



Protecting Seattle's Waterways

# City of Seattle and King County Ship Canal Water Quality Project Joint Project Agreement

October 28, 2015





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**City of Seattle and King County**  
**Ship Canal Water Quality**  
**Joint Project Agreement**

Article I - Agreement for Joint Project

- I.1** This City of Seattle and King County Ship Canal Water Quality Joint Project Agreement (“Joint Project Agreement” or “Agreement”) is made by and between the City of Seattle, a municipal corporation of the State of Washington, operating through its Seattle Public Utilities (SPU) department, and King County, a political subdivision of the State of Washington, operating through its Department of Natural Resources and Parks (DNRP), and collectively referred to as “the Parties.”
- I.2** The effective date of this Joint Project Agreement is the date of last approval signature of this Agreement (“Effective Date”).
- I.3** This Agreement between the Parties is for the purpose of jointly cooperating in, and sharing funding of, the planning, design, construction, operations, maintenance, repair, replacement, alteration, and improvement of The Ship Canal Water Quality Joint Project, hereinafter referred to as “The Ship Canal WQ Project” or “Project” as defined in Article III.18.
- I.4** This Agreement is pursuant to the Guiding Principles dated September 18, 2013 and incorporated into the Term Sheet between the Parties dated November 15, 2013, as amended, and the Ballard-Fremont-Wallingford 3<sup>rd</sup> Ave. West and 11<sup>th</sup> Ave. Northwest Storage Tunnel Option (Joint Storage Option) Term Sheet between the Parties dated February 13, 2015, as amended.
- I.5** The term of this Joint Project Agreement shall begin on the Effective Date and continue, in perpetuity unless the Parties, their successors or assigns mutually agree in writing to amend or terminate this Joint Project Agreement.
- I.6** If a conflict exists between this Agreement and prior agreements incorporated into this Agreement (either attached as an Exhibit or by reference), then the Parties agree that the language in this Agreement shall control.

## Article II – Recitals

- II.1** The City of Seattle and the Municipality of Metropolitan Seattle (“METRO”) entered into a long term “Agreement for Sewage Disposal”, dated January 26, 1961, as amended (the “1961 Agreement”); and
- II.2** In 1994, METRO merged with and became part of King County, now known as the King County Department of Natural Resources and Parks, Wastewater Treatment Division; and
- II.3** The Parties have entered into separate federal court-ordered consent decrees with the U.S. Environmental Protection Agency (“EPA”), the Washington State Department of Ecology (“Ecology”), and the U.S. Department of Justice (“DOJ”) requiring control of combined sewer overflows (CSOs) to the Lake Washington Ship Canal, Duwamish River, and Elliott Bay (Civil Action No. 2:13-cv-678 (“City’s Consent Decree” dated July 3, 2013), and Civil Action No. 2:13-cv-677 (“King County’s Consent Decree” dated July 3, 2013); and
- II.4** The Parties entered into a set of Guiding Principles, dated September 18, 2013, incorporated into the Term Sheet dated November 15, 2013, (“Guiding Principles”), for the purpose of working together to deliver waste water and water pollution control services as efficiently and effectively as possible, including but not limited to partnering on combined sewer overflow (CSO) control projects; and
- II.5** The Parties have identified a wastewater storage tunnel option to be located at the west end and on the north side of the Seattle Ship Canal as a preferred joint solution to control CSOs from the City’s Ballard drainage basin outfalls 150, 151 and 152 and its Fremont/Wallingford drainage basin outfalls 174 and 147, and from DNRP’s 3rd Avenue West outfall 008 and 11th Avenue Northwest outfall 004, as memorialized in the Shared West Ship Canal Tunnel Description and Schedule in the Ballard-Fremont/Wallingford Combined Sewer Overflow Reduction Project: Final Project Definition Report Volume 1, December 2014, incorporated herein by reference; and
- II.6** The Parties entered into the Ballard-Fremont-Wallingford-3<sup>rd</sup> Avenue West and 11<sup>th</sup> Avenue Northwest CSO Control Storage Tunnel Option (Joint Tunnel Project) Term Sheet dated February 13, 2015, (the “2015 Term Sheet”) setting forth the terms for further consideration of proceeding with the planning, design, construction, operations, maintenance, and joint funding of The Ship Canal WQ Project, for the control of CSOs to the Lake Washington Ship Canal; and
- II.7** In accordance with the City’s Consent Decree, SPU has a 2015 CSO Long Term Control Plan (“LTCP”) approved by state and federal regulators,

identifying Shared West Ship Canal Tunnel (aka The Ship Canal WQ Project) as its preferred option to control CSOs at its Ballard, Fremont and Wallingford outfalls; and

**II.8** SPU has also published a final State Environmental Policy Act, Programmatic Environmental Impact Statement (“EIS”) dated December 4, 2014, for its CSO program and LTCP; and

**II.9** DNRP has a 2012 CSO Long Term Control Plan Amendment approved by state and federal regulators identifying options to control overflows at its 3<sup>rd</sup> Ave .W. outfall (008) and 11<sup>th</sup> Ave. NW outfall (004) ; and

**II.10** The Parties agree that The Ship Canal WQ Project is a preferred alternative over independently constructed wastewater control projects by the City or King County; and

**II.11** DNRP is seeking approval from EPA and Ecology to a modified schedule for completion of the 3<sup>rd</sup> Ave W. CSO control project and a change in the project description for the 11<sup>th</sup> Ave. NW CSO and 3<sup>rd</sup> Ave W CSO control projects consistent with The Ship Canal WQ Project schedule and description; and

**II.12** The Parties have mutually agreed to a “Seattle Public Utilities & King County Wastewater Treatment Division Coordination Plan” dated April 7, 2014 (The SPU/DNRP Project Coordination Plan) (“Coordination Plan”). The purpose of the Coordination Plan is to guide the Parties in executing both joint and individual CSO projects to efficiently and effectively achieve CSO control to comply with their respective Consent Decrees and other regulatory requirements; and

**II.13** The Parties have agreed to use the Coordination Plan, as appropriate, for the purpose of ensuring coordination between SPU and DNRP and achieving efficient administration of The Ship Canal Project; and

**II.14** The Parties have agreed to a Joint King County/Seattle CSO Initiative Work Plan Item 4: Cost-Sharing Method for Joint Capital Projects, dated March 26, 2012 (Technical Memorandum No. 4”) for the purpose of determining each Party’s proportionate share of the total cost of The Ship Canal WQ Project; and

**II.15** The Parties have agreed in Joint King County/Seattle Initiatives Item 7: Incremental Costs and Credits Associated with Combined Sewer Overflow Return Flows and Other Seattle Flow-Changing Initiatives (“Technical Memorandum No. 7”), dated January 7, 2013, to a compensation methodology

for incremental changes to SPU wastewater flows that directly affect the operation and maintenance costs of DNRP facilities downstream of SPU facilities; and

**II.16** The Parties have agreed that The Ship Canal WQ Project will be designed, constructed, operated, and maintained to manage CSOs from the seven basins described herein. Minimum Baseline control volumes (per Article III.6) for The Ship Canal WQ Project are:

A) King County CSO Outfalls:

- 11th Avenue Northwest Outfall number 004 1.85 million gallons (MG)
  - 3rd Avenue West Outfall number 008 4.18 MG
- 6.03 MG**

B) SPU CSO Outfalls:

- Ballard: Outfall numbers 150/151 0.62 MG
  - Ballard Outfall number 152 5.38 MG
  - Wallingford: Outfall number 147 2.15 MG
  - Fremont drainage basin: Outfall number 174 1.06 MG
- 9.21 MG**

The storage volume of the tunnel may increase due to design and/or other considerations. The Ship Canal WQ Project will not be used for any other basins or purpose unless mutually agreed by both parties in accordance with Change Management as defined in Article III.2 of this Agreement and described in Exhibit B; and

**II.17** The Parties have agreed in the 2015 Term Sheet to No Impact Release Rates (“NIRR”) for The Ship Canal Project as described in SPUs LTCP, CSO Control Measures Performance Modeling Report, January 2015, (Appendix L of the Final LTCP Volume 2, dated May 29, 2015); and

**II.18** Both Parties have already expended funds on technical analyses and on preliminary design work (the “Preliminary Expenditures”) in order to determine that The Ship Canal WQ Project is the preferred approach to managing DNRP and SPU CSOs in the West Ship Canal area. The Parties agree that the Preliminary Expenditures are a cost of the Project and are subject to the cost sharing percentages set forth in Section IX.1 through IX.3.

**II.19** The Parties acknowledge that this Joint Project Agreement is intended to be binding on SPU and DNRP in perpetuity unless and until it is mutually terminated in accordance with Article XXII.2. The Parties also acknowledge that The Ship Canal WQ Project will require budget appropriations beyond the



respective current approved budget ordinances passed by the Seattle City Council and the King County Council, and thus will be subject to subsequent budget ordinance approvals by both Councils, as appropriate, to adequately fund The Ship Canal WQ Project; and

- II.20** The Parties agree that the Recitals in this Article II are incorporated into and constitute a vital part of this Joint Project Agreement.

