SEATTLE CITY COUNCIL

Legislative Summary

CB 118565

Record No.: CB 118565 **Type:** Ordinance (Ord) **Status:** Passed

Version: 1 124965 **In Control:** City Clerk

File Created: 09/30/2015

Final Action: 12/17/2015

Title: AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to execute amendments to wheeling agreements between The City of Seattle and North City Water District and between The City of Seattle and Olympic View Water and Sewer District.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Bagshaw

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Att 1 - North City Wheeling Agreement, Att 2 - Olympic View Wheeling Agreement

Drafter: bob.hennessey@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published: ☐ Yes ☐ No

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	10/20/2015	Mayor's leg transmitted to Council	City Clerk			
	Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk						
	Notes:						
1	City Clerk	10/20/2015	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	10/20/2015	sent for review	Seattle Public Utilities and Neighborhoods Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Seattle Public Utilities and Neighborhoods Committee						
	Notes:						

1	Full Council	11/16/2015	referred	Seattle Public Utilities and Neighborhoods Committee	

Action Text: The Council Bill (CB) was referred. to the Seattle Public Utilities and Neighborhoods Committee
Notes:

1	Seattle Public Utilities and Neighborhoods Committee	12/08/2015	pass		Pass

Action Text: The Committee recommends that Full Council pass the Council Bill (CB).

In Favor: 1 Chair Bagshaw

Opposed: 0

Absent(NV): 1 Member Harrell

1	Full Council	12/14/2015	passed		Pass

Action Text: The Council Bill (CB) was passed by the following vote and the President signed the Bill:
Notes:

In Favor: 8 Council President Burgess, Councilmember Godden, Councilmember González , Councilmember Harrell, Councilmember Licata, Councilmember O'Brien, Councilmember Rasmussen, Councilmember Sawant

Opposed: 0

1	City Clerk	12/16/2015	submitted for Mayor's signature	Mayor

Action Text: The Council Bill (CB) was submitted for Mayor's signature. to the Mayor
Notes:

1	Mayor	12/17/2015	Signed

Action Text: The Council Bill (CB) was Signed.
Notes:

1	Mayor	12/17/2015	returned	City Clerk

Action Text: The Council Bill (CB) was returned. to the City Clerk
Notes:

1	City Clerk	12/17/2015	attested by City Clerk

Action Text: The Ordinance (Ord) was attested by City Clerk.
Notes:

Sheila Claire Strehle
SPU NW Wheeling ORD
D1a

CITY OF SEATTLE

ORDINANCE 124965

COUNCIL BILL 118565

AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to execute amendments to wheeling agreements between The City of Seattle and North City Water District and between The City of Seattle and Olympic View Water and Sewer District.

WHEREAS, North City Water District and Olympic View Water and Sewer District ("the Utilities") contract with The City of Seattle ("the City") for wholesale water supply, which contracts include terms and conditions of delivering the water supply through the Seattle Regional Transmission System; and

WHEREAS, the Utilities have wheeling agreements with the City to establish the terms and conditions of wheeling the water supply through Seattle's Northwest Subregional System; and

WHEREAS, the City negotiated wheeling agreement amendments with the Utilities to meet their interests regarding rate predictability and stability; and

WHEREAS, the governing bodies of the Utilities have approved amending the Utilities' respective wheeling agreements; and

WHEREAS, the wheeling agreement amendments meet the interests of the City's regional water system; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Director of Seattle Public Utilities is authorized to execute the wheeling agreement amendments between the City and North City Water District, and between the City and Olympic View Water and Sewer District, substantially in the form as the agreements attached to this ordinance as Attachment 1 and Attachment 2, respectively.

Section 2. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 14th day of December, 2015, and signed by me in open session in authentication of its passage this 14th day of December, 2015.

President _____ of the City Council

Approved by me this 17th day of December, 2015.

Edward B. Murray, Mayor

Filed by me this 17th day of December, 2015.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

Attachment 1 – Amended Agreement for Wheeling Water between the City of Seattle and North City Water District

Attachment 2 – Amended Agreement for Wheeling Water between the City of Seattle and Olympic View Water and Sewer District

AMENDED AGREEMENT FOR

WHEELING WATER

BETWEEN

THE CITY OF SEATTLE

AND THE

NORTH CITY WATER DISTRICT

September 29, 2015

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AGREEMENT FOR WHEELING WATER BETWEEN THE CITY OF SEATTLE AND NORTH CITY WATER DISTRICT

THIS AGREEMENT is entered into between the CITY OF SEATTLE ("Seattle"), a municipal corporation of the State of Washington, and the NORTH CITY WATER DISTRICT ("Utility"), a municipal corporation of the State of Washington.

RECITALS

1. Seattle owns and operates a system for the supply, transmission and distribution of water and is authorized to sell and distribute water to its residents and other customers located outside its corporate limits; and

2. The Utility entered into a Wholesale Water Supply Contract with Seattle to purchase water supply; and

3. Seattle, within its Wholesale Water Supply Contract, has listed the assets of the Seattle Regional Transmission System used to deliver water throughout the region and the terms and conditions for that delivery; and

4. With Seattle's consent, the Utility constructed two new points of delivery that are served through assets that are not part of the listed Seattle Regional Transmission System assets, and the wheeling of water through those assets is not covered by the Utility's Wholesale Water Supply Contract with Seattle;

NOW, THEREFORE, in consideration of mutual covenants herein, it is agreed as follows:

SECTION I. DEFINITIONS

For the purposes of this Agreement, the following terms have been defined as:

"Point(s) of Delivery" - The water meter and associated appurtenances, including everything from the outlet from the supply pipeline to the end of the Seattle meter vault, through which water is delivered from Seattle's Northwest Sub-regional System to the Utility's distribution system.

