sewer Permitting Program from SDCI to SPU. This is being done to align the two departments' core functions and improve customer service. Absent enactment of this legislation, the authority of each department's Directors will not reflect the employees of the respective Departments who are performing this work.

Please describe how this legislation may affect any City departments other than the originating department.
This change would happen concurrent with the termination of an inter-departmental agreement between SPU and SDCI to provide side sewer permitting functions on behalf of SPU. The purpose of the transition is to better align the permitting functions and associated regulations of each department with their code-required responsibilities. Upon transfer of the program and adoption of this legislation, SDCI will no longer have the responsibility to enforce the provisions of the Side Sewer Code on behalf of SPU.

4. OTHER IMPLICATIONS

a. Is a public hearing required for this legislation?
No

b. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation?
No

c. Does this legislation affect a piece of property?
No. The proposal is a non-project legislative action with no specific site. As Side Sewer Code requirements are city-wide, specific projects affected by the proposal may occur anywhere within Seattle's city limits

d. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.
This legislation does not negatively impact vulnerable or historically disadvantaged communities. Adopting this legislation and the complete transfer of the Side Sewer Permitting Program from SDCI to SPU will better facilitate enforcement of the requirements for Registered Side Sewer Contractors. This requirement serves to establish a baseline of minimum qualifications for Contractors that are permitted to do sewer work in City streets. This will serve as an added protection for disadvantaged communities who can disproportionately be taken advantage of by unscrupulous and unlicensed Contractors.

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.
NA

iii. What is the Language Access Plan for any communications to the public?
SPU regularly publishes the Director's Rules to notify the public of changes on its website and in emails to frequent customers. Access to language translation service is available in needed. No language access plan was prepared specifically for these administrative updates.

e. Climate Change Implications

i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.
This legislation will not increase or decrease carbon emissions.

ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.
This legislation will not increase or decrease Seattle's resiliency to climate change.

f. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?
This legislation does not include a new initiative or a major programmatic expansion.

g. Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?
No

5. ATTACHMENTS

Summary Attachments: None

SEATTLE CITY COUNCIL
CENTRAL STAFF

August 8, 2025

M E M O R A N D U M

To: Parks, Public Utilities, and Technology Committee
From: Brian Goodnight, Analyst
Subject: CB 121037: SPU Side Sewer Code

On August 13, 2025, the Parks, Public Utilities, and Technology Committee (Committee) will consider Council Bill (CB) 121037, which would update side sewer regulations in the Seattle Municipal Code (SMC) to clarify existing requirements and to align with decisions made in the 2025 Adopted Budget.

This memorandum provides relevant background information on the side sewer permitting program, briefly summarizes the bill, and describes next steps.

Background & Summary

In the 2025 Adopted Budget, the Council approved staffing changes to transfer administration of the side sewer permitting program from the Seattle Department of Construction and Inspections (SDCI) to Seattle Public Utilities (SPU). Specifically, 10 FTE were transferred from SDCI to SPU and the budget also authorized eight new FTE within SPU. The side sewer permitting program administers permitting for new developments as well as the repair or replacement of existing side sewers. SDCI has overseen the program since 2003 via an agreement with SPU, and SPU desires to take over that work to promote consistent interpretation, application, and enforcement of the side sewer code.

CB 121037 would amend various subsections of Chapter 21.16 SMC to recognize the transfer of authority from SDCI to SPU for the side sewer permitting activities, such as replacing references to the Director of SDCI with references to the Director of SPU, and would make other clarifying corrections. More significantly, the bill would remove the schedule of permit fees from the SMC and refer instead to SPU charges set via Director's Rule. SPU intends to consolidate the side sewer permitting fees along with other fees specified in Director's Rule FIN-220.2, easing the administration of the fee schedule. SPU is not proposing to adjust any side sewer permitting fees at this time.