### Article III– Definitions

- III.1** **Capital Project Budget** means the annual budget of The Ship Canal Project, as described in the Project Description attached to this Agreement as Exhibit A. The baseline project budget is defined in in the Shared West Ship Canal Tunnel Description and Schedule in the Ballard-Fremont/Wallingford Combined Sewer Overflow Reduction Project: Final Project Definition Report Volume 1, December 2014.
- III.2** **Change Management** means the process for evaluation, approval and oversight of changes to The Ship Canal Project attached to this Agreement as Exhibit B.
- III.3** **Consent Decree(s)** means the federal court ordered consent decree(s) that the City of Seattle and King County have each entered into with the U.S. Environmental Protection Agency (“EPA”), the Washington State Department of Ecology (“Ecology”), and the U.S. Department of Justice (“DOJ”) requiring control of combined sewer overflows (CSOs) to Lake Washington, the Lake Washington Ship Canal, Duwamish River, and Elliott Bay (Civil Action No. 2:13-cv-678 (“City’s Consent Decree” dated July 3, 2013), and Civil Action No. 2:13-cv-677 (“King County’s Consent Decree” dated July 3, 2013).
- III.4** **Consent Decree Extension** means an extension of the construction completion date to achieve the regulatory standard for CSO control at any one or group of outfalls.
- III.5** **Control Status** means control of a CSO Outfall as defined by WAC 173-245-020(22).
- III.6** **Control Volume** means the volume of combined sewage overflow, as determined by each Party in their respective Long Term Control Plans and/or CSO control plans, required to be controlled through storage in The Ship Canal Project, to achieve control status of the seven CSO outfalls within The Ship Canal WQ Project, as defined in Article II.16.
- III.7** **Cost Share(s)** means each Party’s proportionate share of The Ship Canal Project’s costs, as defined in Articles IX.1 through IX.3 of this Agreement.

**III.8 Flow Attribute Data** means measurements of flow volume and flow rate related to the operation of the Ship Canal WQ Joint Project including but not limited to:

- Water elevation upstream of each diversion point (City and Metro Datums)
- Water elevation downstream of gate at each diversion point (City and Metro Datums)
- Gate position at each diversion point to the tunnel
- Measured flowrate of any flow diverted to the tunnel
- Calculated flowrate of any flow diverted to the tunnel
- Cumulative flow diverted to the tunnel from each basin for the current event
- Total flow diverted to the tunnel for the current event
- Cumulative flow diverted to the tunnel from each basin for historic events
- Total flow diverted to the tunnel for the current event
- Water elevations in tunnel (City and Metro Datums) – upstream and downstream ends (plus any in the middle)
- Calculated volume of tunnel storage used
- Calculated volume of tunnel storage remaining
- Calculated available tunnel volume for each inflow location
- Metered pumped flow from the tunnel – from each pump and total flow
- Pump on-off indicators
- Pump speeds
- Volume pumped out of tunnel during current event

**III.9 No Impact Release Rate (NIRR):** are a set of time series data obtained from models, identifying available capacity at a specific point in the DNRP system after DNRP's future CSO control projects are on-line. The NIRR estimates when and how SPU can drain a storage facility or transfer captured CSO to a specific point in the DNRP system without adversely impacting DNRP facilities. Predicted performance of The Ship Canal WQ Project was analyzed using NIRRs in SPU's Long Term Control Plan, CSO Control Measures Performance Modeling Report, January 2015, (Appendix L of the Final LTCP Volume 2 dated May 29, 2015), incorporated herein by reference.

**III.10 Operation and Maintenance** means the activities performed on all The Ship Canal WQ Project equipment, facilities, systems and structures to assure they achieve their useful life and operate reliably and efficiently in accordance with the principles and guidelines of the Operations and Maintenance Plan.

- III.11 Operations & Maintenance Plan** means the plan setting forth the operating and maintenance principles, and protocols for coordination and communication between SPU and DNRP, and the control strategy and means for monitoring, controlling and regulating the functions of The Ship Canal WQ Project.
- III.12 Peak Flow Event** means any storm event that causes a CSO at any outfall served by The Ship Canal WQ Project, when operated in accordance with the Operations and Maintenance Plan.
- III.13 Post-Construction Monitoring** means the monitoring required by an approved Post Construction Monitoring Plan (PCMP) in accordance with City's and King County's Consent Decrees as well as any additional post-construction monitoring or modeling activities included in any Supplemental Compliance Plan, if needed..
- III.14 Preliminary Expenditures** means costs incurred for, but not limited to, planning, technical analyses, and preliminary design work associated with evaluating the feasibility of The Ship Canal WQ Project.
- III.15 Project Management Plan (PMP)** defines the basis of all work, and describes the processes to be used to plan and deliver The Ship Canal WQ Project through design, construction, and commissioning.
- III.16 Soft Costs** means the fully burdened labor and administrative costs for the planning, design, construction, and commissioning of The Ship Canal WQ Project. Soft Costs include both consultant and agency costs, but excludes costs for materials testing during construction, land survey, and SPU and/or DNRP crew construction costs.
- III.17 Storage Volume** means the total internal volume of The Ship Canal WQ Project available to store wastewater, estimated to be a minimum of 15.4 million gallons.
- III.18 The Ship Canal WQ Project** means the Ship Canal Water Quality Project (SPU Project Number C314056) as described in the Project Description, attached to this Agreement as Exhibit A.

#### Article IV – Project Design & Construction

- IV.1** SPU shall be the lead agency and will be responsible for the planning, design, construction, delivery, operation, maintenance, repair, alteration, monitoring, improvement and support of The Ship Canal WQ Project in

accordance with the terms and conditions of this Joint Project Agreement, Exhibits, and documents incorporated into this Agreement by reference.

**IV.2** SPU will execute The Ship Canal WQ Project utilizing the Project Management Plan (“PMP”), as described in Article VI, or as otherwise modified and approved through the Change Management process in accordance with Exhibit B, or by mutual agreement of the Parties.

**IV.3** SPU will design The Ship Canal WQ Project for the following:

- Provide Storage Volume, as defined in Article III.16., which is, at a minimum, the aggregate of the seven contributory basin Control Volumes. Any increase in storage volume above and beyond the minimum control volume shall be evaluated through Change Management process (Exhibit B) and Cost Share provisions in accordance with Article IX.
- Ensure each CSO served by the Project is able to use its assigned volume when needed during Peak Flow Events through the use of active controls.
- Preserve existing outfall flow path capacity to retain existing upstream water levels during Peak Flow Events.
- Meet the parameters of the No Impact Release Rates (“NIRR”) in accordance with Article III.9. Any changes to the NIRR must be evaluated in accordance with the Change Management process (Exhibit B) and the Cost Share provisions of Article IX.

**IV.4** DNRP and SPU will communicate with the Department of Ecology and EPA in a coordinated and collaborative manner and work together to address any subsequent actions that may be needed to keep each Party in compliance. This will include but is not limited to the following:

- Jointly develop a written regulatory strategy to gain approvals from Ecology and EPA for The Ship Canal WQ Project for design, construction, operation and maintenance.
- The regulatory strategy will include communication concerning impacts to up or down stream DNRP or SPU facilities, a process for independent and joint submittals, and regularly scheduled briefings with regulators on their respective Consent Decrees.
- Consistent with the Joint Operations and System Optimization Plan required in both Parties Consent Decrees, each Party will review language pertaining to The Ship Canal WQ Project in each other’s annual CSO and Consent Decree reports or other regulatory documents to ensure that each Party is aware of and in agreement with the language.
- DNRP and SPU will work together to prepare summaries of the meetings with Ecology and EPA and conduct follow-up as appropriate.

**IV.5** Each Party will be responsible for reporting to EPA and Ecology milestone completions of The Ship Canal WQ Project in compliance with the reporting

requirements of the Parties' respective Consent Decrees and applicable NPDES permits, Long-Term Control Plans and Post Construction Monitoring Plans.

**IV.6** SPU will notify DNRP, within thirty (30) calendar days, of substantial and relevant milestones during the construction of The Ship Canal WQ Project. Prior to completion of the Project, SPU will provide DNRP sixty (60) calendar days written notice of the start-up of operations of that facility and that SPU will begin delivery of increased flows from that facility to the Ballard Siphon, pursuant to the terms and conditions of this agreement. DNRP will provide to SPU sixty (60) calendar days written notice of the transfer of flows from 3<sup>rd</sup> Ave. W and 11<sup>th</sup> Ave. NW to The Ship Canal WQ Project pursuant to the terms and conditions of this agreement. Prior to commissioning of the Project, SPU and DNRP will document operating assumptions, agreed upon release rates, and any other relevant agreements concerning upstream and downstream flow impacts.

**IV.7** SPU will follow DNRP's Local Public Agency project review process as described in the SPU/DNRP Project Coordination Plan as amended, including providing DNRP with as-built drawings for The Ship Canal WQ Project and ancillary facilities upon project completion and/or any future modifications. SPU will submit draft as-built drawings to DNRP prior to commissioning of The Ship Canal WQ Project facilities and final as-built drawings to DNRP within 6 months after Construction Completion as defined in the Consent Decree.

**IV.8** DNRP will follow a similar review process as outlined in Article IV.7 to inform SPU of future changes to DNRP's upstream facilities that may impact The Ship Canal WQ Project.