"Northwest Sub-regional System" - Those assets identified in Exhibit A and generally shown on the map in Exhibit B.

"Northwest Sub-regional System Allocation" – The percentage of each asset in the Northwest Sub-regional System that is used for sub-regional system use, i.e. transmission purposes.

"Seattle Regional Transmission System" - Those transmission mains, pumps and storage facilities serving Seattle's retail and wholesale customers with water as set forth in the Wholesale Water Supply Contract.

"Wheeling" - The process of delivering water through a set of assets from one utility to another.

"Wholesale Water Supply Contract" - The agreement for the provision of water supply between Seattle and the Utility, dated November 5, 2001.

SECTION II. TERM OF CONTRACT AND GUARANTEES

II.A. Term of Contract

1. This Agreement is effective from March 1, 2012 and shall remain in effect during the term of the Wholesale Water Supply Contract (December 31, 2062), so long as the Utility uses the Northwest Sub-regional System to receive water from Seattle.
2. Seattle may assign all or a portion of its rights and obligations under this Agreement to another public utility in the event Seattle transfers ownership of all or a portion of the assets identified in Exhibit A.

II.B. Agreement to Wheel Water

Seattle agrees to facilitate delivery of water pursuant to the terms and conditions of the Wholesale Water Supply Contract by wheeling water from the Seattle Regional Transmission System through the Northwest Sub-regional System to the Utility's Points of Delivery, as more particularly described in Exhibit C.

II.C. Service Delivery

1. Standard Level of Service. Seattle shall maintain a minimum hydraulic gradient or head at a maximum flow rate in amounts and at locations described in Exhibit C for each of Utility's Points of Delivery served through the Northwest Sub-regional System.

2. Interruptions of Service. Seattle may temporarily interrupt or reduce delivery of wheeled water to the Utility if Seattle determines that such interruption or reduction is necessary or reasonable in case of system emergencies or in order to install equipment, make repairs, replacements, investigations and inspections or perform other maintenance work on the Northwest Sub-regional System assets. Except in cases of emergency, Seattle shall give the Utility reasonable notice of any such interruption or reduction in service. Notice should include the reasons and probable duration of the interruption. Seattle shall use its best efforts to minimize service interruptions to the Utility.

II.D. Infrastructure

1. Assets. The Northwest Sub-regional System consists of those assets identified in Exhibit A. The percentage attributed to each asset in Exhibit A represents the proportion of the

asset that is deemed to be a sub-regional use and is referred to as the Northwest Sub-regional System Allocation (Allocation). The remaining proportion of each asset is considered to be a local use, i.e. for Seattle's distribution system. For the Richmond Highlands Tanks as listed in Exhibit A, the Allocation is based on the methodology in Seattle's "2015-2018 Northwest Wheeling Rate Study" using 0' and 10' operating bands for Tanks 1 and 2 respectively, which will remain in effect unless there is a major change to these assets, such as reactivation of a refurbished or replaced Richmond Highlands Tank 1 or deactivation of Richmond Highlands Tank 2.

2. Operation and Ownership. Seattle owns, operates and maintains the Northwest Sub-regional System used for wheeling under this Agreement. Nothing in this Agreement shall convey ownership rights or responsibilities of Seattle's assets to the Utility.

3. Points of Delivery and Meters. Water will be wheeled to the Utility to the Points of Delivery identified in Exhibit C. Seattle shall own the Points of Delivery, including appropriate metering devices to measure the amount of water wheeled to the Utility under this Agreement. Seattle will perform any work, including but not limited to operation, maintenance, repair, replacement, relocation, improvement or decommission of the Points of Delivery at Utility's expense, except a) to the extent of Seattle's negligence or b) for regular testing, cleaning and recalibration of the metering devices. Utility will operate and maintain its distribution system in a manner that the water flowing through the metering devices is within the normal operating range for the meter as specified by the manufacturer. At the Utility's request and expense, Seattle shall install and maintain equipment selected by the Utility and approved by Seattle to transmit signals to the Utility's recording equipment (at locations determined by the Utility) of the amount of water delivered as measured by Seattle's meter(s).

4. Asset and Allocation Review. Every five years, Seattle, in consultation with the Utility and other utilities receiving water through the Northwest Sub-regional System, shall conduct a review of the Northwest Sub-regional System assets and Allocations in Exhibit A to determine whether they are consistent with current operating needs and conditions. The next five-year review is scheduled for 2013. Seattle shall modify Exhibit A as necessary to reflect any changes, which will become incorporated into the Agreement upon written notice to Utility.

5. Capital Facilities Plan Review. When Seattle updates or amends its Comprehensive Facilities Plan ("Plan") and such update or amendment includes a project relating to an asset in the Northwest Sub-regional System, Water Utility shall have an opportunity to review and comment on that portion of the Plan prior to submission to the Seattle City Council. This review shall be coordinated with the Comprehensive Capital Facilities Plan review under section VI.D. of the Partial Requirements Water contracts, i.e. Water Utility shall respond within 60 days of receipt of the Plan, or its approval shall be presumed to be given. The response submitted by Water Utility regarding the Northwest Sub-regional System shall be seriously considered by Seattle. Seattle will reply to Water Utility's comments within 90 days of receipt. Water Utility and Seattle shall use their best efforts to arrive at a mutually acceptable plan. Final decisions and authority to approve capital projects relating to the Northwest Sub-regional System shall rest with the Seattle City Council.

II.E. Water Quality

Seattle shall wheel water to the Utility's system that meets or exceeds all applicable Federal and State regulations as the same may change from time to time.

