

NON-CODE

**CITY OF REDMOND
ORDINANCE NO. _____**

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, GRANTING OLYMPIC PIPE LINE COMPANY LLC, A DELAWARE LIMITED LIABILITY COMPANY, ITS SUCCESSORS AND ASSIGNS A NONEXCLUSIVE FRANCHISE TO CONSTRUCT, OPERATE, MAINTAIN, REMOVE, REPLACE, AND REPAIR PIPELINE FACILITIES, TOGETHER WITH EQUIPMENT AND APPURTENANCES THERETO, FOR THE TRANSPORTATION OF PETROLEUM PRODUCTS WITHIN AND THROUGH THE FRANCHISE AREA OF THE CITY OF REDMOND, PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, Olympic Pipe Line Company LLC (hereinafter "Company") entered into a nonexclusive ten (10)-year Franchise Agreement with the City of Redmond (hereinafter "City") effective May 27, 2006, via Ordinance No. 2289, to operate and maintain a petroleum pipeline through certain public rights of way and property within the City; and

WHEREAS, the Franchise Agreement has been automatically renewing on a year-to-year basis upon conclusion of the initial ten (10) year term; and

WHEREAS, that Franchise Agreement will continue to run until December 31, 2025; and

WHEREAS, the City and the Company desire to enter into a new franchise agreement commencing on January 1, 2026; and

WHEREAS, the City Council finds that it is in the public interest to enter into a new nonexclusive franchise agreement with the Company for a ten (10)-year period commencing on January 1, 2026; and

WHEREAS, RCW 35A.47.040 authorizes the City to grant nonexclusive franchises for the use of City rights-of-way, streets, public ways, or other ways.

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

Section 1. Classification. This is a non-code ordinance.

Section 2. Definitions.

For the purposes of this new Franchise, the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural include the singular, and words in the singular include the plural. Words not defined shall be given their common and ordinary meaning.

2.1. Construct or Construction shall mean removing, replacing, and repairing existing pipeline(s) and Facilities and may include, but is not limited to, digging and excavating for the purposes of installing, removing, replacing, and repairing pipeline(s) and Facilities.

2.2. Effective Date shall be as provided in this Franchise, namely January 1, 2026.

2.3. Environmental Laws shall include any valid and applicable federal, state, or local law, statute, code, or ordinance or valid and applicable federal or state administrative rule, regulation, order, decree, or other valid law as now or at any time hereafter in effect pertaining to the protection of human health or the environment.

2.4. Facilities shall mean the Company's pipeline system, lines, valves, mains, and appurtenances used to transport or distribute the Company's Petroleum Product(s), existing as of the effective date of this Franchise or as those components may be modified or improved consistent with the terms of this Franchise.

2.5. Franchise shall mean this Franchise and any amendments, exhibits, or appendices to this Franchise.

2.6. Franchise Area means the Right-of-Way within the jurisdictional boundaries of the City, including any areas annexed by the City (but excluding properties upon which the Company holds a private easement, license, or other property interest for its Facilities) during the term of this Franchise, in which case the annexed area shall become subject to the terms of this Franchise.

2.7. Hazardous Substance or Hazardous Substances means any hazardous, toxic, or dangerous substance, material, waste, pollutant, or contaminant, including all substances designated under any federal, state, or local law, statute, code or ordinance or lawful rule, regulation, order, decree, or other law as now or at any time hereafter in effect. The term shall specifically include Petroleum and Petroleum Products. The term shall also be interpreted to include any substance which, after release into the environment, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer, or genetic abnormalities.

2.8. Improve or Improvements shall mean modifications to, but not a change in the nature of, the existing pipeline(s) or Facilities as required and necessary for safe operation.

2.9. Maintenance or Maintain shall mean examining, testing, inspecting, repairing, and replacing the existing pipeline and Facilities or any part thereof as required and necessary for safe operation.

2.10. Operate or Operations shall mean the use of the Company's pipeline(s) and/or Facilities for the transportation, distribution and handling of Petroleum or Petroleum Products within and through the Franchise Area.

2.11. Other Ways means the highways, streets or roads not held by the City.

2.12. Petroleum or Petroleum Products shall include, but is not limited to, motor gasoline, diesel fuel, and aviation jet fuel, and shall exclude natural gas.

2.13. Pipeline Corridor shall mean the pipeline pathway through the jurisdictional boundaries of the City in which the pipeline(s) and Facilities of the Company are located, including any Rights-of- Way, Public Ways, Other Ways, and/or easement over and through private property.

2.14. Public Ways shall mean any highway, street, alley, utility easement (unless their use is otherwise restricted for other users), or other public Rights-of-Way for motor vehicle or other use under the jurisdiction and control of the City.

2.15. Rights-of-Way means land acquired or dedicated to the public or that is hereafter dedicated to the public and maintained under public authority or by others, including, but not limited to, public streets or roads, highways, avenues, lanes, alleys, bridges, sidewalks, easements and similar public property located within the Franchise Area.

Section 3. Purpose.

The City grants this nonexclusive Franchise to Company to construct new Facilities and operate and maintain its Facilities as a liquid petroleum product delivery system for Company's business. This Franchise is granted subject to the police powers, land use authority and franchise authority of the City and is conditioned upon the terms and conditions contained herein and Company's compliance with any applicable federal, state or local regulatory programs that currently exist or may hereafter be enacted by any federal, state or local regulatory agencies with jurisdiction over the Company. The purpose of this Franchise is to delineate the conditions relating to Company's use of the Franchise Area and to create a foundation for the parties to work cooperatively in the public's best interests after this Ordinance becomes effective. By granting this Franchise, the City is not assuming any risks or liabilities therefrom, which shall be solely and separately borne by Company. The Company agrees and covenants, at its sole cost and expense, and within its authority and control, to take all necessary and prudent steps to protect, support and keep safe from harm its pipeline(s) and Facilities, or any part thereof, when necessary to protect the public health and safety.