Next Steps

The Committee is scheduled to discuss and possibly vote on CB 121037 at its meeting on August 13. If the Committee votes to recommend passage of the bill at that time, the City Council could consider the legislation at its meeting on September 2, at the earliest, following conclusion of the Council's summer recess.

cc: Ben Noble, Director
Calvin Chow, Lead Analyst

Side Sewer Permitting Program Transfer and Administrative Code Update

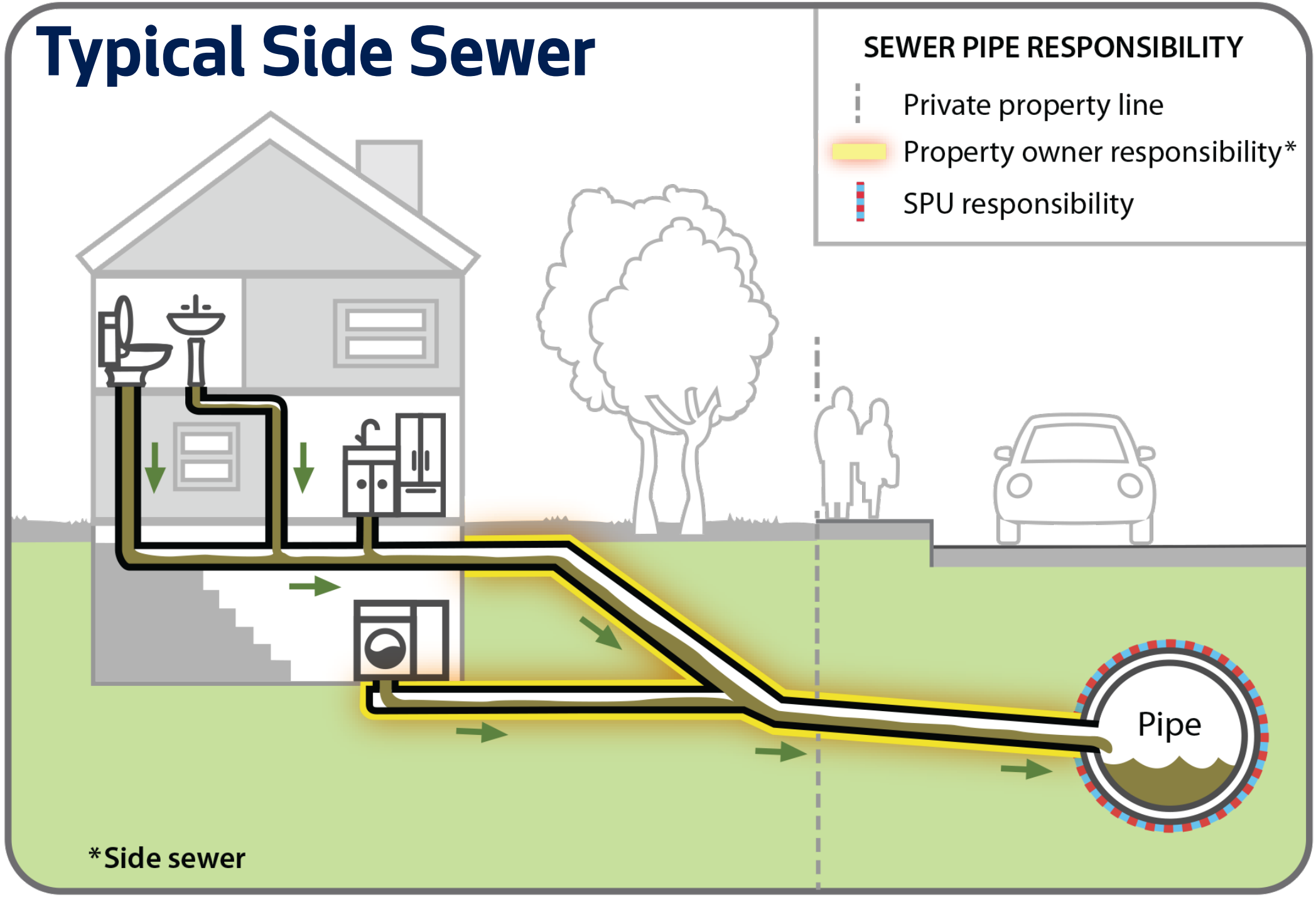
Parks, Public Utilities & Technology Committee

August 13, 2025

Seattle Public Utilities

City of Seattle

Typical Side Sewer



What is the Side Sewer Permitting Program?

Regulates New Development

- Specifies how new construction can connect to the public sewer and drainage system

Provides oversight for repairs of existing side sewers

- Majority of permits are for repairs to existing side sewers
- Private side sewers can be over 100 years old
- On private property *and* in the right-of-way



Purpose of Legislation

- SDCI has administered the side sewer permitting program since 2003.
- SPU manages and maintains the wastewater and stormwater collection system.
- SPU assumed side sewer permitting to better align the two departments' core functions and to enhance customer service.
- To make this change, the authority of each department must be revised.



