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**SILVER LAKE WATER DISTRICT
APPLICATION AND AGREEMENT TO CONSTRUCT
EXTENSION TO DISTRICT SYSTEM**

Project: Bothell Substation Water System Replacement

Developer: The City of Seattle

The undersigned, "Developer" (also referred to as "Owner") herein, hereby makes application to the Commissioners of Silver Lake Water District, "District" herein, for permission to construct and connect a private "Extension" to the District's existing system as herein provided (referred to in this Agreement as the "Extension", "Extension facilities" or the "facilities"). The term "Extension" shall apply herein whether Developer is extending the District water system or the District sewer system or both systems. If this application is accepted, the undersigned, in consideration of the mutual promises and covenants herein contained, agrees to the terms and conditions of this Developer Extension Agreement as follows:

1. Location of Extension.

Owners and Developers of property acknowledge and agree connection to District utility systems may be contingent on construction and extension of utility systems by other private parties or by the District. District does not warrant infrastructure will be available to this project in a timely manner. Owners and Developers undertaking construction of onsite or off site utility facilities prior to District system being extended to allow connection do so at their own risk.

Developer recognizes and understands it must pay all connection charges and monthly service rates and charges authorized by statute. All applicable District connection charges shall be paid to the District no later than the District's final acceptance of the Extension facilities.

A. Water

The proposed water system extension shall be installed in streets and other approved rights-of-way and/or easements and shall be for the use and benefit of the property hereinafter described, which property is owned by Developer and/or other owners for whom Developer is acting as agent. Any such owners have joined in this application and are designated on the signature page hereof.

B. Sewer

There is no proposed sewer extension.

C. Owner's Property

The legal description of the owner's real property is attached hereto as Exhibit A. Sewer and water facilities contemplated under this agreement will be constructed on said property or on easements or other property to be approved and accepted by the District.

The Developer shall provide to the District a Vicinity Map with Project location along with the legal description.

2. Warranty of Authority.

Developer and any additional owners warrant that they are the owners of the property described in this Agreement. Developer shall upon request of District provide a title report to District establishing that the parties executing this Agreement are the owners of all the real property described herein.

3. Description of Extension.

A. Water

The Extension shall consist of approximately 70 (seventy) lineal feet of water pipe and appurtenances and shall be installed in accordance with this Agreement and with the Plans, General Conditions and Specifications provided by District at the cost of Developer as hereinafter provided or in accordance with such Plans as Developer's Engineer may prepare in conformity with District General Conditions, Specifications, and Standard Details, and approved by District.

B. Sewer

There is no proposed sewer extension.

4. Preparation of Plans by Developer's Engineer.

Developer shall have the option of retaining its own engineer to prepare the Plans for the extension according to District Specifications or to have the District Engineer prepare the Plans and reimburse District for the cost thereof according to this agreement. If Developer elects to retain its own engineer for preparation of the Plans, then the following requirements apply:

- (a) Developer shall obtain District approval of Developer's Engineer.
- (b) Prior to preparation of the Plans, Developer shall:
 - (1) Obtain official preliminary plat approval for Developer's project using a minimum scale of one (1) inch equals fifty (50) feet;
 - (2) Should a Re-Imbursement Agreement be requested, file with the District a plan that shows all the properties and area that can be served by utility extensions to the District's system and the documentation necessary for the District to determine the viability of any reimbursement agreement.

(c) Upon completion of (b) above, at the election of the District, a pre-design meeting shall be held with District and with Developer and Developer's Engineer in attendance. It is expected that this meeting will occur approximately ten (10) working

days after completion of (b) above. It is the obligation of Developer to arrange for the conference and the attendance of concerned parties.

(d) At the pre-design meeting, the Developer's Engineer shall submit to District a conceptual plan for the utility development of the project.

(e) Upon preliminary review of the conceptual plan, Developer's Engineer shall prepare and submit to the District a preliminary design and Plan for review and approval by the District. Water and sewer plans shall be on separate sheets. Plans shall include a general vicinity map depicting the project location. The District shall have the right to require changes in the preliminary design and Plan as may be deemed necessary. All designs and plans prepared by Developer's Engineer shall be prepared in accordance with the District's Standard Details for Design.