## Article V – Roles & Responsibilities

**V.1** SPU, in consultation with DNRP, shall develop a schedule for implementation of this Agreement including all deliverables. The schedule will be developed within sixty (60) calendar days of the Effective Date of this Agreement.

**V.2.** SPU shall be the lead agency responsible for compliance with the State Environmental Policy Act (SEPA), designing, constructing, commissioning, and operating and maintaining The Ship Canal WQ Project. DNRP shall coordinate and cooperate with SPU on all phases of The Ship Canal WQ Project and shall

review and provide timely input to SPU on its facility design, permitting, construction, commissioning, and operations plans, details and specifications. Both Parties are responsible for working together for the benefit of The Ship Canal WQ Project to reach agreement on any outstanding issues or disputes that may arise during all phases of the project.

**V.3.** SPU shall be responsible for all design drawings and specifications and any other pertinent documentation relating to the design, construction, and operation of The Ship Canal WQ Project. DNRP shall be responsible for coordinating with SPU and providing review and input on those design drawings and specifications throughout the design process. SPU's responsibility and authority is as follows:

- Engage DNRP in continuous and uninterrupted participation in design process through Task Forces, workshops, value engineering sessions, and reviews, etc.
- Actively seek DNRP Subject Matter Experts (SME) involvement in the design process.
- Provide DNRP with work in progress/design-submittals including but not limited to 30%, 60%, and 90% design phases. Also provide information requests as required for SME's to follow and review design progress.
- Provide designers of record with comments at 30%, 60%, and 90% design phases within twenty (20) working days of receipt. SPU comments to the designer will include all DNRP comments and recommendations.
- Any and all comments and recommendations made by either Party that are inconsistent with each other shall be resolved in accordance with the One Team Decision Making Guidelines (Exhibit C), attached to this Agreement, to both parties' mutual satisfaction. Comments that require more than twenty (20) working days to resolve shall be addressed within the succeeding design phase package.
- Any changes that affect the Project Description (project scope, schedule or budget) as defined in Exhibit A of this Agreement shall be resolved in accordance with the Change Management process (Exhibit B) attached to this Agreement.
- SPU shall give DNRP the opportunity to review and comment on all design elements of the Project. SPU recognizes and understands that DNRP has high interest and will focus its review and participation in the design process, including but not limited to the following elements:
  - CSO flow management to limit control volume allocations as specified in Article II.16
  - Tunnel drain rate to ensure the NIRR will be met

- Tunnel flow control strategies and associated instrumentation and controls (I&C) to ensure compatibility w/DNRP operations, including solids flushing through the Ballard Siphon
- Areas of interface with DNRP facilities
- Areas to reduce project lifecycle costs, improve reliability and/or function.

**V.4** SPU shall execute and administer all construction contracts for The Ship Canal WQ Project in accordance with scope, schedule, budget and approved plans and specifications including and subject to the following:

- Prior to issuance of notice to proceed, SPU will meet with project team members including DNRP. DNRP shall identify construction documents to be reviewed by DNRP.
- SPU will provide construction documentation including, but not limited to, Submittals, Requests for Information (RFIs), and Change Requests that involve DNRP's system components to DNRP for review and comment via SPU's electronic document management system.
- SPU will provide all progress and schedule updates to DNRP via SPU's electronic document management system.
- SPU will make all contract change documents available for DNRP review.
- SPU will follow the approval guidelines set forth in Change Management, Exhibit B.
- DNRP will have the right but not the obligation to provide construction management staff to observe construction at its own cost. All DNRP comments concerning the progress and quality of construction will be given only to SPU Construction Management staff.
- SPU and DNRP will each make their respective requests to the other agency using Exhibits B and C when either agency proposes a change to the project that will affect the terms of the construction contract.

**V.5** SPU shall be responsible for commissioning The Ship Canal WQ Project. DNRP shall coordinate and cooperate with SPU and shall review and provide input on plans and specifications for commissioning and for coordinating commissioning activities between SPU staff and staff at the West Point Treatment Plant. Roles and responsibilities for the commissioning process shall be as follows:

- SPU shall be responsible to produce the startup and commissioning plan as part of the design and construction phase for The Ship Canal WQ Project.
- DNRP shall be responsible for providing review and input throughout development of the specifications and implementation of the startup and commissioning plan. The review and input process shall consist of the following:

- SPU will include DNRP in the development of specifications for the startup and commissioning process through planning workshops and task forces that include both SPU and DNRP staff, and through direct engagement of subject matter experts from both Parties.
- The Ship Canal WQ Project contractor will be required to provide to SPU a Commissioning Plan a minimum one hundred eighty (180) calendar days prior the start-up of any major component.
- Upon receipt from the contractor, SPU shall forward the draft Startup and Commissioning Plan to DNRP for review at least one hundred twenty (120) calendar days prior to the startup of any major component of The Ship Canal WQ Project.
- DNRP shall complete its review and provide input to SPU within thirty (30) calendar days of receipt of the draft Startup and Commissioning Plan.
- During commissioning and startup, SPU shall notify DNRP at least sixty (60) calendar days prior to conveying initial flows from The Ship Canal WQ Project into DNRP's regional system.
  - Flows of wastewater from The Ship Canal WQ Project shall be coordinated with designated DNRP staff regarding operations and monitoring of the West Point Treatment Plant.
  - DNRP shall provide a construction management or operations staff member(s) on site for testing during the commissioning process of The Ship Canal WQ Project to ensure agreed-to specifications are being met; and, to coordinate with designated DNRP staff regarding operations and monitoring of the West Point Treatment Plant.

**V.6** SPU shall be responsible for operating the completed Project tunnel and associated equipment to control CSOs to meet the Consent Decree Performance Standards in accordance with WAC 173-245-020(22) and the control volumes specified in Article II.16 of this Agreement. Roles and responsibilities for operations and maintenance of The Ship Canal WQ Project will be as follows:

- SPU is responsible to develop an Operations and Maintenance Plan that includes, at a minimum, the Standard Operating Procedures (SOPs) described in Article VIII.1 of this Agreement.
- DNRP shall be responsible for providing review and input for developing the Operations Plan
- SPU shall include DNRP in development of the Operations and Maintenance Plan through workshops and task forces as may be appropriate that include both SPU and DNRP staff, and through direct engagement of Subject Matter Experts' from both organizations. SPU shall forward an Operations and Maintenance Plan to DNRP for review and input at least one hundred twenty (120) calendar days prior to the startup of any major system of The Ship Canal Water Quality Project.
- SPU will provide at least sixty (60) calendar days for DNRP to review and provide input and comment to the Operations and Maintenance Plan; and for both Parties to reach agreement on input received.



- SPU shall incorporate DNRP's input and comment(s) or provide written explanation as to why DNRP comments cannot be incorporated.
- Any disputes will be resolved in accordance to the One Team Decision Making Guidelines (Exhibit C) to both parties' mutual satisfaction.
- SPU will finalize the Operations and Maintenance Plan prior to construction completion.
- Both Parties shall utilize the Change Management process specified in Exhibit B to this Agreement to modify or amend the completed and approved Operations and Maintenance Plan.
- SPU will provide DNRP opportunity to review and comment within thirty (30) calendar days of receiving draft and final operations and maintenance plans, comments from regulatory agencies, final plans, specifications, agreements, and scopes of work for any consultants and contractors to be retained, and any other pertinent documentation relating to the operation and maintenance of The Ship Canal WQ Project.
- Upon request by either Party, SPU and DNRP shall conduct joint post-storm event debriefs following commencement of operations of the Ship Canal WQ Project to control CSOs in accordance with the Post Construction Monitoring Plan per Article VIII.8
- SPU and DNRP will work jointly to optimize The Ship Canal Water Quality Project operations and maintenance, and will meet annually to assess and document performance of The Ship Canal WQ Project in accordance with Article VIII of this Agreement.
- SPU will operate and maintain the Ship Canal WQ Project and associated equipment according to the final Operations and Maintenance Plan per Article VIII of this Agreement.
- SPU to the best of its ability will notify DNRP in writing of maintenance activities on The Ship Canal WQ Project facilities so that DNRP can coordinate such maintenance activities with the operations of its West Point Treatment Plant.
- SPU shall provide DNRP an annually updated list of maintenance activities and equipment changes as described in Article VII.7 of this Agreement.

## Article VI - Project Management

- VI.1** SPU will prepare and implement the Project Management Plan (PMP) for The Ship Canal WQ Project. The PMP shall describe the processes that will be used to plan and deliver The Ship Canal WQ Project to completion. The Parties agree that the PMP when finalized and as amended from time to time and will be

incorporated into this Agreement by reference. SPU will make available to DNRP all progress and status reports required as a part of the PMP. The PMP will include, but will not be limited to the elements described in Articles VI.2 through VI.8 below.

