AGREEMENT BETWEEN THE CITY OF EVERETT AND THE SILVER LAKE WATER DISTRICT CONCERNING ANNEXATIONS OF PORTIONS OF THE DISTRICT TO THE CITY

IT IS HEREBY AGREED by and between the City of Everett, Washington hereinafter called the "City" and the Silver Lake Water District, hereinafter called the "District", that,

WHEREAS, in 1970, 1979, 1986, 1989 and 1991 the District and City did enter into agreements concerning annexations to the City encompassing areas which at the time of said annexations were located within the District and which areas were receiving water service from the District; and

WHEREAS, under said prior agreements the City assumed full management and control of all water service and all but major facilities then within the City's boundaries; and

WHEREAS, the City and the District wish to establish an agreement regarding certain areas of the District not now annexed to the City but adjacent thereto;

NOW, THEREFORE, it is hereby agreed between the parties as follows:

1. <u>Definitions</u>

(a) "Assume", "assumed, or "assumption" mean that process authorized by RCW 35.13A or other applicable statute whereby facilities and equipment of the District become the property of the City (except as otherwise specified) subject to the City's power to manage, control, maintain and operate

such property, facilities and equipment and to fix and collect service and other charges from owners and occupants of property so served.

(b) "Indebtedness" refers to the District's water-related outstanding indebtedness at the time of assumption and includes general obligation bonds, revenue bonds, and temporary, emergency and interim loans. The term shall exclude that portion of ULID or LID bonds payable from property assessments which shall be collected and paid by the District.

(c) "Newly annexed area" means any annexations to the City of Everett of territory within the boundary of the District occurring subsequent to the effective date of this Agreement, not previously exempted from payment of bonded indebtedness by prior agreements.

2. Agreement

(A) Following annexation by the City of District territory, District shall continue to provide water service until Notice of Assumption by the City. Upon assumption, compensation to the District for water facilities and loss of water revenue occasioned by the assumption of facilities within Newly Annexed Areas shall be based on payment by the City of the annexed area's prorated share of District indebtedness as of the date of the Notice of Assumption calculated on the percentage of water revenues generated from the annexed areas in that year to total annual District water revenue. The City may at its election make a single

lump sum payment of its prorated share of the principal amount of indebtedness, or the City may make payments in said percentage amount in such amounts and at such times as the District's debt service payments are due. Said percentage shall be applied to the interest and principal amortization schedule of the District's indebtedness existing as of the date of annexation, to determine the payment amounts. Payments from the City to the District of City's percentage share of the District's indebtedness payment shall be due thirty (30) days prior to the due date for the District's debt payments. In the event of refunding of District's indebtedness, the amount and due dates of City payments shall be adjusted to share in the benefits thereof.

(B) It is expressly understood and agreed that payment by the City of any and all monetary considerations contemplated herein shall not become an obligation of the City's general fund and that no portion of said monetary considerations is to be considered payable or satisfied from said general fund of the City.

(C) All indebtedness in the District existing at the time of annexation of any area herein considered, which indebtedness is secured by real and personal property such as general obligation bonds, and local improvement district bonds, shall remain an obligation of the District. Payment of such indebtedness shall continue by and/or through the District in accordance with the terms and conditions established at the time such indebtedness was contracted.

(D) The City and District hereby agree that with respect to property, facilities and equipment located within newly annexed areas, which on the dates of assumption were serving portions of the District not annexed to the City, the City shall, for the economic life of such property, facilities and equipment, provide for continuity of service to the unassumed portion of the District served by such property, facilities and equipment on the date of notice of assumption.

(E) The following subsections provide for general operational rules and procedures which have been observed by the City and the District in connection with providing water service to the assumed areas and immediately adjacent areas. It is the intent of both parties to set forth these general rules and procedures and be guided by them in the continued future operation of both the City's and the District's water systems. It is not the intent of the parties hereto that the following outline should cover every eventuality but rather that such rules and procedures shall be adhered to when applicable and that instances not included below be administered in a manner generally in keeping with the policies of both parties and settled in a manner which is fair and reasonable.