(f) Upon approval of the preliminary design and Plan by the District, Developer's Engineer shall prepare a proposed final Plan and submit three (3) copies of the proposed final Plan, together with an electronic file of the Plans on AutoCAD Release 13 or 14, or as updated to be compatible with the District's system, to the District for review. Upon receipt of the proposed final Plan, District shall have the right to require such changes to the proposed final Plan as may be deemed necessary.

(g) Upon completion of all required changes to the final Plan, the District will consider the final Plan for approval. The District shall have the right to approve, reject, or require changes to the final Plan as may be deemed necessary.

(h) Upon approval of the final Plan by the District, the District Manager, or designee, will indicate his approval of the Plan on the original mylar drawings.

(i) Upon approval of the original mylar Plan drawings, the Developer's Engineer shall submit copies of the approved Plan so that the District can procure the Snohomish County right-of-way construction permits for the Plan as may be necessary. The Developer's Engineer shall notify the District of any permits required. The Developer shall be responsible for procuring all other necessary and applicable permits. Should changes to the Plan be required in order to receive said permits and approvals, Developer's Engineer shall make all changes as required.

5. Warranties of Developer -- Water and Sewer

(a) Before the commencement of work, Developer shall agree to District approved plans and specifications and a schedule of work. Developer shall reimburse District for all costs of plan review, inspection, and other work on this project done by District staff or consultants.

(b) All public and private property which is disturbed by the construction of the above described improvements shall be restored to as good a condition as it was prior to the commencement of the construction.

(c) All design and all work shall be in conformance with requirements of the District, the State of Washington Department of Ecology, any and all Endangered Species Act Regulations and regulations or controls or conditions of any other

governmental agency charged with the responsibility of permitting, inspecting, accepting or approving design and construction of these improvements.

(d) Developer shall maintain in full force and effect, during the construction period, liability insurance with limits of liability of not less than \$1,000,000.00 combined single limits/bodily injury and property damage and builders all risk. Such insurance shall be provided by an insurance company licensed to conduct business in the State of Washington and shall not be a "surplus line carrier". The District and its engineer shall be named as an additional insured. The underwriters shall be required to give the District notice of cancellation of insurance thirty (30) days prior to such cancellation. A certificate of insurance evidencing the existence of such insurance coverage shall be filed with the District prior to the commencement of construction; provided, District may waive the requirements of this provision and accept a letter of self insurance from the Developer in a form and stating terms and conditions acceptable to the District in its sole discretion.

(e) Upon completion of the construction, and after final acceptance of the Extension facilities by the District, the Developer shall convey the facilities to the District by means of a bill of sale. "Final acceptance" means the District accepts ownership of the Extension facilities and that it has been installed pursuant to the District's standards and specifications. The bill of sale to be provided by Developer to District shall contain the following warranties with District as beneficiary:

(1) Developer is the owner of the extension, the same is free and clear of all encumbrances and Developer has good right and authority to transfer title thereto to District and shall defend the title of District against the claims of all third parties claiming to own the same or claiming any interest therein or encumbrance thereon; and

(2) That all bills and taxes relating to the construction and installation of the Extension have been paid in full and that there are no lawsuits pending involving this project. The undersigned further warrants that in the event any lawsuit is filed as a result of, or involving, this project the undersigned shall undertake to defend the lawsuit and shall accept responsibility and pay for all costs of litigation, including the District's costs, and reasonable attorneys fees and shall hold District harmless on any judgment rendered against District in accordance with provisions set forth in more detail in the District General Conditions; and

(3) That all laws and ordinances respecting construction of this project have been complied with, and that the system Extension is in proper working condition, order and repair, and is fit for its intended purpose and that it has been constructed in accordance with the conditions and standards of District; and

(4) For a period of two (2) years from the date of final acceptance of the Extension by District, the Extension and all parts thereof shall remain in proper working condition, order and repair; and Developer shall repair or replace, at the Developer's expense, any work or material which may prove to be defective during the period of the warranty.

(f) Developer shall notify the District of the date work on the construction of the facilities described in this Agreement will commence. In the event of interruption of work for any reason for more than seven (7) consecutive calendar days, Developer shall give the District notice of not less than twenty-four hours before resuming work.