- VI.2** SPU will retain the services of design consultants to prepare detailed drawings and specifications for The Ship Canal WQ Project. Review and comment of all detailed drawings and specifications shall follow the process contained in Article V.3.
- VI.3** SPU will be responsible for the production of the facility plan, control strategy, final plans and specifications, scopes of work for engineering consultants and contractors to be retained, and any other pertinent documentation relating to the design, construction, and operation of The Ship Canal WQ Project. Review and comment of all documentation relating to the design, construction, and operation of The Ship Canal WQ Project shall follow the process contained in Article V.3.
- VI.4** The Parties will jointly develop and coordinate the implementation of a public outreach and communication plan for impacted communities, regulators, media, neighborhoods and businesses affected by implementation of The Ship Canal WQ Project. During design and construction, the joint media and communications task force will oversee and direct this effort. Post construction, the Parties will each appoint a media and communications representative to work together on developing an operations and maintenance communication strategy that will include community outreach for operations, maintenance and emergency response activities.
- VI.5** The Parties jointly agree to utilize and comply with the Change Management process as provided in Exhibit B which provides processes and procedures for changing the scope, schedule, or Capital Project Budget, as well as thresholds and required approvals for each type of change to The Ship Canal WQ Project.
- VI.6** In consultation with DNRP, SPU may create Task Forces, defined as committees of subject matter experts that are assigned a specific responsibility to assist in the planning, design, construction, delivery, operation, maintenance, repair, alteration, monitoring, improvement and/or support of The Ship Canal WQ Project. Each Task Force will be composed of SPU or DNRP staff, or both, and will have a written charter addressing, including but not limited to, staff roles and responsibilities, a defined purpose, identified deliverables, set of tasks, who the task force reports to, and a schedule to complete their specific tasks and objectives.
- VI.7** The Parties agree that The Ship Canal WQ Project shall be bid, contracted for, designed, and constructed in accordance with State and local law applicable to City of Seattle public works projects.

**VI.8** Because a portion of the Project will be conducted on County owned property and/or for the benefit of the County, the contracts between SPU and its contractors, consultants and designers will include the following requirements:

- With respect to any and all of the County's interests, SPU, and the consultants/contractors will acknowledge that the County is an intended third party beneficiary of the design, construction management and construction contracts;
- SPU and the contractor will include the County as a named third party beneficiary of the SPU design, construction and construction management contracts; and
- SPU and the consultants/contractor will include the County in the indemnification and insurance provisions contained in the SPU contracts. SPU and the County do not intend that this paragraph be interpreted to create any obligation, liability, or benefit to any third party, other than SPU and the County for purposes of the design and construction of the Project.

## Article VII - Ownership and Use of The Ship Canal WQ Project

**VII.1** SPU will own the completed Ship Canal WQ Project, and shall be responsible for operation, maintenance, permitting, monitoring, replacement, repair, alteration, and improvement of The Ship Canal WQ Project, with the Parties sharing all costs and expenses related to such operation, maintenance, permitting, monitoring, replacement, repair, alteration, and improvement of The Ship Canal WQ Project in accordance with the cost share terms of Article IX of this Joint Project Agreement.

**VII.2** In consideration for and subject to fully and continually meeting its cost share obligations as defined under Articles IX.1 through IX.3, DNRP shall have the right to use 6.03 MG gallons of the Storage Volume of The Ship Canal WQ Project in accordance with Article II.16. SPU shall have the right to use 9.21 MG of the Storage Volume of The Ship Canal WQ Project in accordance with Article II.16.

**VII.3** Ownership of the outfall structures for the seven outfalls to The Ship Canal WQ Project as listed below will be retained by the Party to this Agreement that owns each outfall as of the Effective Date of this Agreement:

A) King County Outfalls by NPDES number:

- 004: 11th Ave N.W
- 008: 3rd Ave West

B) SPU Outfalls by NPDES number:

- Ballard drainage basin: Outfall numbers 150,151 and 152

- Fremont drainage basin: Outfall number 174
- Wallingford drainage basin: Outfall number 147

**VII.4** DNRP shall work with SPU to secure necessary permissions and permits to access DNRP-owned land, rights-of-way and facilities for the purpose of planning, design, construction, operation, maintenance, repair, replacement, alteration, and improvement of The Ship Canal WQ Project, including but not limited to all Ship Canal WQ Project-related conveyance facilities, devices, structures, and any flow monitoring required to convey, measure and control combined flows to The Ship Canal WQ Project and from The Ship Canal WQ Project to the DNRP's regional wastewater system as long as this Agreement remains in effect.

**VII.5** In the event that any County-owned property interest becomes subject to any claims for mechanics', artisan's, materialmen's liens or other encumbrances chargeable to or through the City for work related to The Ship Canal WQ Project, that the City does not contest, the City shall cause such lien, claim or encumbrance to be discharged or released of record (by payment, posting of bond, court deposit or other appropriate means) without cost to the County and shall indemnify the County against all costs and expenses (including attorney's fees) incurred in discharging and releasing such claim, lien or encumbrance prior to completion of The Ship Canal WQ Project.

Notwithstanding any language herein to the contrary, SPU's Contractors retained for The Ship Canal WQ Project work shall be responsible for any damage done to DNRP-owned property and shall promptly repair such damage.

**VII.6** Once constructed, SPU shall retain ownership and title to all storage and conveyance facilities, devices, connections, structures, equipment and flow monitoring equipment, as well as all real property required for the operation, support, maintenance, repair, improvement, and administration of The Ship Canal WQ Project as defined in the Project Description (Exhibit A), unless otherwise agreed to in writing by the Parties. Notwithstanding anything in this section or in this Agreement, DNRP shall retain ownership of any property or property interests it owned as of the Effective Date of this Agreement.

**VII.7** SPU will provide DNRP an annual, updated list of all storage and conveyance facilities, devices, connections, structures, flow monitoring equipment and other equipment required for the operation of The Ship Canal Project. The updated list will include facility location information and any anticipated changes, including maintenance, to the facilities, devices, connections, structure, flow monitoring or other equipment anticipated in the next 5 years.

**VII.8** DNRP will provide SPU with an annual, updated list of all storage and conveyance facilities, devices, connections, structures, flow monitoring equipment or other equipment related to DNRP facilities upstream of or

connected to The Ship Canal Project. The updated list will include facility location information and any anticipated changes, including maintenance, to the facilities, devices, connections, structure, flow monitoring or other equipment anticipated in the next 5 years.

## Article VIII – Operations & Maintenance

**VIII.1** In consultation with DNRP, SPU will complete development of an Operations and Maintenance (O&M) Plan as defined in Articles III.10 and III.11, simultaneously with the completion of project design.

The Final O&M Plan shall address how the Project will limit the inflow to the Ship Canal WQ Project from each outfall to each outfall's control volume per event, specify processes and procedures for the monitoring, control and regulation of the completed Ship Canal WQ Project that will control CSO basins as defined in Article II.16. The O&M Plan should include methods to minimize life-cycle costs and achieve the goals and requirements of the Parties' respective LTCP/CSO Control Plans, their respective Consent Decrees and NPDES permits.

SPU shall engage DNRP in continuous and uninterrupted participation throughout development of the O&M Plan. DNRP shall be responsible for providing SPU with timely review comments and recommendations of all materials. All comments and recommendations made by either agency that are inconsistent with each other, shall be resolved to both Parties' mutual satisfaction through the One Team Decision Making Guidelines (Exhibit C) and Change Management (Exhibit B).

The O&M Plan shall include operation and maintenance elements contained in the Department of Ecology's "Criteria for Sewerage Works Design" (Publication No. 98-37 WQ) or its successor and WAC 173-240-080 or its successor. Additionally, the operation and maintenance elements listed below are to be used as guidance during development of the O&M Plan.

- Monitoring requirements, quality control, and responsibilities
- Monitoring and Modeling Plan
- Staffing Plan, that requires certified operators with collection system endorsement and confined space entry certification
- Real-time sharing of Flow Attribute Data, as defined in Article III.8, from the Joint Tunnel and from each basin connected to the Joint Tunnel
- Operating control strategy and change process
- Real-time control and reporting strategy

- Process to evaluate facility performance
- Decision making strategy and protocols for facility changes over time
- Start-up and commissioning plan
- Emergency response protocols
- Optimization plan
- Inter-agency Communication protocol
- Change management process
- Detailed Standard Operating Procedures (SOPs)

The O&M Plan shall also include maintenance elements contained in the Department of Ecology's "Criteria for Sewerage Works Design" (Publication No. 98-37 WQ) or its successor, and WAC 173-240-080 or its successor. Additionally, the O&M Plan should include a Maintenance staffing plan that includes number of staff with mechanical, electrical and instrumentation and controls (I&C) disciplines, and confined space entry certification.

Development of the O&M Plan shall occur during the Design and Construction phases for the Project to ensure that operation and maintenance are considered during those phases. Progress on the O&M Plan should proceed at the following pace in relation to design and construction:

60% Design	O&M Plan at 30%
90% Design	O&M Plan at 60%
80% Construction	O&M Plan at 85%
Operational Testing	O&M Plan at 95%
Construction Completion	O&M Plan Finalized

The Final O&M Plan shall be executed by SPU and DNRP and will be incorporated into this Agreement by reference.

**VIII.2** DNRP and SPU agree to cooperate in the implementation and optimization of the Operations and Maintenance Plan and to work cooperatively on any update, modification, or amendment to the Operations and Maintenance Plan as may be necessary or desirable, as experience is gained with the operation of The Ship Canal WQ Project.