(1) The City shall make the necessary revisions required to, as completely as practicable, place or relocate the "master meters" through which the district will continue to purchase its entire water supply from the City. The

ownership, maintenance and operation of such new or relocated meters shall be the City's responsibility together with the costs thereby incurred. If it is determined by the City to be impractical to provide for "master metering" of the total water supply provided to the District (particularly with reference to customers along the common boundary line between the City and the District) then the City shall periodically read the meters necessary to completely account for all water supplied to the District and add or subtract, as the case may be, such readings to (or from) the appropriate "master meter" to arrive at the correct total water consumption of the District. As a matter of convenience, such individual customer meter readings taken by the District for purposes of billing its customers, which meter readings are necessary to supplement the "master meter" consumptions, shall be provided by the District upon the City's request for this purpose.

(2) Water mains located in street or road rights-of-way and on easements contiguous to the common boundary line separating the assumed areas from the non-assumed areas of the District, and which mains can be used as a common main to serve customers both within the City and within the District shall be treated as follows:

> Responsibility for maintenance and operation of such water mains and appurtenances and payment of all costs incident thereto shall be borne by the party to this Agreement in whose areas said water mains and appurtenances are located. The boundary limits following

Notice of Assumption alone determine this responsibility.

In the event a new water service shall be installed to serve a customer of one party (called the "first party") and the main from which such service is to be supplied is located in the area of the other party (called the "second party"), then the second party shall provide the required labor and materials to complete the service installation in accordance with the first party's requirements. The actual cost of such service installation shall then be paid to the second party by the first party. All customer relations and contacts shall be done by the first party, including the application for service, turn-ons, shut-offs, and subsequent billings for service. Ownership shall be vested in the first party after the initial turn-on, along with the responsibility for the maintenance thereof and payment therefor. The reverse of this procedure described above would obtain if the situations of the parties were reversed with respect to ownership of the common main and location of the customer to be served.

The above paragraph is applicable to individual, up to four-unit residential and nominal sized commercial services. In the event a service is requested which is intended to serve more than one residence or commercial structure, use of the first party's main shall be subject to agreement.

(3) Fire hydrants located on watermains common to areas served by both the City and the District may be used for fire fighting purposes only by both the City and the

fire protection agency serving customers of the District without charge to either party for water so used. Water from fire hydrants used for any other purpose than that set forth above shall be measured through a meter with the express consent of the party in whose area said fire hydrant is located.

(4) It is anticipated that by reason of additional water consumption requirements by both the City and the District, it is probable that the present method of providing water service to certain areas common to both the City and the District will become inadequate. It is hereby agreed that at such time deemed necessary and proper by both parties, a survey and investigation of this problem will be jointly undertaken by the City and the District and further, that a reasonable solution to the problem shall be agreed upon and instituted. Plans for the necessary improvement and payment therefor shall be mutually agreed upon by both parties hereto prior to commencement of work on the improvement.

(5) In the event certain operational or other problems of mutual concern occur which cannot be remedied by reference to this Agreement, then the parties hereto agree to resolve such problems in a manner which will be neither detrimental nor harmful to either party from an operational or financial viewpoint.

(F) The agreement area covered by this agreement is that portion of the City of Everett's future urban services area within the District.

(G) The effective date of this agreement shall be the 1st day of October, 1991. It shall continue in full force and effect until superceded by a subsequent agreement.

(H) If any paragraph or provision of this contract is held to be invalid, the remainder of the contract shall not be affected.

DATED this 12th day of December, 1991.

Silver Lake Water District	City of Everett
Approved As To Form:	Approved As To Form:
District Attorney	City Attorney
	Attest:
Secretary of Board	City Clerk
President	Mayor