(g) After the work is commenced or recommenced, Developer shall vigorously and consistently continue the work in a first class manner until completion.

(h) Upon completion of construction, Developer shall deliver to the District all Mylar originals of as-built drawings, together with an electronic file of the Plans on AutoCAD Release 13 or 14 or as updated to be compatible with the District's system, and such other engineering records and data as may be required by the District.

In addition, Developer shall obtain warranties and guaranties from its subcontractors and/or suppliers where such warranties or guaranties are specifically required in this Agreement. When corrections of defects occurring within the warranty period are made, Developer shall further warrant corrected work for two (2) years after acceptance of the correct work by District.

6. Correction of Defects Occurring Within Warranty Period.

When defects in the Extension are discovered within the warranty period, Developer shall start work to remedy any such defects within seven (7) calendar days of notice by District and shall complete such work within a reasonable time. In emergencies, where damages may result from delay or where loss of service may result, corrections may be made by District upon discovery, in which case the cost thereof shall be borne by Developer. In the event Developer does not commence and/or accomplish corrections within the time specified, the work may be accomplished by District at its option, and the cost thereof shall be paid by Developer.

Developer shall be responsible for any expenses incurred by District resulting from defects in Developer's work within the warranty period, including actual damages, costs of materials and labor expended by District in making repairs and the cost of engineering, inspection and supervision by District or the District Consultants.

7. Performance Guarantee.

Developer shall not be required to provide a performance guarantee to the District to insure the performance of the work and Developer's obligations under this agreement; provided, if Developer employs a contractor to install the Extension facilities, Developer or Developer's contractor shall furnish to District prior to the pre-construction conference a performance guarantee of a type and in a form as determined by District, in its sole discretion, in an amount equal to the Developer's Engineer's estimated cost of the Extension or contractor bid price; the performance guarantee shall require completion of all work in accordance with the Agreement, the Plans and Specifications and other requirements of District within a period of twelve (12) months from the date of acceptance of the Plans by the District; provided, further, for that portion of the Extension facilities that will be installed in Snohomish County right-of-way, Developer shall be required to satisfy Snohomish County's requirements that a bond, assignment of funds or cash set aside be provided to Snohomish County as a condition of the issuance of a right-of-way permit by Snohomish County for the Extension work.

If Developer employs a contractor to install the Extension facilities, District in its sole discretion may also require a payment bond of a type and in a form as determined by District requiring the payment by Developer of all persons furnishing labor and materials in connection with the work performed under the Agreement, and shall hold District harmless from any claims therefrom. Any payment bond required by District shall be provided to District prior to the pre-construction conference as a condition of District granting final acceptance of the work referenced herein.

No third person or party shall have any rights under any performance guarantee District may require from Developer and such performance guarantee is provided entirely for the benefit of District and Developer and their successors in interest.

8. Maintenance Bond.

Final acceptance by District shall not relieve Developer of the obligation to correct defects in labor and/or materials as herein provided and/or the obligations set forth in applicable paragraphs hereof. Prior to final acceptance of the Extension by District and the transfer of title to such extension(s) as set forth herein, Developer or Developer's contractor shall furnish to District a maintenance bond (cash or bond) which shall continue in force from the date of final acceptance of said Extension for a period of two (2) years. The bond shall be in a form as prescribed by District and shall require Developer and the bonding company to correct the defects in labor and materials which arise in said system for a period of two (2) years from the date of final acceptance of the Facilities. The maintenance bond shall be in an amount equal to fifteen (15) percent of the cost of said Extension, but not less than two thousand dollars (\$2,000.00). The District shall review the submitted construction costs and determine the amount of the maintenance bond.

9. Limitation of Period of Acceptance.

The Extension shall be completed and accepted within twelve (12) months of the date of acceptance of the Plans by the District or the date this Agreement is executed by both parties, whichever is later.