Furthermore, this Franchise is granted upon the express condition that it shall not in any manner prevent the City from granting other or further franchises in, under, on, across, over, through, along, or below any Rights-of-Ways, Public Ways, and Other Ways.

This and other franchises shall, in no way, prevent or prohibit the City from using any of its Rights-of-Ways, Public Ways, and Other Ways or affect its jurisdiction over them or any part of them, and the City hereby retains full power to make all changes, relocations, repairs, maintenance, establishments, improvements, dedications or vacations of same as the City may deem fit, including the dedication, establishment, maintenance and improvement of all new Rights-of-Way, streets, avenues, thoroughfares, and Public Ways, or Other Ways.

Section 4. Rights Conveyed.

4.1. Pursuant to the laws of the State of Washington including, but not limited to, RCW 35A.47.040, the City hereby grants, under the terms and conditions contained herein, to Company the non-exclusive right, privilege, authority and Franchise to construct, operate, maintain and improve its Facilities, together with all equipment and appurtenances as may be necessary thereto,

for the transportation and handling of any Petroleum or Petroleum Products within the Franchise Area.

4.2. This Franchise is only intended to convey a limited right and interest as to that Right-of-Way in which the City has an actual interest. It is not a warranty of title or interest in the City's Rights-of-Way. None of the rights granted herein shall affect the City's jurisdiction over its property, streets, or Rights-of-Way.

4.3. The limited rights and privileges granted under this Franchise shall not convey any right to Company to install any new pipeline(s) and/ or Facilities without the express written consent of the City.

4.4. The Company acknowledges and warrants by acceptance of the rights and privileges granted herein, that it has carefully read and fully comprehends the terms and conditions of this Franchise and is willing to and does accept all reasonable risks of the meaning of the provisions, terms and conditions herein. The Company further acknowledges and states that it has fully studied and considered the requirements and provisions of this Franchise, and believes that the same are consistent with all local, state and federal laws and regulations currently in effect. If in the

future the Company becomes aware that a provision of this Franchise may be unlawful or invalid, it will not use such potential invalidity to unilaterally ignore or avoid such provision. Instead, the Company will promptly advise the City of the potential invalidity or illegality, and the parties will meet within thirty (30) days and endeavor jointly to cure the invalidity or illegality.

Section 5. Term.

5.1. Each of the provisions of this Franchise shall become effective upon Company's acceptance of the terms and conditions of this Franchise and shall remain in effect for ten (10) years commencing on January 1, 2026. At any time not more than three (3) years nor less than one hundred eighty (180) days before the expiration of the initial Franchise term, the Company may make a written request and the City may consider, at its sole discretion, renewing this Franchise for an additional ten (10) year renewal period. If both parties express their intention in writing to renew this Franchise at the conclusion of the initial ten (10) year term, then this Franchise shall be renewed for an additional ten (10) years.

Either party may terminate this Franchise at the conclusion of the initial ten (10) year term or at the conclusion

of any one (1) year extension by giving at least thirty (30) days prior written notice to the other party.

5.2. If the parties fail to formally renew or terminate the Franchise prior to the expiration of its term or any extension thereof, the Franchise shall be extended on a year-to-year basis until a renewed Franchise is executed or until one Party terminates the Franchise.

Section 6. Assignment and Transfer of Franchise.

6.1. This Franchise and the Facilities shall not be sold, assigned, transferred, leased or disposed of, either in whole or in part, nor shall title thereto, either legal or equitable, pass or vest in any person or entity without the prior written consent of the City Council, acting by ordinance or resolution, which consent shall not be unreasonably withheld. Such consent shall not be deemed to waive any rights of the City to subsequently enforce non-compliance issues relating to this Franchise that existed at or before the time of the City's consent.

6.2. If such consent is given by the City, then the Company shall, within thirty (30) days, file with the City a written instrument evidencing such sale, assignment or transfer of

ownership, whereby the assignee(s) or transferee(s) shall agree to accept and be bound by all of the provisions of this Franchise.

6.3. Any transfer or assignment of this Franchise by the Company without the prior written consent of the City shall be void.

Section 7. Compliance with Laws.

The Company shall, in carrying out any authorized activities under the privileges granted herein, comply with all valid and applicable local, state and federal laws, including, but not limited to, pipeline laws, environmental laws, and any laws or regulations that may be subsequently enacted by any governmental entity with jurisdiction over Company or the Facilities.

Section 8. Construction on or within Rights-of-Way, Public Ways, and Other Ways.

8.1. All work performed on Facilities within the Franchise Area will be accomplished in a good and workmanlike manner, by means that, to the extent practicable, minimize interference with the free passage of pedestrian or vehicular traffic, and by methods that allow for reasonable access to adjoining property, whether public or private. The Company will post and maintain proper barricades, flags, flaggers, lights,

flares, safety devices, and other measures as required by law. If any work by the Company on Facilities within the Franchise Area impairs the lateral support of the Rights-of-Way or adjacent properties, the Company will take such action as is reasonably necessary to restore and maintain the lateral support of the Rights-of-Way or such adjacent properties.

8.2. Except in the event of an emergency, Company shall first obtain at its expense all required permits from the City to perform maintenance or construction work on Company's Facilities within the Franchise Area. The permit application shall contain detailed plans and specifications showing the position, depth and location of all such Facilities in relation to existing Rights-of-Ways, Public Ways, and Other Ways, or other City property, hereinafter collectively referred to as the "Plans." The Plans shall specify the class and type of material and equipment to be used, manner of excavation, construction, installation, backfill, erection of temporary structures and facilities, erection of permanent structures and facilities, traffic control, traffic turnouts and road obstructions, and all other necessary information. The Company shall file as-built plans and, when available, maps in GIS format with the City showing the final location of the Facilities. Such work shall only commence upon the

issuance of required permits and payment of the associated fees, which permits shall not be unreasonably withheld or delayed after submission of a complete application and fees. Except in the event of an emergency, the Company shall provide the City with at least seventy-two (72) hours written notice prior to any construction or maintenance of the Company's Facilities within the Franchise Area.