**VIII.3** DNRP and SPU agree to meet annually to assess and document performance of the Ship Canal WQ Project and up and downstream impacts during the first five years following Project start-up, or more frequently if necessary due to operational and regulatory compliance issues. Annual meeting topics may include but are not limited to the following:

- Monitoring and overflow results from the current and previous years

- Comparison of the modeled and monitored data for the current and previous years, if appropriate
- Facility performance and operations adjustments
- Impacts to SPU's and DNRP's up and downstream systems, including discussion of thresholds for developing and executing action plans
- Potential improvements to communications and/or operations coordination
- Short-term operational adjustments or capital improvements to mitigate impacts, if necessary
- Flow monitoring changes, if necessary
- Regulatory compliance issues and response plans, if necessary.

**VIII.4** The Parties agree that The Ship Canal WQ Project will be designed and operated to control the flow of grit, settleable solids and debris so as not to impair the capacity of the Ballard Siphon. If it is jointly determined grit, settleable solids or debris from the The Ship Canal WQ Project is adversely affecting the Ballard siphon, SPU will work with DNRP to draft an alternatives analysis to diagnose the problems and propose solutions, evaluating both independent and joint control, maintenance, or repair measures. The proposed solutions will be reviewed by the Joint Oversight Committee as defined in Article XIV.2; and the cost share for the solution(s) implemented shall be negotiated by the Joint Oversight Committee.

**VIII.5** SPU will operate The Ship Canal WQ Project within the parameters of the No Impact Release Rates ("NIRRs") in accordance with Article III.9. SPU will also develop NIRRs for The Ship Canal WQ Project to assess potential impacts from flows entering the tunnel. Optimization of these NIRRs will occur jointly and will be described in the Operations and Maintenance Plan.

**VIII.6** Prior to commissioning The Ship Canal WQ Project, SPU and DNRP will document all operating assumptions, and any relevant agreements concerning upstream and downstream flow impacts.

**VIII.7** Start-up and commissioning of The Ship Canal WQ Project will be conducted jointly as defined in the term sheet and the SPU/DNRP Project Coordination Plan as amended.

**VIII.8** SPU and DNRP will prepare a joint draft and final Monitoring and Modeling Plan for The Ship Canal WQ Project, and a five-year Post-Construction Monitoring Plan (PCMP), as defined in Article III.13.

**VIII.9** SPU and DNRP shall jointly prepare a draft and final Monitoring and Modeling Report that summarize the results of the baseline period prior to the increased flows from SPU's Ship Canal

WQ Project and five-year post-construction monitoring effort. The specific tasks involved in preparing the report will include but not be limited to:

- Description of the baseline monitored peak flows and volumes at the monitoring locations
- Comparison of baseline monitored peak flows and volumes to monitored post-construction peak flows and volumes and the NIRRs
- Comparison of the monitored flows to the modeled flows
- Description of the total increase in flow volume from SPU Basins (150, 151, 152, 147, 174) to relevant DNRP facilities for calculation of the incremental O&M charges
- Description of any hydrologic/hydraulic modeling work
- Description of the impacts of the increased flows on any DNRP facility including treatment effectiveness at the West Point Treatment Plant and all other related regulatory compliance or operational issues.
- Description of impacts of increased flows and storage volume impacts to The Ship Canal WQ Project above and beyond those defined in Article II.16.

**VIII.10** In the event it is necessary to meet the Parties' Consent Decree requirements and/or other regulatory requirements, following the issuance of the Final Monitoring and Modeling Report, the Parties shall work together in preparing a draft and final Post-Monitoring Action Plan to summarize regional and local impacts and recommend actions to mitigate any adverse impacts. The Post-Monitoring Action Plan will include but is not limited to the following:

- Short-term operational adjustments to mitigate impacts
- Long-term operational/capital improvements to mitigate impacts
- Recommended actions necessary to meet regulatory requirements
- Costs and schedules for implementation
- Adaptive management approaches or strategies appropriate to mitigate impacts

## Article IX – Cost Sharing

**IX.1** DNRP will pay to SPU 35.0% of all costs of The Ship Canal WQ Project as defined in Article III.18 and in accordance with Article IX.3, including all costs



associated with operations and maintenance in accordance with the final Operations and Maintenance Plan, except as specifically otherwise provided by this Agreement.

**IX.2** SPU will pay 65.0% of all costs of The Ship Canal WQ Project, as defined in Article III.18 and in accordance with Article IX.3, including all costs associated with operations and maintenance in accordance with the final Operations and Maintenance Plan, except as specifically otherwise provided by this Agreement.

**IX.3** The cost share percentages in Article IX.1 and IX.2 will apply to the allocation of all non-excluded costs of The Ship Canal WQ Project. These include but are not limited to project planning, design, land acquisition, permitting, construction, mitigation required by SEPA, commissioning, operation, maintenance, repairs, replacements, alterations, improvements, monitoring and modeling, and 1% for the arts as applicable, except as excluded by King County Ordinance No. 12089.

There are components of the Project that are associated with SPU's CSO control solution in the Ballard and Wallingford basins that are being constructed by SPU and that, consistent with Technical Memorandum No. 4, are to be funded in their entirety by SPU. No costs associated with these components shall be borne by DNRP, including but not limited to project planning, design, land acquisition, permitting, construction, mitigation commissioning, operation, maintenance, repairs, replacements, alterations, improvements, monitoring and modeling, and 1% for the arts. The Ship Canal WQ Project, as defined herein, does not include the components excluded from cost sharing in accordance with those described in Exhibit A and the SPU purchase of parcel numbers 046700-0423 and 046700-0431 (former Yankee Grill site) in Ballard.

**IX.4** Any alteration or improvement to The Ship Canal WQ Project following completion that is required by regulation or a Consent Decree, or as may be mutually agreed upon by the Parties through the Change Management process, Exhibit B, shall require an options analysis, and include consideration of both independent and joint control measures.

**IX.5** The Parties agree that Soft Costs, as defined in Article III.16., shall be subject to the following:

- At the beginning of each year and continuing through the construction and commissioning of The Ship Canal WQ Project, SPU and DNRP will agree to an annual Soft Costs budget.
- The annual Soft Costs budget will be the Parties' annual limit of Soft Costs charges for The Ship Canal WQ Project.
- The Soft Costs budget will be a part of the total cost of The Ship Canal WQ Project, and will be subject to the Cost Share provisions of Article IX.1 through IX.3 of this Agreement.

- If a Capital Cost Increase is solely due to an increase in Soft Costs, the Change Management process will be utilized.

**IX.6** Proceeds or monies received by SPU or DNRP, either individually or jointly, for the benefit of The Ship Canal WQ Project, including but not limited to the award of grants or loans, any insurance proceeds, recovery of any damages, judgments, settlements, or tax adjustments or deferrals, shall benefit SPU and DNRP in proportion to their contributed share of payments for The Ship Canal WQ Project as defined by the cost share percentages in Article IX.1, IX.2 and IX.3 above. If land purchased, in whole or in part, for The Ship Canal WQ Project and paid for by the Parties in accordance with the cost share percentages in Article IX.1, IX.2, and IX.3 is subsequently sold or declared surplus as no longer needed for construction or operation of The Ship Canal WQ Project, then the proceeds of the sale shall be credited to each Party in proportion to their contributed share of The Ship Canal WQ Project in accordance with the cost share percentages in Article IX.1, IX.2 and IX.3, above.

**IX.7** Capital Cost Increases, which are costs of planning, design, permitting, construction, mitigation, completing, and commissioning The Ship Canal WQ Project that exceed the Capital Project Budget, will be paid for by the Parties using the cost share percentages in Articles IX.1 and IX.2, subject to Articles IX.9, and IX.10 below.

**IX.8** SPU will implement a cost monitoring and reporting system as part of the PMP, which shall document costs incurred and progress to date on The Ship Canal WQ Project, along with any reporting in accordance with the PMP and Article X of this Agreement.

**IX.9** The Parties will share Capital Cost Increases exceeding the Capital Project Budget that would have occurred regardless of which Party is in the lead, in proportion to their shares of The Ship Canal WQ Project costs as defined by the cost share percentages in Article IX.1, IX.2, and IX.3 above.

**IX.10** As a guide for determining whether a Capital Cost Increase exceeding the baseline Ship Canal WQ Project Budget, as defined in Article III.1, is to be a shared cost, or exclusively a cost to SPU or DNRP, SPU will refer to the "List of Potential Causes for Capital Cost Increases" contained in Exhibit D.

**IX.11.** The Project shall be designed and constructed to meet the aggregate of the minimum control volumes stated in Article II.16 and in the Project Description. Storage volume in excess of the stated minimum control volumes may come from one or both of the following:

- Tunnel system components, refinements, non-discretionary changes, and contractors' means and methods ("Excess Volume")
- Discretionary changes to the Project Description ("Discretionary Excess Volume")

Allocation of Excess Volume is defined in Article IX.12. Allocation of Discretionary Excess Volume is defined in Article IX.13.