If the Extension is not completed and accepted within the twelve (12) month period, then this Agreement and all of Developer's rights herein shall terminate and cease. No extension of the time for completion of the Agreement shall be allowed. In the event the Agreement terminates, Developer shall be required to make a new pre-application and new application for extension agreement to District. Any such new agreement entered into between District and Developer pursuant to a new application shall be subject to any new or amended Resolutions, construction policies, standards and specifications which have taken effect since the execution of the terminated agreement. Nothing herein shall be construed to convey any rights or privileges to Developer except as explicitly set forth in this agreement.

If Developer abandons the Extension project during twelve (12) months or shall fail to complete the Extension within that period, Developer may be deemed, at District's sole option and election to have transferred and conveyed to District any portion of the Extension which has been completed.

10. Final Acceptance - Conditions Precedent.

Compliance with all terms and conditions of this Agreement, the Plans, General Conditions, and Specifications prepared hereunder, the District's "Developer Standards for the Construction of Water Systems" and other District requirements shall be a condition precedent to District's obligation to allow connection to the District's system, to accept the Bill of Sale to the Extension, and to District's agreement to maintain and operate the Extension and to provide service to the real property that is described in this Agreement.

District will not be required to allow any connection to District's system any portion of the real property described in this Agreement if there are any fees or costs unpaid to District under this Agreement or there are other fees arising under other District requirements which are unpaid.

District will not be obligated to provide service to the property described in this Agreement if construction by third parties of facilities to be deeded to District has not been completed and title accepted by District if such third-party facilities are necessary to provide service to the property described in this Agreement.

District will not be obligated to allow service connections to its system until all District connection charges, including but not limited to, Water General Facilities Connection charges in effect on the date of application for service have been paid. Developer understands and specifically agrees that General Facilities and Connection charges required by District to connect to District's system will be determined by District at time of connection. Developer understands and agrees that any and all fees and charges of the District may be adjusted by District prior to the time of connection to District system and Developer waives actual notice of any hearing by Board of Commissioners to consider adjustment of any such fees and charges.

District will accept title to the Extension at such time as all work which may, in any way, affect the lines constituting the Extension has been completed, and any damage to said Extension which may exist has been repaired, and District has made final inspection and given its approval to the Extension as having been completed in accordance with the Agreement, the Plans, General Conditions, and Specifications and other requirements of District.

11. Procedure for Acceptance.

Acceptance of title to the Extension will be made by the District. Prior to such acceptance, an executed bill of sale in a form approved by District and containing the warranties required by this Agreement shall be executed by Developer and any additional owners and delivered to District. There will be no conditional acceptance or acceptance for use and operation.

12. Effect of Acceptance.

Acceptance by District shall cause the Extension to be a public system subject to the control, use and operation of District and all regulations, conditions of service, and service charges as District determines to be reasonable and proper, and subject to the laws of the State of Washington.

13. Rates and Charges.

The property described in this Agreement shall be subject to all water service rates and charges established by District, as now exist or hereinafter amended or adjusted.

14. Subcontracting.

Developer shall be fully responsible for the acts and omissions of subcontractors and persons employed, directly or indirectly, by subcontractors, as well as the acts and commissions of persons directly employed by Developer.

15. No Assignment without District Approval.

Developer's rights and responsibilities arising out of this Agreement shall not be assignable unless District's prior consent is obtained. Written documents as required by District of any District approved assignment shall be filed with District by the Developer herein at the time of any assignment.

16. General Provisions, Standard Details, and Specifications.

The Silver Lake Water District Developer Standards, Sections I, II, III, IV and V, as currently adopted or hereafter amended, are incorporated herein by this reference.

17. Remedies Available to District.

In the event Developer fails to pay any of the Extension fees and charges and fines referenced herein when due as determined by District, the charge or fine shall then be delinquent and shall accrue interest at the highest legal rate per annum until paid. In addition, the District shall be entitled to exercise all other remedies available to District by law including those set forth in RCW 57.08.081, as revised or amended.

18. Reimbursement Agreement

The District may, in its sole discretion, agree to a Developer Reimbursement Agreement with Developer for offsite sewer or water improvements.

A Developer seeking reimbursement for costs of constructing sewer or water system offsite of the proposed development by adjacent properties directly benefiting from connecting to the new system shall enter into a Reimbursement Agreement with the District.