SECTION III. WHEELING COSTS

The following general principles shall apply to the establishment of all rates and charges for wheeling hereunder.

- Seattle shall utilize generally accepted accounting principles consistently applied as a basis for developing the financial information upon which rates and charges are based.
- The rate structure should be simple to administer and easily understandable.
- The rate structure should be fair and equitable while balancing the needs of all parties.
- The rate structure should not place financial burdens on Seattle's retail customers for which they do not receive a corresponding benefit.

III.A. Cost Recovery

In accordance with the foregoing principles, Seattle shall develop wheeling rates for the Northwest Sub-regional System as follows:

1. Annual Costs of the Northwest Sub-regional System. These annual costs pertain to those assets listed in Exhibit A and include both capital and operation and maintenance costs.

   a. Operations and maintenance. For purposes of calculating a wheeling rate, operations and maintenance costs are limited to (i) the cost of power used at the pumping stations listed in Exhibit A and (ii) the proportionate share of costs for extraordinary maintenance or repairs, as determined by Seattle, on any asset in Exhibit A in accordance with the Northwest Sub-regional System Allocation for that asset.

   b. Capital. Total asset costs shall be calculated using the utility basis. Under the utility basis, the cost for an asset in any year shall be the sum of 1) the annual depreciation expense recorded for that asset, and 2) the product of the net book value of that asset and the rate of return on investment, which shall be 1.5% plus Seattle's average cost of debt as defined in the Wholesale Water Supply Contract.

      i. Asset Accounts. An asset account shall be established and maintained for each asset listed in Exhibit A. Within that account, Seattle shall record the original cost of the asset plus betterments and less retirements.

      ii. Depreciation. Assets shall be depreciated according to Standard Water System Asset Lives and a record of life-to-date depreciation shall be maintained for each asset. For future assets, no depreciation shall be recorded in the first calendar year of operation of that asset. A full year's depreciation shall be recorded in every subsequent year.

iii. Net Book Value. The net book value of each asset shall be its original cost plus betterments and less retirements, as recorded in its asset account, less life-to-date depreciation.

iv. Capacity. Costs associated with increasing capacity of or adding new assets to the Northwest Sub-regional System over and above that necessary to provide the level of service outlined in Section II.C.1 shall be borne by the party(ies) creating the need for or requesting the expansion or addition. Seattle shall modify Exhibit A as necessary to reflect any changes in the list of assets or the Northwest Sub-regional System Allocation, which will replace the existing Exhibit A and become incorporated into the Agreement upon written notice to Utility. If Utility has not created the need for or requested the expansion or addition of assets to the Northwest Sub-regional System, over and above the level of service outlined in Section II.C.1, Utility shall not be obligated to share in the costs of the expanded or added assets.

2. Wheeling Rate. The wheeling rate is calculated by dividing the allocated annual costs for the Northwest Sub-regional System pursuant to the Northwest Sub-regional System Allocation by the total amount of water delivered to Seattle's retail and wholesale customers through the Northwest Sub-regional System. The total amount of water delivered will be calculated as an average of the three most recent years. The wheeling rate as of the effective date of this Agreement is $0.02 per hundred cubic feet. Subsequent rates shall be established pursuant to Section III.C.

III.B. Billing

1. Determination of Bill. The wheeling rate will be applied to the quantity of water measured at the Utility's Points of Delivery in Exhibit C. Charges for the metered amount of water will be billed pursuant to the Wholesale Water Supply Contract.

2. Payment. Seattle shall bill the Utility on a monthly basis for all charges due under this Agreement. The Utility shall pay such charges within 30 days of the billing date. Seattle, at its option, may add these charges to billings sent to the Utility in association with the purchase of water from the Wholesale Water Supply Contract.

3. Penalties for Late Payment. All late payments or monies owed shall accrue interest at 1% per month.

III.C. Rate Adjustments

1. Comprehensive Rate Review. Every five years, Seattle shall conduct a comprehensive review of the wheeling rate, including consideration of updates to Exhibit A, if any, pursuant to Section II.D.4. The next comprehensive rate review is scheduled for 2013. Any changes to the rate will become effective upon written notice to the Utility.

2. Interim Rate Review. Within the five-year review periods above, but no more frequently than annually, any utility using the Northwest Sub-regional System may request, in writing, a review of the wheeling rate. Seattle shall conduct the review in accordance with this Agreement. The comprehensive rate review under Section III.C.1 above shall remain on schedule, even if a review is conducted under this section.

3. In the event that during either a comprehensive or interim rate review, it is determined that annual costs related to that portion of the Fremont Avenue N feeder north of the Richmond Highlands Tanks (see Exhibit A, pipeline #3) or the N 205th Street feeder (see Exhibit A, pipeline #4), or both, cause an increase in the wheeling rate, Seattle will relieve Utility of the increased wheeling rate to the extent it is caused by costs related to the Northwest Sub-regional System assets described in this section.

SECTION IV. ADMINISTRATION

IV.A. Severability

If any provision of this Agreement 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 Agreement 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 Agreement 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 Agreement, the entire Agreement shall be null and void.

IV.B. Consent

Whenever it is provided in this Agreement 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 Agreement.

IV.C. Emergency Situations

Nothing in this Agreement shall be deemed to require service under this Agreement nor to preclude either party from taking necessary action to maintain or restore Wheeling services and water supply in emergency situations and such actions shall not be deemed a violation of this Agreement.

IV.D. No Joint Venture - Individual Liability

This is not an agreement of joint venture or partnership, and no provision of this Agreement shall be construed so as to make the Utility individually or collectively a partner or joint venture with any other wholesale customer or with Seattle. Neither party is an agent of the other. Neither Seattle nor the Utility shall be liable for the acts of the other in any representative capacity whatsoever.