Nothing in this Franchise shall be deemed to impose any duty or obligation upon the City to determine the adequacy or sufficiency of the Company's plans and designs or to ascertain whether the Company's proposed or actual construction, testing, maintenance, repairs, replacement or removal is adequate or sufficient or in conformance with the plans and specifications reviewed by the City.

8.3. In the event of an emergency requiring immediate action by the Company for the protection of the pipeline(s) or Facilities, the City's property or the property, life, health or safety of any individual, the Company may take action immediately to correct the dangerous condition without first obtaining any required permit so long as: (1) the Company notifies the City's Fire Department through the dispatch system of the emergency; and (2) the Company informs the City permitting authority of the nature, location, and extent of the emergency, and the work to be

performed, prior to commencing the work if such notification is practical, or where such prior notification is not practical, the Company shall notify the City permitting authority on the next business day; and (3) such permit is obtained by the Company as soon as practicable following cessation of the emergency.

8.4. Before undertaking any of the work, installation, improvements, construction, repair, relocation, or maintenance authorized by this Franchise, as a condition precedent to the issuance of any permits by the City, the Company shall, upon the request of the City, furnish a bond executed by the Company and a corporate surety authorized to operate a surety business in the State of Washington, in such sum as may be set and approved by the City as sufficient to ensure performance of the Company's obligations under this Franchise. The bond shall be conditioned so that the Company shall observe all the covenants, terms and conditions and shall faithfully perform all of the obligations of this Franchise, and repair or replace any defective work or materials discovered in the City's road, streets, or property.

8.5. All work done hereunder by Company or upon Company's direction or on Company's behalf, including any work performed by contractors or subcontractors, shall be undertaken and completed in a workmanlike manner and in accordance with the

descriptions, plans and specifications provided to the City. The Company's activities (including work done at the direction of the Company, or by its contractors or subcontractors) shall be conducted in such a manner as to avoid damage or interference with other utilities, drains or other structures, and not unreasonably interfere with public travel, park uses or other municipal uses, and the free use of adjoining property and so as to provide safety for persons and property. The Company's construction and maintenance shall be in compliance with all valid and applicable laws and regulations and specifications of governmental agencies with jurisdiction.

The Company's contractors and subcontractors performing work on behalf of the Company within the Franchise Area shall be licensed and bonded as required by law. Such work by the Company's contractors and subcontractors is subject to the same restrictions, limitations, and conditions as if the work were performed by the Company and shall be performed in compliance with the Franchise and law. As between the Parties and for purposes in this Franchise, the Company shall be responsible for all such work performed on the Company's behalf by its contractors and subcontractors within the Franchise Area.

8.6. In case of damage caused by the Company, its agents or employees or by the Facilities of the Company to Rights-of-Way, Public Ways, or Other Ways, the Company agrees to repair the damage at its own cost and expense. The Company shall, upon discovery of any such damage, immediately notify the City. The City will inspect the damage and set a time limit for completion of the repair. If the City discovers damage caused by the Company in the Franchise Area, the City shall give the Company notice of the damage and set a time limit in which the Company must repair the damage. In the event the Company does not make the repair as required in this Section, the City may repair the damage at the Company's expense.

8.7. The Company shall place and maintain line markers pursuant to federal regulations within and along the Pipeline Corridor. Additionally, Company agrees to continue its voluntary practice of placing continuous markers underground, when and where appropriate, indicating the pipeline's location each time Company digs to the pipeline, or such other "industry best practices" as may from time to time be developed as a method of alerting excavators of the presence of the pipeline.

8.8. The Company shall continuously be a member of the State of Washington one number locator service under RCW 19.122,

or its approved equivalent, and shall comply with all such applicable rules and regulations.

8.9. The Company's Facilities shall be located and maintained within the Franchise Area so as not to interfere with the reasonable ingress or egress to the properties abutting the Franchise Area.

8.10. The Company shall, after the installation, construction, relocation, maintenance, removal or repair of any of the Company's Facilities within the Franchise Area or any damage, restore the surface of the Franchise Area, adjacent properties and any other property which may be disturbed or damaged by such work, to at least the same condition as it was immediately in prior to any such work. The City shall have final approval of the condition of the Franchise Area after restoration pursuant to the provisions of applicable City codes, ordinances, regulations, laws, standards and procedures, as now exist or as may be hereafter amended or superseded.

8.11. The Company will post an appropriate performance bond in advance, as determined by the City, to ensure satisfactory restoration of the Franchise Area following the completion of the Company's work therein. The Company shall also provide

construction bonds as required or requested by the City covering faithful performance of the work in the amount of one hundred twenty-five percent (125%) of the cost of construction. The Company shall pay all premiums or costs associated with maintaining the bond(s) and shall keep the same in full force and effect until construction and restoration are completed to the satisfaction of the City.

8.12. All survey monuments which are disturbed or displaced by the Company in its performance of any work under this Franchise shall be referenced and restored by the Company, as per Chapter 332-120 WAC, as from time to time amended, and all pertinent federal, state and local standards and specifications.

8.13. The Company and City shall each exercise best efforts to coordinate any construction work that either may undertake within the Franchise Area so as to promote the orderly and expeditious performance and completion of such work as a whole. Such efforts shall include, at a minimum, reasonable and diligent efforts to keep the other party and utilities within the Franchise Area informed of its intent to undertake such construction work. The Company and City shall further exercise best efforts to minimize any delay or hindrance to any construction work undertaken by the other within the Franchise Area.