**IX.12.** Excess Volume, excluding Discretionary Excess Volume, is volume obtained incidentally during design and construction of the Project, in accordance with the Project Description, and is anticipated from one or more of the following:

- Portals and down-shafts
- The pump station wet well
- Non-discretionary Project revisions and refinements (adjustments to the tunnel alignment, portal diameters, etc.)
- Contractor means and methods that meet the requirements of the bid documents and result in the lowest bid amount
- Other means

The Parties agree that Excess Volume, excluding Discretionary Excess Volume, shall be allocated such that SPU has rights to 60 percent and DNRP 40 percent of the Excess Volume. These proportions are consistent with the control volume allocations in Article II.16 and the Project Description, Exhibit A. To ensure appropriate allocation of Excess Volume, The Ship Canal Project Excess Volume shall be estimated at construction substantial completion and allocated between SPU and DNRP in the proportions of 60 and 40 percent respectively. The Ship Canal Project Excess Volume shall only be used exclusively for CSO storage from the basins identified in Article II.16 and the Project Description, Exhibit A. Excess Volume is incidental to the Project and is included in the shared project costs in accordance with Articles IX.1 through IX.3.

**IX.13.** Discretionary changes to the Project Description that result in Discretionary Excess Volume (e.g., construction of a tunnel diameter greater than 14 feet diameter) shall go through the change management process. Unless otherwise modified by agreement: 1) the cost share between the Parties for the Discretionary Excess Volume shall be proportionate to the agreed upon allocation of the Discretionary Excess Volume; 2) the Parties have the right to, but are not obligated to purchase 65 percent to SPU and 35 percent to DNRP of the Discretionary Excess Volume.

**IX.14.** Both Parties acknowledge there is a possibility that: 1) a Party may on a regular or continuous basis need to use a portion of the Storage Volume greater than its right to use as defined in Article VII.2, or 2) regulatory compliance may not be obtained by one or both Parties through implementation and operation of the Project in accordance with the final Operations and Maintenance Plan, and will require one or both Parties to develop a supplemental compliance plan under the terms of each Party's Consent Decree. Project commissioning and the 5-year post construction monitoring period will inform both Parties on project performance, possible excess use and compliance with regulations. In the event that regular or continuous use of excess volume or a supplemental compliance

plan is needed by either Party, as determined by annual monitoring following the 5-year post construction monitoring period, consideration will be given to purchasing or leasing available capacity from the other Party. Neither Party shall be obligated to sell or lease their available capacity to the other Party. Requests to purchase or lease volume from the other Party shall be made through the Project Review and Change Management Committee (Exhibit B).

When such regular or continuous excess use is determined after the 5-year post construction monitoring period, if required, the responsible Party will produce a supplemental compliance plan in accordance with that Party's Consent Decree. Annual payment obligations by that Party will be incurred from the time the regular or continuous excess use is determined until the new control measure is implemented. These payment obligations will accrue with interest until they are paid.

The Parties agree that the annual payments for regular or continuous excess use will be equal to a fraction, the numerator of which is the responsible Party's additional control volume and the denominator of which is the Project's total Storage Volume, multiplied by the sum of:

- the estimated annual operating cost of the Project, plus
- three percent (3%) times all capital cost of the Project to reflect for the time value of money.

## Article X - Project Budget and Funding

**X.1** The Ship Canal WQ Project as defined in Article III.18, or as modified through written agreement of the Parties, is based on the Capital Project Budget, which shall be used as the basis for calculating each Party's financial contribution to plan, design, construct, and complete The Ship Canal WQ Project, and establishing a schedule of payments for planning, design, construction and completion of The Ship Canal WQ Project.

**X.2** SPU and DNRP agree that SPU will invoice DNRP each month for DNRP's share of the costs to date of The Ship Canal WQ Project and DNRP shall invoice SPU on a quarterly basis for SPU's share of DNRP costs on The Ship Canal WQ Project. The Parties shall provide each other with invoices showing expenditures during the previous month (or previous quarter for DNRP's expenditures) on The Ship Canal WQ Project. Invoices shall itemize the consultants' and contractors' payments, equipment, materials and labor expended on the Project, plus SPU's and DNRP's expenditures in support of The Ship Canal WQ Project. Invoices seeking payment or reimbursement for contractor and consultant expenditures shall not include any Party mark-up.

Invoices seeking payment or reimbursement for a Party's employee labor charges shall state the number of labor hours expended on the Project by such employees, along with their names, job titles, and fully burdened labor rates. Any direct non-salary charges shall be itemized by category, i.e. mileage, reproduction, postage and shipping, telephone, etc. Supporting documentation will accompany each invoice submitted. Copies of receipts for expenses for which reimbursement is sought shall be attached. Properly documented invoices shall be paid by the receiving Party within thirty (30) calendar days of receipt, unless otherwise agreed to in writing by the billing Party. Notice of any potential dispute regarding current invoices shall be made in writing within the same time-period. Payment by a Party shall not constitute agreement as to the appropriateness of any item or acceptance of the work so represented. At the time of final audit, all required adjustments related to any potential dispute for which notice has been timely given shall be made and reflected in a final payment.

- X.3** SPU will provide DNRP a progress report on work completed on The Ship Canal WQ Project to-date, along with a cost report, with each invoice in a format as shown in Exhibit E. SPU will submit the cost report with each monthly invoice.
- X.4** SPU's first invoice shall be submitted to DNRP thirty (30) calendar days after the mutual execution of this Agreement or January 30, 2016, whichever is later. The first invoice to DNRP for The Ship Canal WQ Project costs shall include \$463,080 for DNRP's expenses accrued in 2014 and DNRP's proportionate share of costs, as defined in Article IX.1, IX.2 and IX.3, incurred for The Ship Canal WQ Project including costs and expenses accrued since January 1, 2015, excluding costs associated with negotiating and drafting of this Joint Project Agreement.
- X.5** The Parties agree to pay simple interest at the rate of one percent (1%) per month on any undisputed amounts that are more than thirty (30) calendar days overdue under this Agreement, unless otherwise agreed to in writing by the Parties.
- X.6** In accordance with the cost share provisions of Article of IX.1 through IX.3, SPU and DNRP will jointly fund an independent audit of costs for The Ship Canal WQ Project for the purpose of reconciling actual costs for each Party in accordance with this Joint Project Agreement within one year of The Ship Canal WQ Project achieving Control Status.
- X.7** Within one year of completion of the independent audit described in Article X.6 above, the Parties will reconcile their contributions made in comparison to the audited actual cost to deliver The Ship Canal WQ Project to completion.
- X.8** SPU will invoice DNRP annually for Operation and Maintenance (O&M) costs, during the first five (5) years of operation of The Ship Canal WQ Project,

based on a mutually agreed O&M estimate, to be developed at completion of project construction, and incorporated herein by reference. Prior to the end of the sixth year of operation of The Ship Canal WQ Project, SPU will reconcile actual costs against the O&M estimate, and invoice/credit DNRP for the difference between actual O&M costs and estimated O&M costs. SPU will invoice DNRP annually thereafter for DNRP's share of O&M costs incurred, and DNRP will pay to SPU the amount due within ninety (90) calendar days of receipt of an annual O&M invoice.

- X.9** The Parties acknowledge and agree that this Joint Project Agreement will require budget appropriations beyond the respective current approved budget ordinances passed by the Seattle City Council and the King County Council, and thus will be subject to subsequent annual or biennial budget ordinance approvals by both Councils, in accordance with the City of Seattle and King County Charters and applicable state law.

## Article XI - Insurance

- XI.1** Prior to the contract solicitation for the Construction contract(s) and signature of any Design contract(s) for The Ship Canal WQ Project the Risk Managers from the City of Seattle and King County will co-operate in the development of an insurance program for the design and construction of The Ship Canal WQ Project. Both parties shall agree on the scope and content of the insurance programs.

Coverages and limits shall be in accordance with prudent risk management practices and shall be consistent with those insurance coverages routinely requested and obtained by the parties for projects of similar size and scope.

- XI.2** The Design Contract at a minimum shall require the following coverages and limits:
- a) Commercial General Liability: Coverage shall be at least as broad as: Insurance Services Office Form No. CG 00 01, covering Commercial General Liability no less than \$1,000,000 combined single limit per occurrence and, for those policies with an aggregate limit, a \$2,000,000 aggregate limit.
  - b) Automobile Liability: Insurance Services Office form number CA 00 01, covering BUSINESS AUTO COVERAGE, symbol 1 "any auto"; or the combination of symbols 2, 8, and 9. \$1,000,000 Combined Single limit Bodily Injury and Property Damage.
  - c) Umbrella or Excess Liability Insurance: The Contractor shall provide minimum Excess or Umbrella Liability coverage limits of \$5,000,000

each occurrence in excess of the primary CGL and Automobile liability insurance limits.

- d) Professional Liability, Errors and Omissions (PLI): \$20,000,000 per Claim and in the Aggregate. SPU and DNRP agree that the minimum coverage specified in this paragraph will be met through any combination of the following, to be mutually agreed upon by the Parties prior to the design contract being executed with the selected design consultant: 1) the Design Consultant's Professional Liability/E&O standard practice policy; 2) Project Specific PLI Policy; and/or 3) SPU and DNRP jointly-purchased Owner's Protective Professional Liability Indemnity (OPPI) insurance policy. Coverage shall be maintained for a period of six years subsequent to project completion.
- e) Contractor's Pollution Liability Coverage: Contractor shall provide Contractor's Pollution Liability coverage in the amount of \$1,000,000 per occurrence and in the aggregate to cover sudden and non-sudden bodily injury and/or property damage to include the destruction of tangible property, loss of use, clean-up costs and the loss of use of tangible property that has not been physically injured or destroyed.
- f) Workers' Compensation: Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington.
- g) Employers Liability or "Stop-Gap": The protection provided by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the General Liability policy. Limit: \$1,000,000.