IV.E. Complete Agreement

This Agreement for Wheeling water represents the entire agreement between the parties hereto concerning the subject matter hereof. This Agreement may not be amended except as provided herein.

IV.F. 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, at Seattle. The parties shall be entitled to specific performance of the terms hereof.

IV.G. Default

In the event of default of any provision of the Agreement, 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.

IV.H. Force Majeure

The time periods for the parties' performance under any provisions of this Agreement shall be extended for a reasonable period of time during which a party's performance is prevented, in good faith, due to fire, flood, earthquake, lockouts, strikes, embargoes, 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.

IV.I. No Third Party Beneficiaries

This Agreement does not create, and shall not be construed to create, any rights enforceable by any person that is not a party to this Agreement.

IV.J. Successors

This Agreement shall inure to the benefit of and be binding upon the parties and their successors and assigns.

IV.K. Exhibits

Exhibits A through C are attached hereto and are hereby incorporated by reference as if set forth in full herein.

IN WITNESS WHEREOF, the parties hereby execute this Agreement.

NORTH CITY WATER DISTRICT

BY: _____

TITLE: _____

DATE _____

THE CITY OF SEATTLE

BY: _____
Director, Seattle Public Utilities

DATE: _____

LIST OF EXHIBITS

Exhibit A Northwest Sub-regional System List of Assets and Allocation

Exhibit B Northwest Sub-regional System Map

Exhibit C Points of Delivery

EXHIBIT A

NORTHWEST SUB-REGIONAL LIST OF ASSETS AND ALLOCATION

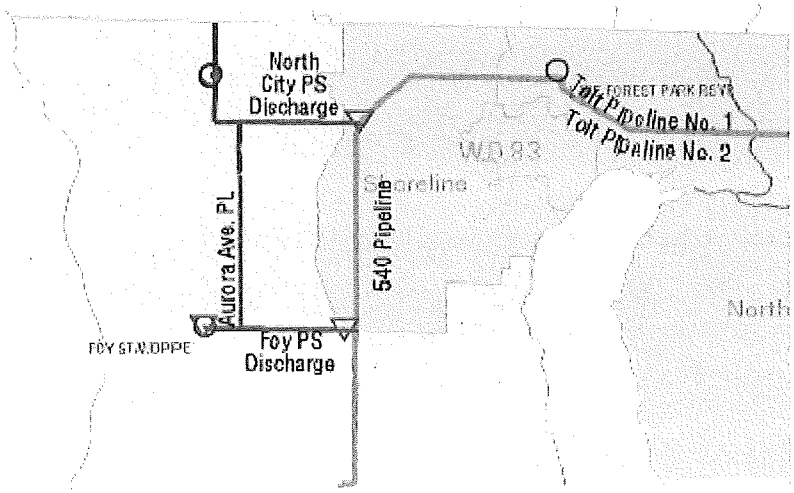
PIPELINES	NW Sub-regional System Allocation
1. The N. 185th Street feeder, from North City Pump Station to Aurora Avenue N, 30-inch steel pipeline, 24-inch steel pipeline across I-5.	70%
2. The N. 185th Street feeder, from Aurora Avenue N to Fremont Avenue N, 20-inch steel pipeline.	70%
3. The Fremont Avenue N feeder, from N. 185th Street to N 205th Street, 20-inch steel pipeline.[1]	58%
4. The N. 205th Street feeder, from Fremont Avenue N to Olympic View services, 12-inch ductile iron pipeline.[2]	24%
5. The Aurora Avenue N feeder, from N. 185th Street to N 145th Street, 24-inch steel pipeline	64%
6. The N/NE 145th Street feeder , from Foy Pump Station to Foy Standpipe connections near Dayton Avenue N, 24-inch steel pipeline.	65%
7. Foy Pump Station suction line in NE 145th Street from Foy Pump Station to 8th Avenue NE, including connections to the 550 pipeline and to the 430 zone.	65%
PUMP STATIONS	
1. North City Pump Station, including the suction line from the pump station to the 66-inch pipeline, and the pump station bypass from the 66-inch pipeline to the pump station discharge.	100%
2. Foy Pump Station, including the 12-inch bypass between the suction and discharge lines.	100%
TANKS	
1. Richmond Highlands Tanks, and all associated appurtenances and connections to the 590 zone.	19.0%
2. Foy Standpipe, including its connections to the N. 145th Street feeder, altitude valve, overflow, and drain.	0.0%

[1] Seattle and Utility agree that the segment of the Fremont Avenue N feeder north of the Richmond Highland Tanks is not currently providing benefit or used for wheeling water to Utility, but has no impact on the current wheeling rate under this Agreement. See Section III.C.3 for any future adjustments.

[2] Seattle and Utility agree that the N 205th Street feeder is not currently providing benefit or used for wheeling water to Utility, but has no impact on the current wheeling rate under this Agreement. See Section III.C.3 for any future adjustments.

EXHIBIT B

NORTHWEST SUB-REGIONAL SYSTEM MAP



The Pump Station shown near the Foy Standpipe is not a NW Sub-regional asset

Regional Pipelines

Northwest Subregional System Pipelines

Water Storage Facility (Reservoir, Tank, or Standpipe)

Pump Station

EXHIBIT C

POINTS OF DELIVERY

LOCATION	STATION NUMBER (1)	PIPELINE SEGMENT NUMBER(1)	SIZE OF METER (IN.)	MINIMUM HYDRAULIC GRADIENT FOR PLANNING PURPOSES AT STATION UPSTREAM OF METER (FEET NAVD-88 Datum)	MAXIMUM FLOW RATE UP TO WHICH THE MINIMUM HYDRAULIC GRADIENT APPLIES (gpm) (2)
NE 185th and 5th Avenue N	193	7	8	565	500
NE 185th and 8th Ave NE	194	7	8	565	Back up to Sta. 193
				TOTAL:	500

Notes:
(1) Station and Pipeline Segment Numbers pertain to cost allocations and the demand metering program.
(2) City of Seattle's estimate of Utility's average daily demand for 2020 with a peaking factor of 2.0 for peak day use.