Clarify Director's Authority

Side Sewer Permitting Program Transfer

- Permitting will be done by SPU
- Restart requirements for "Registered Side Sewer Contractors"



Relocates Side Sewer Permit Fees

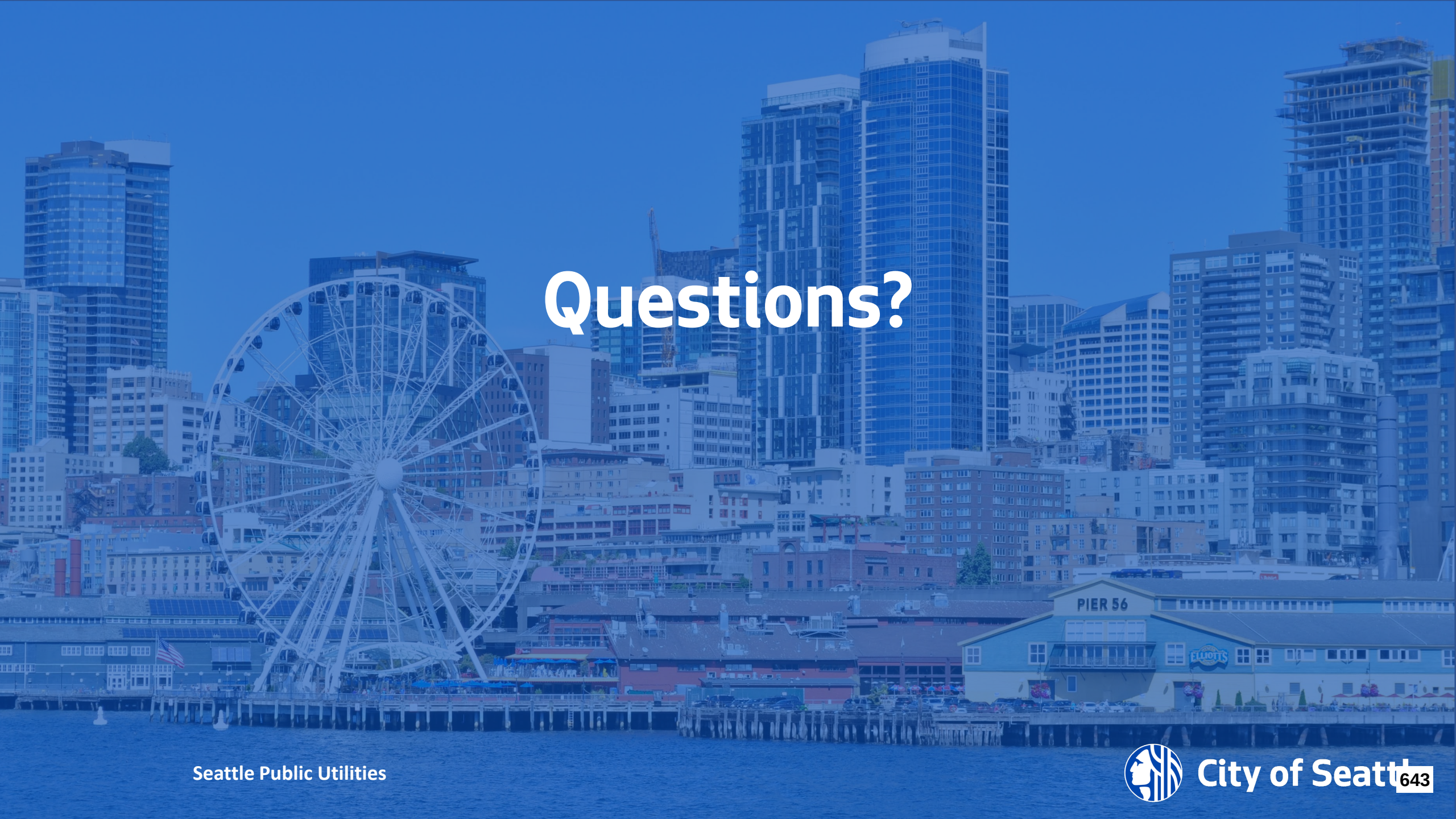
Consistency

- Relocates fees to SPU Director's Rule to be consistent with other SPU charges.

Timeliness

- Will allow updates with other revenue managed by Rates & Finance





Questions?