

King Water Company

Water System Management and Services Agreement

This Agreement is made and entered into as of March 1, 2023, by and between King Water Company (“King”), a Washington company and Scatchet Head Water District (ID #76470X), a Washington non-profit corporation, hereinafter referred to as “Customer”. In consideration of the mutual covenants, agreements, and representations contained in this Agreement, the parties hereby agree as follows:

- I. Purpose. The purpose of this Agreement is to set out the intent of King and Customer to enter into a relationship whereby King provides water system management, or other services, to Customer. A description of the Customer’s water system is set out in Exhibit A.
- II. Scope of Work. The work to be performed by King Water Company under this Agreement is described in Exhibit B. Work on a residential service connection beyond the water meter is not covered by this contract.
- III. Changes/Modifications to Agreement. King shall make a good faith effort to implement any changes or modifications to this Agreement that may be requested by Customer. Customer recognizes, however, that any changes or modifications to the Agreement may cause King difficulties and delays in the fulfillment of its obligations pursuant to this Agreement. King reserves the right, therefore, in its sole discretion, to refuse to incorporate such changes and modifications, or to charge Customer at the current hourly rate published for such services.
- IV. Acceptance of Work. King shall deliver its services (i) as set forth in Exhibit B and in accordance with all schedules set forth in the attached Exhibits A through C inclusive, all of which exhibits are hereby incorporated into this Agreement by this reference, and (ii) as required by Washington State Department of Health regulations (“WSDOH Regulations”). In case of any conflict between (i) and (ii) above, the WSDOH regulations shall prevail.
- V. Payment. In consideration for the services and work described above Customer shall pay to King invoiced amounts in U.S. funds in accordance with the fee schedule set forth in Exhibit C. In case of any billing dispute, and before resorting to any other legal or equitable remedy, authorized representatives of the parties shall meet or communicate with one another informally, cooperatively, in a timely fashion, and as often as necessary, in an attempt to resolve such dispute.
- VI. Termination. Effective each anniversary date, either party may terminate this Agreement for any reason in its sole discretion, via prior written notice to the other party. Such notice must be delivered to the other party no more than 180 days before, nor fewer than thirty (30) days before the next anniversary date, i.e., the date of termination. Upon termination, each party shall be fully and forever released and discharged from any and all obligations, covenants or liabilities of whatsoever kind or nature in law, or equity, or otherwise, arising out of, or in connection with, the Agreement, or any other agreements by and between King and Customer, except for any obligation or liability accrued before the date of termination.

VII. Agreement Period. The term of this Agreement is for a minimum period of one (1) year, which will automatically be deemed renewed unless and until terminated by either party as set out in paragraph VI above.

VIII. Warranties and Representations. Each party hereby represents, warrants, and covenants as follows:

- Corporate Power. Each party is duly organized and validly existing under the laws of the State of Washington and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof.
- Due Authorization. Each party is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder.
- Binding Agreement. This Agreement is a legal and valid obligation binding upon it and enforceable with its terms. The execution, delivery and performance of this Agreement by such party does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it.
- Compliance With Law. Each party's operations will be conducted in compliance with all applicable laws and regulations of the United States, the State of Washington, and Island County.

The representations, warranties, and covenants in this Paragraph VIII, are continuous in nature and shall be deemed to have been given by each party at the time of execution of this Agreement and at each stage of performance hereunder.

IX. Indemnification and Limitation of Liability.

- **Indemnification by King.** King shall, at its expense and at Customer's request, defend any third-party claim or action brought against Customer, or Customer's officers, directors, or employees, (i) relating to the work performed by King pursuant to this Agreement, and (ii) to the extent it is based upon a claim that, if true, would constitute a breach of a King warranty, representation, or covenant set forth in this Agreement. King shall indemnify and hold Customer harmless from any costs, damages, and fees reasonably incurred by Customer, including but not limited to attorneys' and other professional fees, that are attributable to such claims. Customer shall provide King reasonable prompt notice in writing of any such claim and provide King with reasonable information and assistance, at King's expense, to help King defend such claims.
- **Indemnification by Customer.** Customer shall, at its expense and at King's request, defend any third-party claim or action brought against King, or its officers, directors, employees, licensees, and independent contractors, (i) relating to Customer's negligent or intentional misconduct, and (ii) to the extent it is based upon a claim that, if true, would constitute a breach of a Customer warranty, representation, or covenant set forth in this Agreement. Customer shall indemnify and hold King harmless from and against any costs, damages, and fees reasonably incurred by King, including but not limited to