AMENDED AGREEMENT FOR

WHEELING WATER

BETWEEN

THE CITY OF SEATTLE

AND THE

OLYMPIC VIEW WATER AND SEWER DISTRICT

September 29, 2015

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AGREEMENT FOR WHEELING WATER BETWEEN THE CITY OF SEATTLE AND OLYMPIC VIEW WATER AND SEWER DISTRICT

THIS AGREEMENT is entered into between the CITY OF SEATTLE ("Seattle"), a municipal corporation of the State of Washington, and the OLYMPIC VIEW WATER AND SEWER DISTRICT ("Utility"), a municipal corporation of the State of Washington.

RECITALS

1. Seattle owns and operates a system for the supply, transmission and distribution of water and is authorized to sell and distribute water to its residents and other customers located outside its corporate limits, and

2. The Utility entered into a Wholesale Water Supply Contract with Seattle, to purchase water supply, and

3. Seattle, within its Wholesale Water Supply Contract, has defined those assets that comprise the Regional Transmission System used to deliver water throughout the region, and

4. The delivery of water beyond the bounds of Seattle's Regional Transmission System is not a component of the Utility's Wholesale Water Supply Contract with Seattle, and

5. The Utility cannot be readily served directly from the Regional Transmission System,

NOW, THEREFORE, in consideration of mutual covenants herein, it is agreed as follows:

SECTION I. DEFINITIONS

For the purposes of this Agreement, the following terms have been defined as:

"Point(s) of Delivery" - The metered connections between the Utility's distribution system and Seattle's Northwest Sub-regional System.

"Northwest Sub-regional System" - Those assets identified in Exhibit A.

"Northwest Sub-regional System Allocation" – The allocation of assets, described in percentage terms in Exhibit A, used for the purposes of this agreement to establish cost sharing responsibility of those parties sharing the use of these assets.

"Seattle Regional Transmission System" - Those transmission mains, pumps and storage facilities serving Seattle's retail and wholesale customers with water as set forth in the Wholesale Water Supply Contract.

"Wheeling" - The process of delivering water through a set of facilities from one agency to another.

"Wholesale Water Supply Contract" - The Agreement for the provision of water supply between the City of Seattle and Olympic View Water District.

SECTION II. TERM OF CONTRACT AND GUARANTEES

II.A. Term of Contract

1. This Agreement shall take effect concurrently with the Utility's Wholesale Water Supply Contract and shall remain in effect during the term of the Wholesale Water Supply Contract, so long as the Utility uses the Northwest Sub-regional System to receive water from Seattle.
2. This Wheeling Agreement may be assigned to another jurisdiction in the event of the transfer of assets identified in Exhibit A.

II.B. Agreement to Wheel Water

Seattle agrees to facilitate delivery of water pursuant to the terms and conditions of the Wholesale Water Supply Contract by Wheeling water from its Regional Transmission System to the Utility's Points of Delivery.

II.C. Service Delivery

1. Standard Level of Service. Seattle shall maintain a minimum hydraulic gradient or head at a maximum flow rate in amounts and at locations described in Exhibit C for each Point of Delivery from the Northwest Sub-regional System.

2. Interruptions of Service. Seattle may temporarily interrupt or reduce delivery of Wheeled water to the Utility if Seattle determines that such interruption or reduction is necessary or reasonable in case of system emergencies or in order to install equipment, make repairs, replacements, investigations and inspections or perform other maintenance work on the Northwest Sub-regional System facilities. Except in cases of emergency, Seattle shall give the Utility reasonable notice of any such interruption or reduction in service. Notice should include the reasons and probable duration of the interruption. Seattle shall use its best efforts to minimize service interruptions to the Utility.

II.D. Infrastructure

1. *Assets*. The Northwest Sub-regional System consists of those facilities identified in Exhibit A. The percentage attributed to each facility in Exhibit A represents the proportion of the asset that is deemed to be a sub-regional use and is referred to as the Northwest Sub-regional System Allocation (Allocation). The remaining proportion is considered to be a local use and not used for the sake of calculation in this Agreement. For the Richmond Highlands Tanks and Foy Standpipe as listed in Exhibit A, the Allocation is based on the methodology in Seattle's "2015-2018 Northwest Wheeling

Rate Study" using 0', 10' and 0' operating bands for Tanks 1 and 2, and Foy Standpipe respectively. This will remain in effect unless there is a major change to these assets, such as reactivation of a refurbished or replaced Richmond Highlands Tank 1 or Foy Standpipe, or deactivation of Richmond Highlands Tank 2.

2. Operation and Ownership. Seattle owns, operates and maintains the assets used for Wheeling under this Agreement. Nothing in this Agreement shall convey ownership rights or responsibilities of Seattle's assets to the Utility.

3. Meters. Seattle shall own and maintain appropriate metering devices at each of the Utility's Points of Delivery to measure the amount of water delivered to the Utility. At the Utility's request and expense, Seattle shall install and maintain equipment selected by the Utility and approved by Seattle to transmit signals to the Utility's recording equipment (at locations determined by the Utility) of the amount of water delivered as measured by Seattle's meter(s).