8.14. The Company will have the right to cut, clear, prune and remove vegetation encroaching on, overhanging, or growing into Facilities within the Rights-of-Way so as to prevent such vegetation from coming in contact with such Facilities and to maintain safe and reliable operations of such Facilities. The Company shall use a certified arborist that has the requisite professional certifications in the reasonable opinion of the City and the Company and its arborist shall meet industry approved arborist standards. The exercise of such right will be subject to the City's prior written approval, which will not be unreasonably withheld, conditioned, or delayed. The Company's tree trimming activities will preserve the appearance, integrity, and health of the trees to the extent reasonably possible. The Company will be responsible for all debris removal from such activities.

Section 9. Abandonment and Removal of Facilities.

9.1. The Company shall notify the City of any abandoned Facilities or cessation of use of any of its Facilities within thirty (30) days after such abandonment or cessation of use.

9.2. In the event of abandonment or Company's permanent cessation of use of its Facilities, or any portion thereof within the Franchise Area, the Company shall, within one hundred eighty (180) days after the abandonment or permanent cessation of use,

remove the Facilities at the Company's sole cost and expense. Provided that, notwithstanding the foregoing, in the City's sole discretion and with the City's prior written consent, the Company may, at Company's sole cost and expense, secure the underground Facilities in such a manner as to cause them to be as safe as is reasonably possible, by removing all Petroleum Products, purging vapors, displacing the contents of the line with an appropriate inert material and sealing the pipe ends with a suitable end closure, all in compliance with valid and applicable regulations, and abandon them in place, provided that portions of the Facilities which are aboveground shall be removed at Company's sole cost and expense. The Company shall be responsible for any environmental review required by law for the abandonment of any pipeline(s) or Facilities and the payment of any costs of such environmental review.

9.3. In the event of the removal of all or a portion of the Facilities, Company shall restore the Franchise Area as nearly as possible to a condition that existed prior to installation of Company's Facilities. Such property restoration work shall be done at Company's sole cost and expense and to the City's reasonable satisfaction. The City shall have final approval of the condition of the Franchise Area after restoration pursuant to the provisions

of applicable City codes, ordinances, regulations, laws, standards and procedures, as now exist or as may be hereafter amended or superseded. If Company fails to remove or secure the Facilities and fails to restore the premises or take such other mutually agreed upon action, the City may, after reasonable notice to Company, remove the Facilities, restore the premises or take such other action as is reasonably necessary at Company's expense and the City shall not be liable therefor.

This remedy shall not be deemed to be exclusive and shall not prevent the City from seeking a judicial order directing that the Facilities be removed. The City shall not charge the Company franchise fees for pipelines or pipeline segments abandoned or removed in compliance with this Section. However, the City's consent to the abandonment of Facilities in place shall not relieve the Company of the obligation and costs to remove, alter or re-secure such Facilities in the future in the event it is reasonably determined, as adjudged in the sole discretion of the City, that removal, alteration or re-securing the facilities is necessary or advisable for the health, safety, necessity or convenience of the public, in which case the Company shall perform such work at no cost to the City.

Section 10. Operations and Maintenance - Inspection and Testing.

10.1. The Company shall operate and maintain its Facilities in full compliance with the applicable provisions of Title 49, Code of Federal Regulations, Part 195, and Chapter 480-75 WAC, as now enacted or hereafter amended, all environmental laws, and any other current or future laws or regulations that are applicable to Company's Facilities, enacted by any governmental entity with jurisdiction over Company or Company's Facilities.

10.2. The City shall use reasonable efforts to inform all excavators subject to a City grading or right-of-way permit working within one hundred (100) feet of the Company's Facilities of their responsibility to notify the Company at least forty-eight (48) hours prior to the start of any work and to ensure compliance with the requirements of the State of Washington one-number locator services law (Chapter 19.122 RCW). If the Company becomes aware that a third party conducts any excavation or other significant work that may affect the Facilities, the Company shall conduct such inspections and testing as are necessary to determine that no direct or indirect damage was done to the Facilities and that the work did not abnormally load the Company's Facilities or impair the effectiveness of the Company's cathodic protection system.

Upon written request, the Company shall report to the City its inspection and findings in person.

10.3. At the City's request, the Company shall provide, at its sole cost and expense, a briefing by qualified testing experts to explain the inspection results and Company's proposed corrective action(s). Said qualified testing experts may be employees or representatives of the Company.

Section 11. Undergrounding.

11.1. The Company shall maintain a written program to prevent damage to its Facilities from excavation activities, as required by applicable state and federal guidelines.

11.2. The Company and City shall comply with applicable and valid federal, state and local requirements regarding underground utilities, including Chapter 19.122 RCW (one-number locator services).

11.3. The Company shall regularly inspect the surface conditions on or adjacent to the Pipeline Corridor, as required by applicable state and federal regulations.

Section 12. Leaks, Spills and Emergency Response.

12.1. The Company shall have in place, at all times during the term of this Franchise, a system for remotely monitoring pressures and flows across the Franchise Area. The remote monitoring must be able to accurately detect pipeline ruptures.

12.2. The Company warrants that it will adhere to the Comprehensive Emergency Management Plan that is in compliance with the applicable requirements of local, State, and federal agencies with jurisdiction. Upon written request by either party, the parties agree to meet periodically to review the Comprehensive Emergency Management Plan and procedures.

The Company's emergency plans and procedures shall designate the Company's responsible local emergency officials and a direct 24-hour emergency contact number for the control center operator. The Company shall, after being notified of an emergency, cooperate with the City and make every effort to respond as soon as possible to protect the public's health, safety and welfare.