**XI. 3** The Parties expect that construction contracts for The Ship Canal Project will be solicited and entered into in the years 2017 and 2018. Prior to solicitation the Parties shall meet and consider the potential insurance programs suitable for a project of this size and scope. This can include but not be limited to: contractor provided insurance, OCIP or CCIP coverage. Construction contract coverages to be included:

- a) Commercial General Liability: Coverage shall be at least as broad as: Insurance Services Office Form No. CG 00 01, covering Commercial General Liability no less than \$1,000,000 combined single limit per occurrence and, for those policies with an aggregate limit, a \$2,000,000 aggregate limit.
- b) Automobile Liability: Insurance Services Office form number CA 00 01, covering BUSINESS AUTO COVERAGE, symbol 1 "any auto"; or the combination of symbols 2, 8, and 9. \$1,000,000 Combined Single limit Bodily Injury and Property Damage.

- c) Umbrella or Excess Liability Insurance: The Contractor shall provide minimum Excess or Umbrella Liability coverage limits of \$50,000,000 each occurrence in excess of the primary CGL and Automobile liability insurance limits.
- d) Contractor's Pollution Liability Coverage: Contractor shall provide Contractor's Pollution Liability coverage in the amount of \$15,000,000 per occurrence and in the aggregate to cover sudden and non-sudden bodily injury and/or property damage to include the destruction of tangible property, loss of use, clean-up costs and the loss of use of tangible property that has not been physically injured or destroyed.
- e) Workers' Compensation: Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington.
- f) Employers Liability or "Stop-Gap": The protection provided by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the General Liability policy. Limit: \$1,000,000.
- g) Contractor's Professional Liability: The Contractor shall provide evidence of Professional Liability insurance covering professional errors and omissions for construction management, value engineering, or any other non-construction professional services. Such insurance must provide a minimum limit of liability of \$2,000,000 million each claim and may be evidenced as an extension of a CGL policy or by a separate Professional Liability policy.
- h) Inland Marine Coverage: Contractor shall procure and maintain Inland Marine coverage to include coverage for the Full Replacement Value of the Tunnel Boring Machine(s). Coverage shall include "All risk" perils to include Earthquake and Flood.
- i) Builder's Risk/Installation Floater: "All Risk" Builders Risk including coverage for collapse, theft, off-site storage, soft costs, delay and property in transit. The coverage shall insure for direct physical loss to property of the entire construction project, for 100% of the replacement value thereof and include earthquake.
- j) Other coverages to be considered upon determination of the contract means and methods may include (but not be limited to) Marine and Railroad Protective.

#### **XI.4 Other Insurance Provisions**

- a) Insurance limits and coverage provisions in this Article XI are meant to provide guidance but may be altered, enhanced and finalized by the City and King County using prudent risk management practices, and



shall be consistent with those insurance coverages routinely requested and obtained for projects of this size and scope.

- b) Each insurance policy shall be written on an "Occurrence" basis, except Professional Liability.
- c) If insurance is on a claims-made form, its retroactive date, and that of all subsequent renewals, shall be no later than the Notice to Proceed Date. Coverage shall be effective for a period of six years subsequent to project completion.
- d) XCU and Subsidence Perils Not Excluded on General Liability coverages.
- e) Any deductibles or self-insured retentions in excess of \$25,000 must be declared to and approved by the City of Seattle and King County.
- f) For all liability policies except Professional Liability, Workers Compensation, and Employers' Liability, the City of Seattle and King County, its officers, officials, employees, and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of SPU or DNRP in connection with this Agreement. Additional Insured status shall include both Ongoing Operations and Products-Completed Operation and extend for a period of six years subsequent to the expiration or termination of this Agreement or substantial completion of construction. Such coverage shall be Primary.
- g) Acceptability of Insurers. Insurance is to be placed with insurers with a Bests' rating of no less than A: VIII, or if not rated with Bests' with minimum surpluses, the equivalent of Bests' surplus size VIII.
- h) Failure on the part of the Consultant or Contractor to maintain insurance as required shall constitute a material breach of contract
- i) Consultant or Contractor shall contractually require that each subcontractor of every tier include the City of Seattle and King County as additional insureds for primary and non-contributory limits of liability.
- j) Except as may be agreed upon by the Parties for the design contract PLI, the Consultant's and Contractor's insurance coverage shall be primary insurance as respects the City and County, its officers, officials, employees, and agents. Any insurance and/or self-insurance maintained by the City or County, its officers, officials, employees, or agents shall not contribute with the Consultant's or Contractor's in any way.
- k) The Consultant's and Contractor's insurance shall apply separately to each insured against whom a claim is made and or lawsuit is brought, except with respect to the limits of the insurer's liability.
- l) For all insurance policies, coverage shall not be suspended, voided, canceled, reduced in coverage or in limits, until after thirty (30) days

prior notice - return receipt requested, has been given to the City and County.

- m) Substitution of insurance: if project work under XI.2.E and/or XI.3.D is subcontracted, applicable minimum coverages and limits of liability may be evidenced by any subcontractor, instead of the prime contractor; provided that such insurance fully meets the applicable requirements set forth herein and must include the City of Seattle and King County as Additional Insureds.

**XI.5** For SPU Project contracts, SPU and the consultant or contractor will include the King County as a named third party beneficiary of the SPU design, construction, construction management, and operations and maintenance contracts for the Project, and SPU and the consultants/contractor will include King County in the indemnification and insurance provisions contained in the SPU contracts.

For DNRP Project contracts, DNRP and the consultant or contractor will include The City of Seattle as a named third party beneficiary of the DNRP design, construction, construction management, and operations and maintenance contracts for the Project, and DNRP and the consultants/contractors will include The City of Seattle in the indemnification and insurance provisions contained in the DNRP contracts.

SPU and DNRP do not intend that this Article XI.5 be interpreted to create any obligation, liability, or benefit to any third party, other than SPU and DNRP for purposes of the design and construction of the Project.

## Article XII - Indemnification

**XII.1.** As between the Parties, 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 any and all suits, costs, claims, actions, losses, penalties, judgments, and/or awards of damages, of whatsoever kind arising out of, or in connection with, or incident to the obligations assumed under this Agreement caused by or resulting from each Party's own negligent acts or omissions. Each Party agrees that it is fully responsible for the acts and omissions of its own contractors, subcontractors, their employees and agents, acting within the scope of their employment as such, as it is for the acts and omissions of its own employees and agents.

Each Party agrees that its obligations under this provision extend to any claim, demand, and/or cause of action brought by or on behalf of any of its employees, or agents. The foregoing indemnity is specifically and expressly intended to constitute a waiver of each Party's immunity under Washington's

Industrial Insurance act, RCW Title 51, 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 these provisions were specifically and mutually negotiated.

In the event it is determined that R.C.W. 4.24.115 applies to this Agreement, then each Party agrees to defend, hold harmless, and indemnify the other to the maximum extent permitted thereunder, and specifically for its' negligence concurrent with the other Party to the full extent of the indemnifying Parties,' it's employees', agents', contractors' and consultants' negligence.

The Parties agree that the provisions of this Article XII shall survive the termination of this Agreement.

### Article XIII- Change in Project Purpose

**XIII.1** The Parties agree that the purpose of this Joint Project Agreement is to implement The Ship Canal WQ Project as defined in Exhibit A, and through such implementation, achieve the control of combined sewer overflows as required by the Parties' respective Consent Decrees for the seven outfalls identified and described Article VII.3. Any change in the purpose of The Ship Canal WQ Project may be made only through mutual agreement of the Parties and written amendment of this Joint Project Agreement.

### Article XIV - Governance

**XIV.1** The Parties acknowledge that while The Ship Canal WQ Project represents a preferred means to control CSOs, it is unique and will present challenges to both Parties during its design, construction, and operating life. Therefore, the governing structure in Article XIV.2 through Article XIV.4 below is established to provide the Parties with a means of managing and achieving mutual compliance with the terms of this Joint Project Agreement.

**XIV.2** The Parties may agree to form a Joint Oversight Committee whose members shall be SPU's Deputy Director of Corporate Policy and the Deputy Director of Drainage and Wastewater, Deputy Director of Project Delivery and Engineering, and DNRP's Deputy Director and Director of the Wastewater Treatment Division, or otherwise as may be designated by the Directors of DNRP and SPU. The Joint Oversight Committee shall provide policy guidance in the implementation and administration of The Ship Canal WQ Project. The Joint

Oversight Committee will meet not less than two times per year until Control Status is achieved or unless an alternative meeting schedule is mutually agreed upon by the Oversight Committee Members.

**XIV.3** Project Principals, defined as the Manager of SPU's Project Delivery and Engineering Branch and DNRP's Wastewater Treatment Division, Project Planning and Delivery Section Manager, or as may be designated by the Parties' respective agency Directors, shall serve to provide timely oversight and coordination between the Parties and provide direction to the Project Manager as needed to manage changes not otherwise subject to the Change Management process, Exhibit B, and requirements of Article VI.5.

**XIV.4** SPU may form Task Forces, in accordance with Article VI.6., in consultation with the Project Principals to provide advice and support through completion, and through the operating life of The Ship Canal WQ Project.