attorneys' and other professional fees, that are attributable to such claims. King shall provide Customer reasonably prompt notice in writing of any such claims and provide Customer with reasonable information and assistance, at Customer's expense, to help Customer defend such claims.

- X. Applicable Law; Jurisdiction; Venue; Notice The Agreement shall be governed and construed in accordance with the laws of the State of Washington. The parties agree that Island County Superior Court in the State of Washington shall be the proper and exclusive venue for any action brought under the Agreement. Any notice required or permitted under this Agreement must be in writing, sent via United States Postal Service (USPS) certified or registered mail, postage prepaid. A notice shall be deemed delivered on the third calendar day (disregarding Sundays and legal holidays in Washington) after its deposit in an official USPS mailbox or receptacle. Additional courtesy notice via e-mail, telephone, voicemail, or other electronic form of communication, is permitted but not required and shall not be deemed to substitute for, or constitute, mailed notice as required herein.
- XI. Modifications, Amendments or Waivers. No modifications or amendments to the Agreement, and no waiver of any provisions hereof, shall be valid unless set forth in a writing signed by duly-authorized representatives of the parties.
- XII. Force Majeure. King shall not be responsible for any failure to perform due to unforeseen circumstances or due to a cause beyond King's control, including but not limited to acts of God, war, riot, embargoes, acts of civil or military authorities, fire, floods, accidents, strikes, or shortages of transportation facilities, fuel, energy, labor, or materials.
- XIII. Independent Contractor Relationship. It is the intent of the parties that King will be acting hereunder as an independent contractor retained by Customer. Nothing contained herein shall be construed to imply a joint venture, partnership, or employer and employee relationship, between the parties. Neither party shall have any right, power, or authority to create any obligation, express or implied, on behalf of the other except as defined in the Agreement or as mutually agreed to and consistent with the terms of the Agreement. The employees, contractors, subcontractors, or agents of one party shall not be deemed or construed to be the employees, agents, contractors, or subcontractors of the other party for any purpose whatsoever.
- XIV. Binding Effect. Subject to the limitations herein before expressed, this Agreement will inure to the benefit of, and be binding on, the parties, their successors, administrators, heirs, and permitted assigns.
- XV. Compliance/Government Approvals. King and Customer will, each at its own expense, obtain and arrange for the maintenance in full force and effect of all government approvals, consents, licenses, authorizations, declarations, filings and registrations as may be necessary or advisable for the performance by such party of all of the terms and conditions of the Agreement.
- XVI. Entire Agreement; Modification; No Offer. The parties hereto agree that this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. It shall not be amended or otherwise modified except by a written amendment dated subsequent hereto and signed on behalf of King and Customer by their duly authorized representatives. Neither this Agreement nor any written or oral statements related hereto constitute an offer, and this Agreement shall not be legally binding until executed by both parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the later of the two dates of execution inserted below by the parties.

KING WATER COMPANY, INC

SCATCHET HEAD WATER DISTRICT

By: _____
Sandra Bodamer, President
King Water Company
P.O. Box 2243
Oak Harbor, WA 98277
1-360-678-5336

By: _____
Dave Mullins, Commissioner

By: _____
Jill Lipoti, Commissioner

Date

By: _____
Jaci Mach, Commissioner

Date

King Water Company

Water System Management and Services Agreement

Description of System

General

- | | |
|-----------------------------------|---|
| a) Group | A |
| b) No. of wells | Two |
| c) Well pump information | Already provided |
| d) Reservoir size | Two – 300,000 and 120,000 gallons |
| e) Pressure tank(s) | 1,000 gallon Hydro-pneumatic tank |
| f) Booster pump(s). | Four – 7.5 Hp |
| g) Valves and other appurtenances | necessary for the operation of the water distribution system. |
| h) # of service connections | See as-builts drawings |
| i) Other information | 411 |