4. Points of Delivery. Water will be Wheeled to the Utility's Points of Delivery identified in Exhibit C. In the event Seattle or the Utility find it necessary to add, replace, repair or eliminate a Point of Delivery, the costs for doing so will be billed to the Utility and paid within 30-days.

5. Facility Review. Every five years from the effective date of this Agreement, Seattle, in coordination with the Utility, shall conduct a review of the Northwest Sub-Regional System. The purpose of this review being to assess whether the individual assets listed in Exhibit A continue to serve a similar function to that performed at the inception of this Agreement. Seattle shall modify exhibit A as necessary to reflect any changes in assets or operations.

6. Capital Facilities Plan Review. When Seattle updates or amends its Comprehensive Facilities Plan ("Plan") and such update or amendment includes a project relating to an asset in the Northwest Sub-regional System, Water Utility shall have an opportunity to review and comment on that portion of the Plan prior to submission to the Seattle City Council. This review shall be coordinated with the Comprehensive Capital Facilities Plan review under section VI.D. of the Partial Requirements Water contracts, i.e. Water Utility shall respond within 60 days of receipt of the Plan, or its approval shall be presumed to be given. The response submitted by Water Utility regarding the Northwest Sub-regional System shall be seriously considered by Seattle. Seattle will reply to Water Utility's comments within 90 days of receipt. Water Utility and Seattle shall use their best efforts to arrive at a mutually acceptable plan. Final decisions and authority to approve capital projects relating to the Northwest Sub-regional System shall rest with the Seattle City Council.

II.E. Water Quality

Seattle shall deliver water to the Utility's system that meets or exceeds all applicable Federal and State regulations as the same may change from time to time.

SECTION III. WHEELING COSTS

The following general principles shall apply to the establishment of all rates and charges for Wheeling hereunder.

- Seattle shall utilize generally accepted accounting principles consistently applied as a basis for developing the financial information upon which rates and charges are based.
- The rate structure should be simple to administer and easily understandable.
- The rate structure should be fair and equitable while balancing the needs of all parties.

III.A. Cost Recovery

In accordance with the foregoing principles, Seattle shall develop Wheeling rates for the Utility as follows:

1. Identification of Costs. Cost recovery pertains to those facilities listed in Exhibit A and includes both capital, and operation and maintenance costs.

   a. Operations and Maintenance. For purposes of calculating a Wheeling rate, operations and maintenance costs are limited to (i) the cost of power used at the pumping stations listed in Exhibit A to meet average annual demand and (ii) extraordinary maintenance or repairs on any facility in Exhibit A. The extraordinary maintenance or repair costs would be allocated to the Northwest Sub-regional System by the percentage shares displayed in Exhibit A.

   b. Capital. Total infrastructure costs shall be calculated using the utility basis. Under the utility basis, the infrastructure cost for a facility in any year shall be the sum of 1) the annual depreciation expense recorded for that facility and, 2) the product of the net book value of that facility and the rate of return on investment, which shall be 1.5% plus Seattle's average cost of debt as defined in the Wholesale Water Supply Contract.

      i. Asset Accounts. An asset account shall be established and maintained for each facility listed in Exhibit A. Within that account Seattle shall record the original cost of the facility plus betterments and less retirements.

      ii. Depreciation. Facilities shall be depreciated according to Standard Water System Asset Lives and a record of life-to-date depreciation shall be maintained for each facility. For future facilities no depreciation shall be recorded in the first calendar year of operation of that facility. A full year's depreciation shall be recorded in every subsequent year.

      iii. Net Book Value. The net book value of each facility shall be its original cost plus betterments and less retirements as recorded in its facility asset account, less life-to-date depreciation.

      iv. Capacity. Costs associated with increasing capacity of Northwest Sub-regional System facilities over and above that necessary to provide the level of service outlined in Section II.C.1 shall be borne by the party (ies) creating the need for said expansion.

2. Wheeling Rate. The Wheeling rate shall be calculated by dividing the annual cost of the Northwest Sub-regional System Allocation by the amount of water used by retail and wholesale customers using the facilities. The amount of water used will be calculated as an average of the three most recent years' of total water used by retail and wholesale customers using the facilities. The rate as of the effective date of this contract shall be $0.03 per hundred cubic feet. Subsequent rates shall be established pursuant to Section III.C.

III.B. Billing

1. Determination of Bill. The quantity of water applied to the Wheeling rate is that measured at the Utility's Points of Delivery.

2. Payment. Seattle shall bill the Utility on a monthly basis for all charges due under this Agreement. The Utility shall pay such charges within 30-days of the billing date. Seattle, at its option, may add these charges to billings sent to the Utility in association with the purchase of water from the Wholesale Water Supply Contract.

3. Penalties for Late Payment. All late payments or monies owed shall accrue interest at 1% per month.

III.C. Rate Adjustments

1. Comprehensive Rate Review. Every five years, from the effective date of this Agreement Seattle shall conduct a comprehensive review of the Wheeling rate including an update by Seattle of the allocation of the Utility's allocated percentage with the Northwest Sub-regional System facilities.

2. Mutual Agreement to Review Rates. Within the timeframe of the five-year review period, but no more frequently than annually, either party may request in writing a comprehensive review in accordance with III.C.2. Upon mutual agreement, Seattle shall conduct such a review. The five-year time frame and dates for annual reviews shall remain intact, even if a review is conducted under this clause.

SECTION IV. ADMINISTRATION

IV.A. Severability

If any provision of this Agreement 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 Agreement 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 Agreement 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 Agreement, the entire Agreement shall be null and void.

IV.B. Consent

Whenever it is provided in this Agreement 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 Agreement.