The District will not accept the Bill of Sale for the improvements or accept the development as complete until all property owners within the benefited area have been notified of the latecomers charges as described in the Reimbursement Agreement. The District takes no responsibility to defend legal challenge to a Reimbursement Agreement with Developer. Any challenge to District's authority or process for a Reimbursement Agreement will not be defended by District. District may tender defense of the reimbursement agreement to Developer.

The Developer shall make his request for such agreement at the time of submitting the application for the Developer Extension Agreement by signing the following declaration:

Yes, I request a Reimbursement Agreement _____

No, I do not request a Reimbursement Agreement X_____

Developer agrees that Developer's costs for the sewer/water improvements to be constructed by Developer hereunder have been factored into the feasibility of Developer's Project and that Developer's decision to proceed with Developer's Project is not contingent or in any way dependent on receipt of latecomer payments or payments from other property owners or developers that may connect to sewer/water facilities constructed by Developer under this agreement. Further, Developer agrees that the District shall not collect payments on behalf of Developer from other property owners or developers that receive no benefit at the time of connection to the District system from water/sewer facilities constructed hereunder. Developer agrees and acknowledges that District reserves the right to direct water/sewer flows and to contract for the construction of other sewer/water facilities, regardless of whether future flows and future facilities constructed under other contracts affect anticipated receipt of latecomer payments hereunder.

19. Notice.

Any notice required by this Agreement to be given by District to Developer shall be given as follows:

Name: Mary Junttila, Sr Capital Projects Coordinator Phone: 206-684-3825

Address: Seattle City Light, 700 5th Avenue, Suite 3300

P.O. Box 34023, Seattle WA 98124-4023

20. Complete Agreement.

This Agreement, Exhibit A (Legal Description of Bothell Substation and Vicinity Map with Project location), and the plans approved by District constitutes the entire agreement between Developer and District with respect to the rights and responsibilities of both parties in regard to project referred to herein. For purpose of identification, this Agreement shall be assigned a number by the District, which number shall be endorsed on the first page of the Agreement. This Agreement may be changed in writing only upon mutual agreement of the Commissioners of District and Developer.



ACCEPTANCE OF THIS APPLICATION BY THE DISTRICT CONSTITUTES A CONTRACT WITH THE APPLICANT, THE TERMS OF WHICH ARE EACH

THE FOREGOING APPLICATION OF Bothell Substation
Water System Replacement accepted this
12th day of January, 20 06.

SILVER LAKE WATER DISTRICT

BY Bill Anderson
President, Board of Commissioners

STATE OF WASHINGTON)
) ss
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that Bill Anderson is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute said instrument and acknowledged it as the President, Board of Commissioners of SILVER LAKE WATER DISTRICT, a municipal corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated: 01-12-06