Chlorination System

Yes

Treatment System

Yes

King Water Company

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Description of Services Provided

Operations

Oversight by Certified Water Manager who will ensure that all of the system's daily operational and maintenance activities are completed according to acceptable public health practices and water industry standards. Specific activities on a daily basis include:

- Frequency of routine service calls – Three times per week
- Maintain pump house log documentation for all activities.
- Report all items of concerns
- Respond to customer calls
- Check backwash pond is operating
- Regular inspection of distribution system for leaks.
- Take readings from each well, treatment and backwash meters
- Calculate average daily usage from each meter reading
- Water usage monitoring during each visit – plus monthly reports.
- Check tank levels
- Take readings from each booster pump
- Take weekly Iron/Manganese samples
- Implement preventative maintenance programs.
- Perform water quality monitoring.
- Emergency call out – available 24/7 via answering service.
- Regularly monitoring of pumping rates and system pressures.
- Maintain system documentation, testing results, and compliance with appropriate regulations.
- Communications with State and/or County Health Departments, as necessary.
- Response to, and handling of, customer complaints.
- Mark out of District Distribution System – USA Dig Alert – Follow up with contractors digging near district lines.
- Coordination of any specialized needs of the system, as approved by Customer, and arrangements with other independent contractors.

Specific Activities on a monthly basis include:

- Inspect all PRV stations – Record inlet and outlet pressure. Adjust as needed, maintenance as required – Record dates and maintenance
- Visually inspect by vehicle all SHWD Distribution lines for leaks – Record date and report problems
- District Water samples as required by State
- Maintain system documentation, testing results, and compliance with appropriate regulations.
- Site visit by Certified Water Manager with observation report report to be included in monthly Commissioners Packet

Specific Activities on a yearly basis include:

- District water samples as required by State
- Water usage monitoring

- Maintain system documentation, testing results, and compliance with appropriate regulations.

Specific Activities on yearly basis which will be subject to additional costs:

- Flushing SHWD system – may be more often as directed by Commissioners – 1 Day for each flush (subject to additional costs)
- Inspect all system air release valves for access, operation and shutoff – Record dates and report problems. (subject to additional costs)
- Inspect all system blow offs for access, operation and shutoff. Record dates and problems. (subject to additional costs)
- Turn all distribution and hydrant shut off valves – record dates and report problems. Day prior to scheduled flushing. One day for valve turning. (subject to additional costs)
- Cross Connection Control - Annual backflow test notice. (subject to additional costs)

Treatment System Maintenance

Monitor proper operations of chlorination system. Take high and low chlorine readings during each visit. Ensure that chlorine vat has adequate levels of sodium hypochlorite at all times, reorder and deliver, as necessary. Perform regular preventative maintenance, such as regularly cleaning of the chlorine vat, and inspection of chlorine pumps and injectors. Regularly adjust chlorination rates to maintain an approximate 0.2 ppm residual level of chlorine in the system.

Monitor proper component operation of filtration system. Take weekly manganese samples and monitor performance of the filters. Performance of regular preventative maintenance, such as air scrubbing and overnight soaking of the filters with potassium permanganate, when required, and equipment repairs will be subject to time and material charges.

Documentation and Reports

Prepare annual Consumer Confidence Report.

Prepare monthly chlorination reports to State and County Departments of Health.

Maintain “as built” files.

Prepare and submit necessary reports to State and County Departments of Health, including but not limited to state-mandated water quality monitoring reports on a timely basis in accordance with WSDOH Regulations.

Maintain records of operating logs and other documentation, as required.

Provide operating reports to Customer, as requested.

Provide and monitor “unaccounted for water” at each billing cycle.

Billing and Administrative Services (may be subject to additional charges, see Exhibit C for current labor costs):

Assist in repair and maintenance planning

Assist in capital project planning.