IV.C. Emergency Situations

Nothing in this Agreement shall be deemed to require service under this agreement nor to preclude either party from taking necessary action to maintain or restore Wheeling services and water supply in emergency situations and such actions shall not be deemed a violation of this Agreement.

IV.D. No Joint Venture - Individual Liability

This is not an agreement of joint venture or partnership, and no provision of this Agreement shall be construed so as to make the 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 the Utility shall be liable for the acts of the other in any representative capacity whatsoever.

IV.E. Complete Agreement

This 'Agreement for Wheeling Water' represents the entire agreement between the parties hereto concerning the subject matter hereof. This Agreement may not be amended except as provided herein.

IV.F. 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, at Seattle. The parties shall be entitled to specific performance of the terms hereof.

IV.G. Default

In the event of default of any provision of the Agreement, 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.

IV.H. Force Majeure

The time periods for Seattle's performance under any provisions of this Agreement shall be extended for a reasonable period of time during which Seattle's performance is prevented, in good faith, due to fire, flood, earthquake, lockouts, strikes, embargoes, acts of God, war and civil disobedience. If this provision is invoked, Seattle agrees to immediately take all reasonable steps to alleviate, cure, minimize or avoid the cause preventing such performance.

IV.I. No Third Party Beneficiaries

This Agreement does not create, and shall not be construed to create, any rights enforceable by any person that is not a party to this Agreement.

IV.J. Successors

This Agreement shall inure to the benefit of and be binding upon the parties and their successors and assigns.

IV.K. Exhibits

Exhibits A through C are attached hereto and are hereby incorporated by reference as if set forth in full herein.

IN WITNESS WHEREOF, the parties hereby execute this Agreement.

OLYMPIC VIEW WATER AND SEWER DISTRICT

BY: _____

TITLE: _____

DATE _____

THE CITY OF SEATTLE

BY: _____
Director, Seattle Public Utilities

DATE: _____

LIST OF EXHIBITS

Exhibit A Northwest Sub-regional System Facilities

Exhibit B Northwest Sub-regional System Map

Exhibit C Points of Delivery

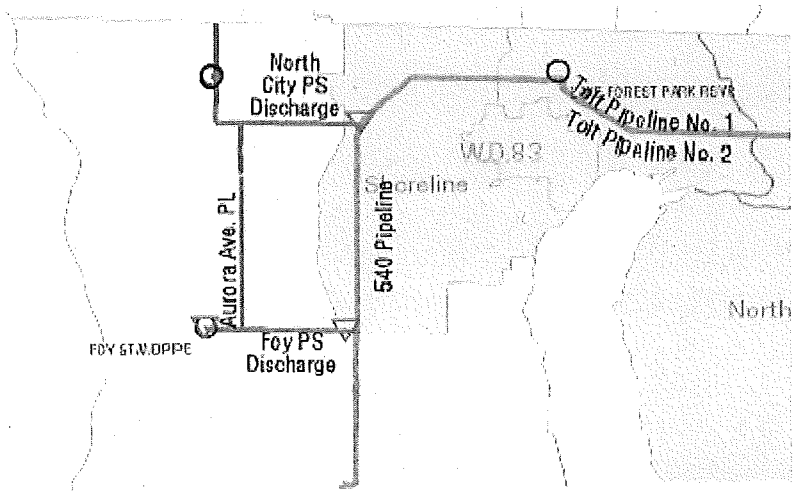
EXHIBIT A

NORTHWEST SUB-REGIONAL FACILITIES

PIPELINES	NW Sub-regional Allocation
1. The N. 185 Street feeder, from North City Pump Station to Aurora Avenue N, 30-inch steel pipeline, 24-inch steel pipeline across I-5.	70%
2. The N. 185 Street feeder, from Aurora Avenue N to Fremont Avenue N, 20-inch steel pipeline.	70%
3. The Fremont Avenue N Feeder, from N 185 Street to N 205th Street, 20-inch steel pipeline.	58%
4. The N 205 Street Feeder, from Fremont Avenue N to Olympic View services, 12-inch ductile iron pipeline.	24%
5. The Aurora Avenue N feeder, from N 185 Street to N 145 Street, 24-inch steel pipeline.	64%
6. The N/NE 145 Street Feeder, from Foy Pump Station to Foy Standpipe connections near Dayton Avenue N, 24-inch steel pipeline.	65%
7. Foy Pump Station suction line in NE 145 Street from Foy Pump Station to 8th Avenue NE, including connections to the 550 pipeline and to the 430 zone.	65%
PUMP STATIONS	
1. North City Pump Station, including the suction line from the pump station to the 66-inch pipeline, and the pump station bypass from the 66-inch pipeline to the pump station discharge.	100%
2. Foy Pump Station, including the 12-inch bypass between the suction and discharge lines.	100%
TANKS	
1. Richmond Highlands Tanks, and all associated appurtenances and connections to the 590 zone.	19.0%
2. Foy Standpipe, including its connections to the N 145 Street feeder, altitude valve, overflow, and drain.	0.0%

EXHIBIT B

NORTHWEST SUB-REGIONAL SYSTEM MAP



The Pump Station shown near the Foy Standpipe is not a NW Sub-regional asset

Regional Pipelines

Northwest Subregional System Pipelines

Water Storage Facility
(Reservoir, Tank, or Standpipe)

Pump
Station

EXHIBIT C

POINTS OF DELIVERY

LOCATION	STATION NUMBER (1)	PIPELINE SEGMENT NUMBER(1)	SIZE OF METER (IN.)	MINIMUM HYDRAULIC GRADIENT FOR PLANNING PURPOSES AT STATION UPSTREAM OF METER (FEET NAVD-88 Datum)	MAXIMUM FLOW RATE UP TO WHICH THE MINIMUM HYDRAULIC GRADIENT APPLIES (gpm) (2)
Fremont N. & N. 205th St.	109	6	8	570	250
Fremont N. & N. 205th St.	108	6	8	570	250
8th Ave. NW & NW 205th St.	107	6	8	565	900
				TOTAL:	1,400

Notes:
(1) Station and Pipeline Segment Numbers pertain to cost allocations and the demand metering program.
(2) City of Seattle's estimate of Utility's average daily demand for 2020 with a peaking factor of 2.0 for peak day use.

