

Addendum to the Franchise Agreements

WHEREAS, King County, a charter county and political subdivision of the State of Washington, entered into Franchise Agreements with Soos Creek Water and Sewer District as Franchisee, covering the Franchise Areas described in the Franchise Agreement Nos. 12859, 13583, and 14916, the effective dates of which were September 26, 1997, August 16, 1999, and June 28, 2004.

WHEREAS, the Franchise Agreements grant King County the right to require franchise compensation in exchange for Franchisee's use of the King County Right-of-Way (ROW);

WHEREAS, subject to the terms and conditions described below and contained in the Franchise Agreement, King County is exercising its authority to charge franchise compensation as defined in KCC 6.27.080 and Public Rule RPM 9-2.

NOW THEREFORE:

1. In exchange for the right to use and occupy the County ROW to place its Franchisee Facilities, Franchisee shall pay the County annual franchise compensation in the nature of rent as provided in KCC 6.27.080 in the amount of 6% of the total amount of revenue derived from Franchisee's service to customers in unincorporated King County per calendar year. To establish the annual franchise compensation amount, Franchisee shall perform the following calculation for each calendar year as follows:
 - a. Calculate the total amount of Franchisee's annual revenue for the calendar year;
 - b. Calculate the percentage of Franchisee's service area in unincorporated King County (also known as the franchise area) during the calendar year;
 - c. Multiply the total amount of Franchisee's annual revenue by the percentage of its service area in unincorporated King county to establish Franchisee's annual revenue for its service area in unincorporated King County; and
 - d. Multiply Franchisee's annual revenue for its service area in unincorporated King County by 6% to establish the annual franchise compensation amount.
 - e. The above formula will be utilized until the District is able to determine the actual revenue from unincorporated area of King County. That revenue will then be multiplied by 6% in order to establish the annual franchise compensation amount, payable the following year.

2. For purposes of this addendum, "Revenue" means income received by Franchisee from the sale of metered water to direct retail customers whose connections to Franchisee's water system are located within unincorporated King County. It also includes income received by Franchisee from the provision of sewer service to direct retail customers whose connections to Franchisee's sewer system are located within unincorporated King County. Revenue shall not include: Metro sewage treatment charges; late fees; shut-off and reconnect fees; delinquent service charge collection costs and expenses; surcharges; impact or mitigation fees; permit fees and costs; any type of connection charges, general facilities charges, or local facilities charges; local improvement district and utility local improvement district assessments and payments; grants; contributed assets (contributions in aid on construction; loans; income from legal settlements not related to water or sewer service sales to Franchisee customers; income from telecommunication leases or licenses; income from real property or from real property sales; income for the sale of surplus equipment, tools, or vehicles; interest income; penalties; hydraulic modeling fees; water or sewer service availability documents fees and charges; water system or sewer system extension agreement fees and charges; income from street lights; labor, equipment and material charges and the annual franchise compensation described in this addendum.
3. Annual franchise compensation shall be due to the County no later than the last business day in April for the preceding year, beginning with the payment due for 2021. If franchise compensation is not received by the County by the due date, interest shall be charged from that date until such time that payment is received at the maximum rate permitted under Washington State law, compounded daily.
 - a. Annual franchise compensation for 2018 and 2019 shall be calculated in the same manner as described in No. 1 above, and payment shall be made in four equal amounts, no later than the last business day of each calendar quarter in 2021.
 - b. Annual franchise compensation for 2020 and 2021 shall be paid in full no later than the last business day in April, 2022.
4. Each payment of annual franchise compensation shall be accompanied by a report of Franchisee's revenue and the computation of the annual franchise compensation amount. The County may conduct an audit of Franchisee's records related to all annual franchise compensation payments. Franchisee shall maintain and upon request, make available within a reasonable period its records and data requested by the County to complete its audit.
5. No acceptance of any payment made pursuant to this Addendum shall be construed as an accord by the County that the amount paid is in fact the correct amount, nor shall any acceptance of payments be construed as a release of any

claim the County may have for further or additional sums payable or for the performance of any other obligation of Franchisee.

6. This Addendum shall apply to the calculation and payment of annual franchise compensation payments for the period from January 1, 2021 through December 31, 2025.

IN WITNESS WHEREOF, the parties agree to and execute this Addendum to the Franchise Agreement on the dates specified below:

Soos Creek Water & Sewer District

King County, Washington

By: Ron Speer

By: [Signature]

Ron Speer
General Manager

Anthony O. Wright, Director
Facilities Management Division

Date 11/5/2020

Date: 11.5.2020

APPROVED AS TO FORM ONLY:

By: Chris Leopold - signature on file Date: 11/5/2020
Prosecuting Attorney's Office
King County, Washington