Shelley K. Stevens
NOTARY PUBLIC in and for the
State of Washington

My Commission Expires: 01-09-07

SILVER LAKE WATER DISTRICT APPLICATION AND AGREEMENT

TO CONSTRUCT EXTENSION TO DISTRICT SYSTEM

EXHIBIT A

Project: Bothell Substation Water System Replacement

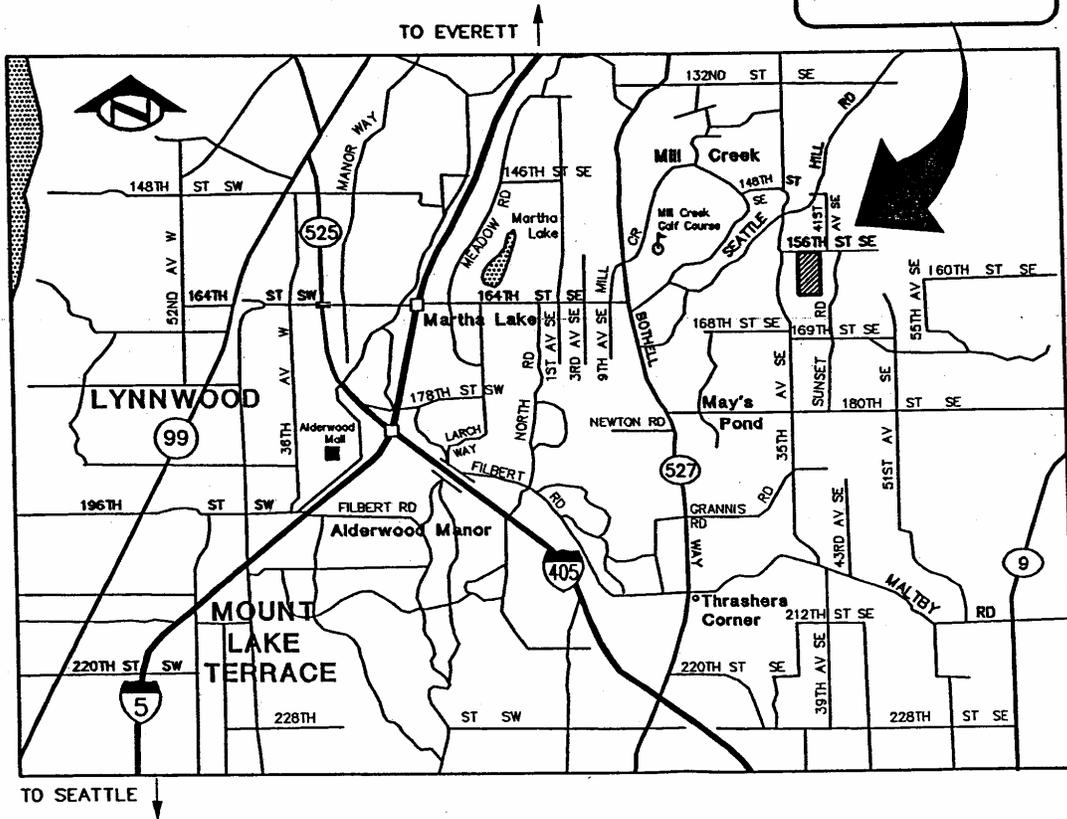
Developer: The City of Seattle/Seattle City Light

VICINITY MAP

1

ADDRESS: 3912 156TH ST SE
BOTHELL, WASHINGTON

**PROJECT
LOCATION**



SILVER LAKE WATER DISTRICT APPLICATION AND AGREEMENT

TO CONSTRUCT EXTENSION TO DISTRICT SYSTEM

EXHIBIT A

Project: Bothell Substation Water System Replacement

Developer: The City of Seattle/Seattle City Light

LEGAL DESCRIPTION

BOTHELL SUBSTATION PROPERTY

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M., IN SNOHOMISH COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 4;

THENCE SOUTH $104^{\circ}53'$ EAST, 20 FEET TO THE SOUTH MARGIN OF THE COUNTY ROAD, AND THE TRUE POINT OF BEGINNING;

THENCE NORTH $89^{\circ}58'10''$ EAST, ALONG SAID SOUTH MARGIN OF THE COUNTY ROAD, 980 FEET;

THENCE SOUTH $104^{\circ}53'$ EAST, 647.88 FEET TO THE SOUTH LINE OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 4;

THENCE NORTH $89^{\circ}58'10''$ EAST, ALONG SAID SOUTH LINE, 138.47 FEET, MORE OR LESS TO THE WESTERLY MARGIN OF ELWOOD ROAD;

THENCE SOUTH $85^{\circ}25'$ WEST, ALONG SAID WESTERLY MARGIN, 339.57 FEET;

THENCE SOUTH $123^{\circ}12'$ EAST, CONTINUING ALONG SAID WESTERLY MARGIN, 334.87 FEET TO THE SOUTH LINE OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 4;

THENCE NORTH $89^{\circ}58'29''$ WEST, ALONG SAID SOUTH LINE OF THE NORTH HALF OF THE SOUTHWEST QUARTER, 1717.27 FEET, MORE OR LESS, TO THE WEST LINE OF THE EAST HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 4;

THENCE NORTH $03^{\circ}44'$ EAST, ALONG THE WEST LINE OF SAID EAST HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER, 1316.33 FEET, MORE OR LESS, TO THE SOUTH MARGIN OF THE COUNTY ROAD;

THENCE NORTH $89^{\circ}58'10''$ EAST, ALONG SAID SOUTH MARGIN OF THE COUNTY ROAD, TO THE TRUE POINT OF BEGINNING.