12.3. The Company shall cooperate with the City and respond to protect public health and safety in the event of a pipeline emergency. The Company warrants that it will at all times have available, on the regional level, sufficient emergency

response equipment and materials to immediately and fully respond to any spill, leak, rupture or other release of Petroleum Products or Hazardous Substances from the Company's pipeline(s) or Facilities and that Company shall be solely responsible for all necessary costs incurred by any agency in responding appropriately to any spill, leak, rupture or other release of Petroleum Products or Hazardous Substances from the Company's pipeline(s) or Facilities, including, but not limited to, detection and removal of any contaminants from earth or water, all remediation costs, equipment replacement, and staffing costs, except for any spill, leak, or other release that results from the sole negligence or willful misconduct of the City or its contractors. Any costs that are the responsibility of the Company shall be considered extraordinary costs, shall not be borne by the City and shall not be considered administrative expenses of the City. Nothing in this Section shall be construed as limiting the Company's right to seek recovery from third parties.

12.4. Leaks, spills, ruptures and other emergencies shall be investigated and reported as required by applicable federal, state and local regulations and the City shall be notified promptly.

12.5. The Company shall be solely responsible for all necessary costs incurred by the City, County, special district or state agencies in responding to any rupture, spill, or leak from the Company's pipeline(s) or Facilities, including, but not limited to, detection and removal of any contaminants from the air, earth or water, and all actual remediation costs unless arising from the negligent acts or omissions, or intentional misconduct of the City. This Section shall not limit the Company's or City's rights or causes of action against any third party or parties who may be responsible for a leak, spill or other release of hazardous liquid from the Company's pipeline, including such third party's insurers.

Section 13. Required Relocation of Facilities.

13.1. In the event that the City undertakes or approves the construction of, or changes to the grade or location of, any water, sewer or storm drainage line, street, sidewalk or any other Improvement Project and the City determines that the Improvement Project reasonably requires changes to or the relocation of Company's Facilities, then Company shall make such changes or relocations as required herein at Company's sole cost, expense and risk.

13.2. The City shall provide the Company reasonable written notice of any Improvement Project in the interest of public health, safety, welfare, necessity or convenience that requires changes to or the relocation of Company's Facilities. The City will endeavor, where practical, to provide the Company with at least one hundred twenty (120) days prior written notice, or such additional time as may reasonably be required, of such Improvement Project. However, nothing in this Section shall be construed as to relieve Company of its duty and obligation to relocate its Facilities to accommodate any Improvement Project undertaken by the City after written notice of any Improvement Project.

13.3. The City shall further provide the Company with copies of pertinent portions of the final plans and specifications for such Improvement Project so that the Company may make the required changes to or relocate its facilities to accommodate such Improvement Project.

13.4. The Company may, after receipt of written notice requiring changes to or relocation of its Facilities, submit to the City within sixty (60) days, written alternatives to such relocation. The City shall evaluate such alternatives and advise the Company in writing if one or more of the alternatives are suitable to accommodate the Improvement Project that would

otherwise necessitate changes to or relocation of the Facilities. If so requested by the City, the Company shall submit additional information to assist the City in making such evaluation, including actual field verification of the location(s) of the Company's underground Facilities within the Improvement Project area by excavating (e.g., pot holing), at no expense to the City. The City shall give each alternative proposed by the Company full and fair consideration but retains sole discretion to decide whether to utilize its original plan or an alternative proposed by the Company.

13.5. If any portion of the Company's Facilities that has been required by the City to be relocated under the provisions of this Section is subsequently required to be relocated again within five (5) years of the original relocation, the City will bear the entire cost of the subsequent relocation.

13.6. The Company shall not be required to relocate its Facilities at its expense for the benefit of private developers or third-party projects. However, in the event the City reasonably determines and notifies the Company that the primary purpose for requiring such changes to or relocation of the Company's Facilities in connection therewith is to cause or facilitate the construction of an Improvement Project or other similar plan, then the Company

shall change or otherwise relocate its Facilities at Company's sole cost, expense and risk.

13.7. The City shall work cooperatively with the Company in determining a viable and practical route within which the Company may relocate its Facilities in order to minimize costs while meeting the City's project timelines and objectives. The City's requirements with regard to the required changes or relocation (i.e., depth of cover, distance from other utilities, etc.) must not be unreasonable and must be consistent with applicable federal and state requirements. However, nothing in this Section shall be construed as to limit the City's police power, land use authority, franchise authority or the City's authority to regulate the time, place and manner of Company's use of the Rights-of-Way, Public Ways and Other Ways.

13.8. Upon receipt of the City's notice, plans and specifications, the Company shall take all necessary and prudent measures to complete relocation of such Facilities so as to accommodate the Improvement Project at least ten (10) calendar days prior to commencement of the Improvement Project or such other time as the parties may agree in writing.

13.9. The City shall take reasonable steps to cooperate with the Company on any effort by the Company to apply for and obtain any local, state or federal funds that may be available for the relocation of the Company's Facilities, provided, however, that the Company's application for any such funds shall not delay the City Improvement Project. To the extent such funds are made available, the Company may apply funds towards the costs incurred to relocate the Company's Facilities.

Section 14. Violations, Remedies and Termination.

14.1. The Company shall be in compliance with the terms and provisions of this Franchise at all times. The City reserves the right to apply any of the following remedies, alone or in combination, in the event Company violates any provision of this Franchise. The remedies provided for in this Franchise are cumulative and not exclusive; the exercise of one remedy shall not prevent the exercise of another or any rights of the City at law or in equity.

14.2. The City may terminate this Franchise if the Company breaches or otherwise fails to perform, comply with or otherwise observe any of the material terms or provisions of this Franchise, and fails to cure or make reasonable effort to cure such breach within thirty (30) calendar days of receipt of written

notice thereof, or, if not reasonably curable within thirty (30) calendar days, within such other reasonable period of time as the parties may agree upon.