STATE OF WASHINGTON -- KING COUNTY

--ss.

332162 No.

CITY OF SEATTLE,CLERKS OFFICE

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:124956-124968 TITLE

was published on

01/08/16

The amount of the fee charged for the foregoing publication is the sum of $219.47 which amount has been paid in full.

MELISSA M. DOWD
STATE OF WASHINGTON
NOTARY PUBLIC
MY COMMISSION EXPIRES
11-21-19

Subscribed and sworn to before me on

01/08/2016

Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication

State of Washington, King County

City of Seattle

The full text of the following legislation, passed by the City Council on December 14, 2015, and published below by title only, will be mailed upon request, or can be accessed at http://clerk.seattle.gov. For information on upcoming meetings of the Seattle City Council, please visit http://www.seattle.gov/council/calendar. Contact: Office of the City Clerk at (206) 684-8344.

Ord 124956

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Ord 124957

AN ORDINANCE related to cable television; authorizing the Mayor or the Mayor's designee to enter into a renewed Cable Television Franchise Agreement with Comcast Cable Communications Management, LLC; and authorizing the Chief Technology Officer to enter into other agreements for the purpose of implementing or administering the renewed franchise.

Ord 124958

AN ORDINANCE approving and confirming the plat of "Greenbelt Station" in the portions of Southwest 1/4 of Northeast 1/4 of Section 34, Township 24 North, Range 4 East, W.M. in King County, Washington.

Ord 124959

AN ORDINANCE relating to City employment commonly referred to as the Fourth Quarter 2015 Employment Ordinance; establishing new salaries that implement 2016 increases required by Ordinance 124490; amending Ordinance 124927; increasing funds; designating positions as exempt from Civil Service status; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

Ord 124960

AN ORDINANCE relating to employment in Seattle; amending Chapters 14.16, 14.17, 14.19, and 14.20 of the Seattle Municipal Code to prescribe additional remedies and enforcement procedures, harmonize ordinance language, and add provisions to facilitate compliance; amending Section 3.14.931 of the Seattle Municipal Code to update duties of the Seattle Human Rights Commission; and amending Section 5.55.230 of the Seattle Municipal Code to require labor standards compliance for business license tax certificates.

Ord 124961

AN ORDINANCE authorizing, in 2015, acceptance of funding from non-City sources; authorizing the heads of the Executive Department, City Budget Office, Department of Neighborhoods, Department of Parks and Recreation, Human Services Department, Seattle Fire Department, Seattle Police Department, Department of Information Technology, and Seattle Public Utilities to accept specified grants, private funding donations and subsidized loans and to execute, deliver, and perform corresponding agreements; and ratifying and confirming certain prior acts.

Ord 124962

AN ORDINANCE relating to the 2015 Budget; amending Ordinance 124648, which adopted the 2015 Budget, including the 2015-2020 Capital Improvement Program (CIP); changing appropriations to various departments and budget control levels, and from various funds in the Budget; revising project allocations for certain projects in the 2015-2020 CIP; creating both exempt and nonexempt positions; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

Ord 124963

AN ORDINANCE relating to the creation of a Title 6 business license; adding a new Chapter 6.208 to the Seattle Municipal Code; and amending Sections 5.30.030, 5.32.150, 5.55.230, 6.10.005, 6.20.050, 6.214.310, 6.250.030, 6.500.140, 7.04.645, 21.16.060, 21.16.080, and 22.214.060 of the Seattle Municipal Code.

Ord 124964

AN ORDINANCE relating to historic preservation; imposing controls upon the Seattle Post-Intelligencer Globe, a landmark designated by the Landmarks Preservation Board under Chapter 25.12 of the Seattle Municipal Code, and adding it to the Table of Historical Landmarks contained in Chapter 25.32 of the Seattle Municipal Code.

Ord 124965

AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to execute amendments to wheeling agreements between The City of Seattle and North City Water District and between The City of Seattle and Olympic View Water and Sewer District.

Ord 124966

AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to enter into a Joint Project Agreement with King County to design, construct, operate, and maintain the Ship Canal Water Quality Project, in partial fulfillment of the objectives of the Consent Decree authorized under Ordinances 123908 and 124129, and the "Plan to Protect Seattle's Waterways" authorized under Ordinance 124766, to reduce Combined Sewer Overflows; and ratifying and confirming certain prior acts.

Ord 124967

AN ORDINANCE vacating the south 168 feet of the alley adjacent to Lots 17 through 24, lying between Block 55 and Block 56, Boston Company's Plat of West Seattle, near the Alaska Junction of the West Seattle neighborhood of Seattle, on the petition of Fauntleroy Place LLC (Clerk File 308171), and ratifying and confirming certain prior acts.

Ord. 124968

AN ORDINANCE relating to taxicab, transportation network company, and for-hire vehicle drivers; amending Section 6.310.110 of the Seattle Municipal Code; adding a new Section 6.310.735 to the Seattle Municipal Code; and authorizing the election of driver representatives.

Date of publication in the Seattle Daily Journal of Commerce, January 8, 2016.

1/8(332162)