WASTEWATER UTILITY OPERATING SERVICES AGREEMENT BETWEEN THE CITY OF SHORELINE AND RONALD WASTEWATER DISTRICT

THIS WASTEWATER UTILITY OPERATING SERVICES AGREEMENT ("Services Agreement" or the "Agreement") is made and entered into this 23rd day of October, 2017 by and between the City of Shoreline, a Washington Non-Charter Optional Municipal Code City (the "City" or "Shoreline") and Ronald Wastewater District, a special purpose municipal corporation (the "District" or "Ronald"). The City and the District are each a "Party" and are collectively the "Parties" to this Agreement.

WHEREAS, on October 22, 2002, the City and the District entered into an agreement entitled Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline’s City Limits (the "2002 Interlocal Operating Agreement"); and

WHEREAS, the 2002 Interlocal Operating Agreement provided for 1) grant of franchise to Ronald for operation of a sewer system within the City’s corporate limits, which franchise rights apply solely within Shoreline’s city limits, 2) an orderly transition of the Wastewater Utility and City assumption of all District assets, liabilities and contractual obligations, and employees, including those within Snohomish County; and

WHEREAS, while the title and Section 3.2 of the 2002 Interlocal Operating Agreement refer to the City’s assumption of Ronald within the City’s corporate limits, other provisions of the 2002 Interlocal Operating Agreement refer to "properties not located in the District or the City," and the City and the District have always interpreted the 2002 Interlocal Operating Agreement as providing for the City’s full assumption of all of Ronald’s assets, liabilities and contractual obligations, and employees not only within the City’s corporate limits but also within Snohomish County; and

WHEREAS, on June 22, 2017, the City and the District entered into an amended document entitled First Amendment of Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline’s City Limits (the "First Amendment"); and

WHEREAS, the First Amendment is conditional on the City and the District negotiating and entering into a Wastewater Utility Operating Services Agreement that provides, among other things, for City operation and maintenance of the sanitary sewer system, use of District property, for City performance of certain administrative and financial functions, coordination of planning and projects, and for the District, by and through its Board of Commissioners, to continue to own and govern the Wastewater System and District assets; and

WHEREAS, the City and District are authorized under chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 35.13A.070 to contract for the coordinated exercise of powers and sharing of resources for the efficient delivery of services to their residents, and the governing bodies of both parties have approved the execution of this Agreement;
NOW THEREFORE, in consideration of the foregoing recitals, which are incorporated herein as is fully set forth below, and the terms and provisions contained herein, the City and the District agree as follows:

Section 1. Purpose of Agreement and Definitions.

The purpose of this Services Agreement is to set forth the roles and responsibilities of the Parties regarding Shoreline’s performance of services and functions in operating and maintaining the Wastewater System and the Wastewater Utility and provision of administrative and financial services and functions and Ronald’s budgeting, reimbursement, and payment for the same. The context of the Agreement is that the District exercises legislative duties as the Parties work toward final assumption. In this Agreement, the following terms have the following meanings, whether singular or plural.

1.1 “2002 Interlocal Operating Agreement” means the Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline’s City Limits, effective October 22, 2002.

1.2 "City" or "Shoreline" means the City of Shoreline, a non-charter optional municipal code city incorporated under the laws of the State of Washington.

1.3 “Designated Representative” means the person named by each Party’s Service Agreement Manager to serve as the point of contact and to facilitate and coordinate communications, meetings, schedules, the exchange of information, and related tasks.

1.4 "District" or "Ronald" means the Ronald Wastewater District, a municipal corporation organized under Title 57 RCW and governed by its Board of Commissioners.

1.5 “Effective Date” means October 23, 2017, which is the date this Services Agreement enters into force and effect.

1.6 “Financial Administration” means the process of performing daily, weekly, and monthly reconciliations as appropriate to ensure proper booking of District revenues, making disbursements on behalf of District and transmitting disbursement requests to King County, and providing disbursement reports to the District for formal approval of the Board of Commissioners in a timely fashion.

1.7 “First Amendment” means a document entitled First Amendment of Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline’s City Limits, dated June 22, 2017.

1.8 “GFC” means the District’s General Facilities Charge, which is a capital charge for connecting to the Wastewater System.

1.9 “Major Action” means an action or approval by the Ronald Board of Commissioners as set forth in Section 4.2 of the First Amendment.
1.10 “Major Proactive Vehicle Maintenance or Repairs” means maintenance or repairs of Wastewater Utility vehicles and equipment that are identified in advance of the maintenance or repair needing to occur, and exceed the approved maintenance and repair budget for the vehicle or cost more than $2,000 per incident.

1.11 “Major Reactive Vehicle Maintenance or Repairs” means maintenance or repairs of Wastewater Utility vehicles and equipment that are identified after the vehicle has already stopped operating properly, and exceed the approved maintenance and repair budget for the vehicle or cost more than $2,000 per incident.

1.12 “Minor Vehicle Maintenance or Repairs” means maintenance or repairs of Wastewater Utility vehicles and equipment that are within the approved maintenance and repair budget for the vehicle and costing $2,000 or less per incident.

1.13 “O&M” means operations and maintenance.