Water billing services (if requested), which will include the following

- Entering in meter readings and analyzing usage for leaks.
- Requesting re-reads for questionable reads for accuracy.
- Calling customers with noticeable leaks.
- Preparing a pre-billing report and analyzing for errors
- Printing the backs and fronts of invoices.
- Stuffing bills, return envelopes and any additional notices
- Applying postage and taking to Post Office for delivery

- Checking post office box daily for water payments, returning any with errors
- Opening mail, separating checks and posting checks
- Making bank deposits using pre-printed deposit forms supplied by customer and filling out transmittals to County and sending.
- Preparing a full set of reports on water billing, receipts and delinquent accounts.
- Answering customer billing questions, filling out paperwork for title companies on the sale of homes, working with the Commissioners on overdue debt collection and providing such other information as may be requested.
- Preparing certified letters for overdue accounts

Water bill collection services – a fee is charged for sending out each certified letter. Excessive time spent in account analysis and other activities associated with collection of balances due will be billed based on actual time expended.

Financial and Administrative Services:

The following services will be provided each month:

1. Prepare vouchers for the Commissioners and, when approved, submissions to the County's Auditors, based on invoices provided in a timely manner.
2. Pick up completed warrants from the County and mail them to the the respective vendors.
3. Prepare excise tax returns.
4. Provide a bi-monthly report on water used by customer and for the district as a whole.
5. Reconcile funds received and disbursed with the County reports.
6. Provide monthly statements of activities.
7. Prepare Commissioners meeting packets
8. Retainment of District records required by law.
9. Attend monthly meeting

Additional Services (may be subject to additional charges, see Exhibit C for current labor costs):

System repair and maintenance

Well depthing, if requested and feasible. If no well depthing tube and damage to King Water equipment occurs as a result, customer is liable to reimburse King for repair to equipment.

Implementation of system-wide flushing program, if necessary.

Installation and replacement of meters, as required.

Meter reading, as required.

Reservoir cleaning.

Oversight of cross connection control program.

Assistance with sanitary surveys and in responding to DOH report thereon.

Maintain backwash Pond

King Water Company

Water System Management and Services Agreement

Fees

For the services listed in Exhibit B, this Agreement's first year fees will be, as follows:

A monthly fee of \$1,313.00 for Operations, Treatment System Maintenance and Documentation and Reports; the fees are due 30 days from date of billing. Additional time spent to maintain backwash pond and pump will be billed per time spent.

Bacteria testing is \$35 per test, which includes a sampling fee, and \$30 for any repeat testing that may be required. Nitrate testing is \$35; other tests will be rebilled to Customer at the current rates, which will be dependant on the third party cost of each type of test being conducted.

Labor rates:

- Emergency call-outs on weekends and holidays will be billed at \$105.00 per hour for our service technicians and \$125.00 per hour for our Operations Manager.
- Emergency call-outs during weekdays, which cannot be accommodated as part of our normal round schedule, will be billed at \$103.00 per hour for our service technicians and \$120.00 per hour for our Operations Manager.
- Our normal hourly rate is \$90.00 per hour for field personnel and \$100.00 per hour for our Operations Manager.
- Repairs requiring the use of the backhoe will be billed at \$275.00 per half day, plus labor.
- Reservoir cleaning is based on the amount of time to set up and leave a site, plus the time to clean the reservoir. For safety reasons, two personnel must be on site while the reservoir is being cleaned. Use of the pressure washer is charged at \$80.00 per day.

Charges for water billing services will be \$525.00 per month for an quarterly billing. A fee of \$15.00 is charged for sending out each certified letter and \$0.95 per water bill mailed to cover the costs of postage and stationary. Time spent in excessive account analysis and other activities associated with collection of balances due will be billed at \$80.00 per hour, based on time expended.

Charges for financial and administrative services will be \$525.00 per month.

Labor rates and other fees will be subject to annual reviews on January 1st. Price increases from independent third parties, such a certified laboratories and suppliers, will be passed on as and when incurred.