14.3. If the Company's right to operate its Facilities within the Franchise Area is ultimately terminated, the Company shall comply with the terms of this Franchise regarding removal, abandonment and restoration of the Right-of-Way and with all directives of applicable federal and state agencies with jurisdiction.

Section 15. Dispute Resolution.

15.1. In the event of a dispute (other than a material breach under Section 14 above) between the City and the Company arising by reason of this Franchise, or any obligation hereunder, the dispute shall first be referred to the representatives designated by the City and the Company to have oversight over the administration of this Franchise. Said officers or representatives shall meet within thirty (30) calendar days of either party's request for said meeting, and the parties shall make a good faith effort to attempt to achieve a resolution of the dispute.

15.2. In the event that the parties are unable to resolve the dispute under the procedure set forth in Subsection 15.1, then

the parties hereby agree that the matter shall be referred to mediation. The parties shall endeavor to select a mediator acceptable to both sides. If the parties cannot reach agreement, then each party shall secure the services of a mediator, who will in turn work together to mutually agree upon a third mediator to assist the parties in resolving their differences. Any expenses incidental to mediation shall be borne equally by the parties.

15.3. If either party is dissatisfied with the outcome of the mediation, that party may then pursue any available judicial remedies, provided that, if the party seeking judicial redress does not substantially prevail in the judicial action, it shall pay the other party's reasonable legal fees, expenses and costs incurred in the judicial action.

15.4. Subject to state and federal regulation, the Company shall be permitted to continuously operate its Facilities during dispute resolution.

Section 16. Indemnification.

16.1. General Indemnification. The Company shall indemnify, defend and hold harmless the City, its City Council, agents, officers or employees from and against any and all liability, loss, damage, cost, expense, and any claim whatsoever,

including reasonable attorneys' and experts' fees incurred by the City in the defense thereof, whether at law or in equity, arising out of or related to, directly or indirectly, the construction, operation, use, location, testing, repair, maintenance, removal or abandonment of the Company's Facilities, or from the existence of the Company's pipeline and other appurtenant facilities, and of the products contained in, transferred through, released or escaped from said pipeline and appurtenant facilities, from any and all causes whatsoever, except the City's sole negligence. If any action or proceeding is brought against the City by reason of the pipeline or its appurtenant facilities, the Company shall defend the City at the Company's complete expense, provided that, for uninsured actions or proceedings, defense attorneys shall be approved by the City, which approval shall not be unreasonably withheld.

16.2. Environmental Indemnification. The Company shall also indemnify, defend and hold harmless the City, its City Council, agents, officers or employees, from and against any and all liability, loss, damage, cost, expense, and any claim whatsoever, including reasonable attorneys' and experts' fees incurred by the City in the defense thereof, whether at law or in equity, caused by, directly or indirectly: (a) the Company's

violation of any environmental laws applicable to the Facilities or (b) from any release of a hazardous substance on or from the Facilities. This indemnity includes, but is not limited to: (a) liability for a governmental agency's costs of removal or remedial action for hazardous substances; (b) damages to natural resources caused by hazardous substances, including the reasonable costs of assessing such damages; (c) liability for any other person's costs of responding to hazardous substances; (d) liability for any costs of investigation, abatement, correction, cleanup, fines, penalties, or other damages arising under any environmental laws; and (e) liability for personal injury, death, property damage, or economic loss arising under any statutory or common-law theory.

16.3. The Company agrees that its obligations under this Section 16 extend to any claim, demand, or cause of action brought by, or on behalf of, any of its employees or agents. For this purpose, the Company, by mutual negotiation, hereby waives, as respects the City only, any immunity that would otherwise be available against such claims under the Industrial Insurance provisions of RCW Title 51.

Section 17. Insurance.

17.1. The Company shall procure and maintain for the duration of the Franchise and any renewal term and three (3) years

thereafter, insurance, or provide self-insurance, against all claims for death and injuries to persons and damages to property which may arise from or in connection with the exercise of the rights, privileges and authority granted hereunder to the Company, its agents, representatives or employees or any omissions by any of them hereunder. The Company shall provide an insurance certificate, together with an endorsement naming the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers as additional insureds (except Worker's Compensation coverage required by section 17.1 C.), to the City upon the Company's acceptance of this Franchise, and such insurance certificates as applicable shall evidence the following minimum coverages:

- A. Commercial general liability insurance including coverage for premises-operations, explosions and collapse hazard, underground hazard and products completed hazard, with limits not less than \$100,000,000 per occurrence and in the aggregate for bodily injury or death to each person; and in the aggregate for property damage resulting from any one accident; and in the aggregate for general liability;
- B. Automobile liability for owned, non-owned and hired vehicles with a limit of \$1,000,000 for each person and \$1,000,000 for each accident;
- C. Worker's compensation within statutory limits;
- D. Employer's liability insurance with limits of not less than \$2,000,000;

- E. Pollution Legal Liability, to be in effect throughout the ten (10) year term of this Franchise and any renewal term thereafter with a limit not less than \$50,000,000 per occurrence and in the aggregate to the extent such coverage is available in the marketplace; and
- F. Excess umbrella liability policy with limits of no less than \$5,000,000 per occurrence and in the aggregate.

17.2. If coverage is purchased on a "claims made" basis, then the Company warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three (3) years from the date of revocation, expiration or termination of this Franchise or conversion from a "claims made" form to an "occurrence" coverage form.

17.3. Any deductibles shall be the sole responsibility of the Company. The insurance certificates required by this Section shall contain a clause stating that coverage shall apply separately to each insured against whom a claim is made, or suit is brought, except with respect to the aggregate limits of the insurer's liability.

17.4. The Company's insurance shall be primary insurance with respect to the City, its officers, officials, employees, agents, consultants, and volunteers. Any insurance maintained by the City, its officers, officials, employees, consultants, agents,

and volunteers shall be in excess of the Company's insurance and shall not contribute with it.