#### Article XV - Incremental Flow Charges

**XV.1** SPU will pay DNRP for SPU's incremental increases in flows to DNRP's sewer system from The Ship Canal Project as follows: 1) in accordance with Technical Memorandum No. 7 methodology; 2) in accordance with the final monitoring and modeling report described in Article VIII.9; 3) based on data produced from actual monitoring of SPU's and DNRP's combined sewage inflows to The Ship Canal WQ Project conveyance and storage system; and 4) based on data produced from actual monitoring of effluent discharged from The Ship Canal WQ Project to the regional sewer system. During the first 5 years of operation of The Ship Canal WQ Project, such payments may be based on an estimate of flows, based on modeled information prepared by each Party for their respective LTCP/CSO Control Plan. Within one year following the end of the 5<sup>th</sup> year of operation of The Ship Canal WQ Project, DNRP and SPU will reconcile payments based on actual monitoring of the first five years of flows to The Ship Canal WQ Project storage system, and actual SPU flows discharged to DNRP's sewer system.

**XV.2** DNRP and SPU acknowledge and agree that the payments made by SPU for incremental flows under Article XV.1 satisfy the obligation for payment under Section 5.3(c) of the Agreement for Sewage Disposal, as amended in 1992, for the flows resulting from The Ship Canal WQ Project.

## Article XVI – Miscellaneous

- XVI.1** SPU will pay 100 percent of applicable fines or penalties to EPA or Ecology that are imposed for not meeting the CSO Control standard as defined by WAC 173-245-020(22) for each of the seven CSO outfalls within The Ship Canal WQ Project, as defined in Article II.16 including DNRP's 11th Avenue Northwest outfall (004) and 3rd Avenue West outfall (008)), except where it has been determined through modeling of flows from each basin that the tunnel design Control Volume has been exceeded, in which case SPU and DNRP will pay their proportionate share of the fines and penalties in accordance with the cost share provisions of Article IX.1 and IX.2 of this Agreement.
- XVI.2** DNRP and SPU agree that flows from The Ship Canal WQ Project shall be released into DNRP's regional system based on the NIRR as described in SPU's Long Term Control Plan, CSO Control Measures Performance Modeling Report, January 2015 (Appendix L of the Final LTCP Volume 2 dated May 29, 2015), incorporated herein by reference.
- XVI.3** The Ship Canal WQ Project shall not be considered a regional facility as defined in the 1961 Agreement.

## Article XVII -Dispute Resolution

- XVII.1** If a dispute regarding the terms of this Joint Project Agreement arises between the Parties, the Parties agree to first attempt resolution of the issues through One Team Decision Making Guidelines (Exhibit C). In the event the Parties are not able to reach reasonable and prompt resolution through One Team Decision Making Guidelines (Exhibit C), the Parties agree to engage in mediation to attempt to resolve the dispute prior to initiating any lawsuit arising under this Agreement. The Parties shall jointly select a neutral third party mediator, and agree to share the costs of mediation equally.
- XVII.2** This Joint Project Agreement is made pursuant to, and shall be construed according to the laws of the State of Washington. In the event that mediation is unsuccessful and either Party finds it necessary to initiate legal proceedings to enforce any provision of this Agreement, both Parties agree and consent to the exclusive jurisdiction of the courts of the State of Washington, and that the venue of any action shall be Seattle, King County, Washington.

## Article XVIII- Authority to Sign

**XVIII.1** The individual signing this Joint Project Agreement on behalf of SPU represents and warrants that he or she has the authority to enter into this Agreement on behalf of The City of Seattle and to bind the City to the terms and conditions contained herein.

**XVIII.2** The individual signing this Joint Project Agreement on behalf of DNRP represents and warrants that he or she has the authority to enter into this Agreement on behalf of King County and to bind King County to the terms and conditions contained herein.

## Article XIX – Modifications and Amendments

**XIX.1** Either Party may request changes, amendments, or additions to any portion of this Joint Project Agreement; however, except as otherwise provided in this Agreement, no such change, amendment, or addition to any portion of this Agreement shall be valid or binding upon either Party unless it is in writing and signed by personnel authorized to bind each of the Parties. All amendments shall be made part of this Agreement.

## Article XX- Entire Agreement

**XXI.1** These provisions represent the entire agreement of the Parties and may not be modified or amended except as provided herein. Any understanding, whether oral or written, past, concurrent or future, which is not expressly incorporated herein as either an Exhibit or by reference, is expressly excluded.

## Article XXI - Notices

**XXI.1** Unless otherwise directed in writing, notices, reports and payments shall be delivered to each party as follows:

The City of Seattle  
Seattle Public Utilities

King County Dept. of Natural Resources  
Wastewater Treatment Division

Attn: Ship Canal WQ Project  
Administrator  
701 Fifth Ave., Ste. 4900  
Seattle, WA 98120

Attn: Project Control and Contract  
Management Unit Manager  
201 South Jackson Street  
Mailstop: 512  
Seattle, WA 98104

**XXI.2** Notices mailed by either party shall be deemed effective on the date mailed. Either party may change its address for receipt of reports, notices, or payments by giving the other written notice of not less than five days prior to the effective date.

#### Article XXII - Termination

**XXII.1** The intent of this Joint Project Agreement is to establish a permanent cooperative partnership between the Parties to efficiently execute, construct, and operate The Ship Canal WQ Project, meet the Parties' respective Consent Decree requirements, and avoid either Party experiencing a significant schedule and/or cost performance variance on The Ship Canal Project or other joint or independent water quality projects.

**XXII.2** This Agreement may be terminated only upon the mutual written agreement of the Parties.

#### Article XXIII - Counterparts

**XXIII.1** This Agreement may be executed simultaneously in two counterparts, each of which shall be an original and all of which shall constitute but one instrument.

#### Article XXIV - No Third Party Beneficiaries

**XXIV.1** This Agreement is entered into solely for the mutual benefit of the City of Seattle and King County. This Agreement is not entered into with the intent that

it shall benefit any other person and no other such person shall be entitled to be treated as a third party beneficiary of this Agreement.

#### Article XXV - Successors and Assigns

**XXV.1** SPU or DNRP may not assign this Agreement without the other's prior written approval.

#### Article XXVI - Severability

**XXVI.1** If any provision of this Agreement or any provision of any law, rule or document incorporated by reference into this Agreement shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which legally can be given effect without the invalid provision, unless to do so would frustrate the purpose of the provision.

#### Article XXVII - Headings

**XXVII.1** Section titles or other headings contained in this Agreement are for convenience only and shall not be part of this Agreement, nor be considered in its interpretation.

#### Article XXVIII - No Waiver

**XXVIII.1** Neither payment nor performance by a Party shall be construed as a waiver of the other Party's rights or remedies against the Party. Failure to require full and timely performance of any provision at any time shall not waive or reduce the right to insist upon complete and timely performance of such provision thereafter.

#### Article XXIX – Project Records

**XXIX.1** Upon request by a Party, the other Party will provide within fourteen (14) calendar days of any request, or if the request is voluminous or is for documents in several locations then in a reasonable time, any Project-related documentation in its possession or in the possession of its agents, contractors and consultants (except documents that are not subject to the Washington State Public Records



Act, Ch. 42.56 RCW), including but not limited to environmental analyses, geotechnical reports, engineers estimates, bid tabulations, contractor submittals, and contract payment records relating to the Project. In addition, the Consent Decrees require that the Parties retain and instruct their respective contractors and agents to preserve all non-identical copies of all documents, records or other information (including documents, records or other information in electronic form) in their or their respective contractor's or agent's possession or control or that come into their or their respective contractor's or agent's possession or control regarding this Project until five (5) years after the termination of the Consent Decrees. Therefore the Parties shall retain all such documents until the latter of (1) 2035, (2) five years after the termination of the City's Consent Decree or (3) five years after the termination of the County's Consent Decree. During such time all such records, accounts, documents or other data pertaining to The Ship Canal Project shall be made available for inspection and/or copies of such shall be furnished upon request.

### Article XXX – Publication

**XXX.1** Each party may publish information, findings, reports and results of The Ship Canal WQ Project, and may acknowledge its respective role in and support of The Ship Canal WQ Project.

IN WITNESS WHEREOF, in consideration of the terms, conditions and covenants contained herein, or attached and incorporated and made a part hereof, the Parties have executed this Joint Project Agreement by having their authorized representatives affix their signatures below.

Christie True  
Director  
King County Dept. of Natural Resources  
King Street Center  
201 S Jackson St; Suite 501  
Seattle, WA 98104-3855

Ray Hoffman  
Director  
Seattle Public Utilities  
P. O. Box 34108  
Seattle, WA 98124-4018

By \_\_\_\_\_  
Signature                      Date

By \_\_\_\_\_  
Signature                      Date

\_\_\_\_\_  
Type or Print Name

\_\_\_\_\_  
Type or Print Name

Director  
Wastewater Treatment Division, King County

Director  
Seattle Public Utilities  
City of Seattle

#### EXHIBITS:

- Exhibit A: SPU/DNRP Ship Canal Water Quality Project – Project Description
- Exhibit B: Change Management
- Exhibit C: One Team Decision Making Guidelines
- Exhibit D: List of Potential Causes for Capital Cost Increases
- Exhibit E: DNRP-WTD Invoice Format