17.5. In addition to the coverage requirements set forth in this Section and as commercially available, the certificates of insurance shall provide that:

The above-described policies will not be canceled before the expiration date thereof, without the issuing company giving thirty (30) days written notice to the certificate holder.

In the event of modification, cancellation or a decision not to renew, the Company shall obtain and furnish to the City evidence of self-insurance or replacement insurance policies meeting the requirements of this Section before the cancellation date.

17.6. The certificates and endorsements shall be signed by a person authorized by the insurer and must be received and approved by the City prior to the commencement of any work.

17.7. The Company's insurance policies shall contain a waiver of subrogation and waiver of any right of recovery against the City, its officers, officials, employees and agents.

17.8. The indemnity and insurance provisions herein under Sections 16 and 17 shall survive the expiration, termination or

revocation of this Franchise and shall continue for as long as the Company's Facilities shall remain in, under, above or on the Franchise Area.

Section 18. Franchise Fees and Administrative Costs.

18.1. In consideration for granting this Franchise and for use of the Franchise Area, there is hereby established an initial Annual Fee of \$23,000.00 (Twenty-Three Thousand Dollars), intended to cover the City's reasonable costs related to administering the Franchise and its attendant oversight of the Franchise Area. Each year's annual fee will cover the upcoming twelve (12) month period.

18.2. The Annual Fee shall increase after the first year of the term of this Franchise and all following years by the increase in the prior years' Consumer Price Index for All Urban Consumers (CPI-U) for the Seattle-Tacoma-Bellevue area (the Annual CPI-U). The Annual CPI-U is published by the U.S. Bureau of Labor Statistics on or after January 15th of each year. The increase in the annual fee will be determined by multiplying the prior year's annual fee by the Annual CPI-U and rounding that product to the next whole \$10 (Ten Dollars).

18.3. The annual fee payment shall be due thirty (30) days after receipt of a City-provided invoice. The invoice will document the prior year's annual fee amount, published Annual CPI-U, the calculated annual fee increase, a record of receipt of the prior payment made, and balance due. Interest shall accrue on any late payment at the rate of twelve percent (12%) per annum. Such interest shall be in addition to any applicable penalties for late payment. Any partial payment shall first be applied to any penalties, then interest, and then to principal.

18.4. The Company agrees to pay a fee or a charge so that the City recovers its actual, reasonable administrative expenses directly related to this Franchise. Nothing herein shall preclude the City from also charging administrative fees or recovering administrative costs incurred by the City in the approval of permits or in the reasonable supervision, inspection or examination of all work by the Company in the Franchise Area to ensure compliance with the terms of this Franchise and the applicable permits, as required by the applicable provisions of the Municipal Code.

18.5. The foregoing annual fee and administrative expenses do not include any generally applicable taxes that the

City may legally levy. The Company shall also bear the cost of publication of this Franchise.

Section 19. "AS-IS" "WHERE IS" Condition.

19.1. The Company accepts the Franchise Area in an "As Is" "Where Is" condition, with any and all patent and latent defects, and is not relying on any representations or warranties, express or implied, of any kind whatsoever from the City. The Company agrees that the City has never made any guarantees as to the suitability, security or safety of the location of the Company's Facilities or the Facilities themselves or possible hazards or dangers arising from other uses or users of the Rights-of Way, Public Ways and Other Ways or other property including by the City, the general public or utilities. As between the City and the Company, the Company shall remain solely and separately liable for the function, testing, maintenance, operation, replacement and repair of the Facilities or other activities permitted hereunder.

19.2. This Franchise Ordinance shall not create any duty of the City or any of its officials, employees or agents and no liability shall arise from any action or failure to act by the City or any of its officials, employees or agents in the exercise of the powers reserved herein. Further, this Ordinance is not intended to acknowledge, create, imply or expand any duty or

liability of the City with respect to any function in the exercise of its police power or for any other purpose. Any duty that may be deemed to be created in the City hereunder shall be deemed a duty to the general public and not to any specific party, group or entity.

Section 20. Receivership and Foreclosure.

20.1. The Company shall immediately notify the City in writing if it: files a voluntary petition in bankruptcy, a voluntary petition to reorganize its business, or a voluntary petition to effect a plan or other arrangement with creditors; files an answer admitting to the jurisdiction of the Bankruptcy Court and the material allegations of an involuntary petition filed pursuant to the Bankruptcy Code, as amended; or is adjudicated bankrupt, makes an assignment for the benefit of creditors, or applies for or consents to the appointment of any receiver or trustee of all or any part of its property including all or any parts of its business operations, pipeline(s) or Facilities within or affecting the Franchise Area.

20.2. Upon the foreclosure or other judicial sale of all or a substantial part of the Company's business operations, pipeline(s) or Facilities within or affecting the Franchise Area, or upon the termination of any lease covering all or a substantial

part of the pipeline(s) or Facilities within or affecting the Franchise Area, or upon the occasion of additional events which effectively cause termination of the Company's rights or ability to operate the pipeline(s) or Facilities within or affecting the Franchise Area, the Company shall notify the City of such fact, and such notification or the occurrence of such terminating events shall be treated as a notification that a change in control of the Company has taken place, and the provisions of this Franchise governing the consent of the City to such change in control of the Company shall apply.

20.3. The City shall have the right to cancel this Franchise one hundred twenty (120) days after the appointment of a receiver or trustee to take over and conduct the business of the Company, whether in receivership, reorganization, bankruptcy, or other action or proceeding, unless such receivership or trusteeship shall have been vacated prior to the expiration of said one hundred twenty (120) days, or unless: a) Within one hundred twenty (120) days after the election or appointment, such receiver or trustee shall have fully complied with all of the provisions of this Franchise and remedied any existing violations and/or defaults; and b) Within said one hundred twenty (120) days, such receiver or trustee shall have executed an agreement, duly

approved by the court having jurisdiction, whereby such receiver or trustee assumes and agrees to be bound by each and every provision of this Franchise granted to the Company except where expressly prohibited by Washington law.

Section 21. Company's Acceptance.

The City may void this Franchise Ordinance if the Company fails to file its unconditional written acceptance of this Franchise within sixty (60) calendar days from the final passage of same by the City Council. The Company shall file its unconditional written acceptance with the City Clerk of the City of Redmond.

Section 22. Notice.

22.1. All notices, demands, requests, consents and approvals which may, or are required to be, given by any party to the other party hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, sent by a nationally recognized overnight delivery service, or if mailed or deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage prepaid to:

City:

City of Redmond
15670 NE 85th Street

Redmond, WA 98052
Attn: Public Works Director

With a copy to:
City of Redmond
15670 NE 85th Street
Redmond, WA 98052
Attn: Chief Operating Officer

Company:
Olympic Pipe Line Company LLC
Attn: President & Right of Way Dept.
2319 Lind Avenue S.W.
Renton, Washington 98057

With a copy to:
Michael Fandel
Miller Nash LLP
605 5th Avenue S, Suite 900
Seattle, WA 98104

or to such other address as the foregoing parties hereto may from time to time designate in writing and deliver in a like manner. All notices shall be deemed complete upon actual receipt or refusal to accept delivery. Electronic transmission of any signed original document shall be the same as delivery of an original document.

22.2. To ensure effective cooperation, the Company and the City shall each designate a representative responsible for communications between the Parties.

Section 23. Miscellaneous.

23.1. No provision of this Franchise shall be deemed to bar the right of the City or the Company to seek judicial relief

from a violation of any provision of the Franchise, to recover monetary damages for such violations from the other party, or to seek enforcement of the other party's obligations under this Franchise by means of specific performance, injunctive relief or any other remedy at law or in equity.

23.2. This Franchise will be governed by, subject to and construed under the laws of the State of Washington, Federal law and local law.

23.3. Any action relating to this Franchise shall be brought in King County Superior Court or, in the case of a federal action, the United States District Court for the Western District of Washington in Seattle.

23.4. As of the Effective Date, this Franchise shall supersede the prior Franchise Ordinance No. 2289 previously granted to the Company by the City. Termination of the prior franchise shall not, however, relieve the parties from any obligations which accrued under said franchise prior to its termination, including, but not limited to, any outstanding indemnity, insurance, reimbursement or administrative fee payment obligations.

23.5. This Franchise may be amended only by a written instrument, signed by both parties, which specifically states that it is an amendment to this Franchise and is approved and executed by their duly authorized representatives.

23.6. Subject to the provisions of Subsection 23.5, this Franchise constitutes the entire agreement between the parties with respect to the subject matter of this Franchise, and supersedes all prior agreements and understandings, oral and written, between the parties, with respect to the same.

23.7. Whenever this Franchise sets forth a time for any act to be performed, such time shall be deemed to be of the essence, and any failure to perform within the allotted time may be considered a material violation of this Franchise.

23.8. Failure of a party to exercise any rights or remedies under this Franchise shall not constitute a waiver of any such right or remedy or any other right or remedy and shall not prevent the party from pursuing such right or remedy or any other right or remedy at any future time.

23.9. In the event that the City or Company is prevented or delayed in the performance of any of its obligations under this Franchise by reason(s) beyond the reasonable control of that party,

then performance shall be excused during the Force Majeure occurrence. Upon removal or termination of the Force Majeure occurrence, the affected party shall promptly perform the affected party's obligations in an orderly and expedited manner under this Franchise or procure a substitute for such obligation or performance that is satisfactory to the other party.

23.10. The Section and subsection headings in this Franchise are for convenience only, and do not purport to and shall not be deemed to define, limit, or extend the scope or intent of the Section or subsection to which they pertain.

23.11. By entering into this Franchise, the parties expressly do not intend to create any obligation or liability or promise any performance to any third party, nor have the parties created for any third party any right to enforce this Franchise.

23.12. This Franchise and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the parties hereto, their respective permitted successors and assigns.

23.13. In addition to the indemnification and insurance provisions, the removal, relocation and restoration obligations of the Company and any other pertinent provisions of this Franchise, which by their nature necessarily need to survive the revocation,

termination or expiration of this Franchise, shall do so as long as the Company has Facilities in the Franchise Area.

23.14. In the event of a conflict between this Franchise and the Municipal Code, the provisions which most favor the City shall control.

Section 24. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 25. Effective date. This ordinance shall become effective on January 1, 2026, provided five days have passed since the date of publication of a summary in the City's official newspaper or as otherwise provided by law.

ADOPTED by the Redmond City Council this _____ day of _____, 2026.

CITY OF REDMOND

ANGELA BIRNEY, MAYOR

ATTEST:

CHERYL XANTHOS, MMC, CITY CLERK

(SEAL)

APPROVED AS TO FORM:

REBECCA MUELLER, CITY ATTORNEY

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
SIGNED BY THE MAYOR:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO.

UNCONDITIONAL ACCEPTANCE BY OLYMPIC PIPE LINE COMPANY LLC:

I, the undersigned officer of Olympic Pipe Line Company LLC, am authorized to bind Olympic Pipe Line Company LLC and to unconditionally accept the terms and conditions of the foregoing Franchise (Ordinance No. _____), which are hereby accepted by Olympic Pipe Line Company LLC this ____ day of _____, 2026.

OLYMPIC PIPE LINE COMPANY LLC

By: _____
Name: _____
Title: _____

Subscribed and sworn to before me this ____ day of _____, 202__.

Print Name: _____
Notary Public in and for the State of
Washington
Residing at _____
My commission expires _____

Received on behalf of the City this ____ day of _____, 202__.

Print Name: _____
Title: _____