1.14 “Real Estate” means all real property owned in fee by Ronald and held as an asset of the Wastewater Utility.

1.15 “Ronald Service Area” means all the territory located within the corporate boundaries of Ronald Wastewater District, plus those areas lying outside of the corporate boundaries of the District where the District’s sanitary sewer system and appurtenances are now or may in the future be located or where the District is providing wastewater utility service to customers.

1.16 “Service Agreement Manager” means each Party’s identified lead with responsibility for administering and overseeing this Agreement.

1.17 “WCIA” means the Washington City Insurance Association, which currently provides insurance coverage, services, and products to the City.

1.18 “WSRMP” means the Water and Sewer Risk Management Pool, which currently provides insurance coverage, services, and products to the District.

1.19 “Wastewater System” means the District’s sanitary sewer collection and conveyance system, which is generally comprised of wastewater pipes, mains, pump stations, grinder pumps, storage facilities, manholes, and appurtenances thereto, not including any wastewater treatment facilities, together with all i) contractual and other rights for wastewater treatment and disposal, and ii) easements, access rights, and other real property interests (not including fee simple).

1.20 “Wastewater Utility” means the District enterprise that owns the Wastewater System and related assets; provides sanitary sewerage services in the Ronald Service Area, including maintenance and operation of the Wastewater System, customer billing, customer service, vendor contracting, and other functions; and levies and collects rates and charges.
Section 2. Exhibits to Agreement and Referenced Documents.

2.1 The following exhibits are attached to and incorporated into this Agreement.

Exhibit A: Ronald Contracts to be retained by the District.
Exhibit B: Ronald Contracts to be assigned to the City.

2.2 List of Referenced Documents in this Services Agreement:

District Comprehensive Code of Rules and Regulations Governing the Operation, Control and usage of the District’s Sewage Collection Facilities

District Financial and Customer Service Policies

District Developer Extension Manual

District 2016 Operations and Maintenance Manual

District Service Area Map

District 2010 Comprehensive Sewer Plan

District Adopted Rate Schedule

Section 3. Term and Termination.

3.1 This Services Agreement will take effect on the Effective Date, and it will continue in force and effect for a period of two (2) years, unless terminated sooner pursuant to its terms or written agreement of the Parties.

3.2 The City, acting in its sole discretion at least two (2) months prior to the end of the two-year term of the Agreement, may extend this Service Agreement for an additional two (2) years by providing written notice to the District.

3.3 The Parties intend for this Services Agreement to be coextensive with the First Amendment. In the event that the City files a dissolution petition under section 4.8 of the 2002 Interlocal Operating Agreement or Section 6 of the First Amendment, then this Agreement will terminate on the date such a dissolution petition takes effect.

Section 4. Agreement Management and Communications.

4.1 This Agreement will be jointly managed and administered by the Parties’ Services Agreement Managers:

Shoreline: the City Manager
Ronald: the President of the Board of Commissioners.
Ronald may change its Service Agreement Manager by action of the Board of Commissioners. The City and Ronald agree to work cooperatively with each other to achieve the mutually agreeable goals as set forth in this Agreement.

4.2 Within 30 days of this Agreement taking effect, each Services Agreement Manager will designate a Designated Representative and will provide notice to the other Party. The Parties intend for their Designated Representatives to serve as the initial point of contact, to handle communications, and to carry out a Party’s business under this Agreement on a day-to-day basis and in the ordinary course, with elevation to the Services Agreement Manager as necessary and appropriate. An employee, independent contractor, or official may serve as a Designated Representative. At any time, a Party may change its Designated Representatives by providing notice to the other Party.

4.3 The Parties intend for all questions, requests, information transmission, and other communications to come from and go to their respective Designated Representatives. A Party’s elected officials, staff, or agents will not engage directly with the other Party’s officials, staff, or agents regarding operation of the Wastewater Utility or the Wastewater System, except through the Party’s Designated Representative or Services Agreement Manager.

Section 5. Notices.

Unless otherwise provided herein, all notices and communications concerning this Agreement shall be in writing and addressed to the Designated Representative. Unless otherwise provided herein, all notices shall be either: (i) delivered in person, (ii) deposited postage prepaid in the certified mails of the United States, return receipt requested, (iii) delivered by a nationally recognized overnight or same-day courier service that obtains receipts, or (iv) delivered electronically to the other party’s Designated Representative as listed herein.

Section 6. City and District Services Agreement Reporting and Engagement.

6.1 Each month, the City will provide the District Board of Commissioners two written reports with oral presentations by person(s) knowledgeable about the reports, as follows.


6.1.2 Wastewater Utility Operations and Maintenance Report. The O&M Report will outline levels of service provided and identify other maintenance and operational activities performed by the City. The O&M Report shall also include, as necessary and appropriate, information about budget, cost, repair, capital or other issues, including potential Major Actions.
6.1.3 The City will make best efforts to provide the Financial Report and the O&M Report to the District five (5) days before a District Board of Commissioners meeting at which the relevant subject is on the agenda. The Designated Representatives will coordinate meeting schedules and agendas and the respective reports.

6.2 On a quarterly basis at a regular District Board of Commissioners meeting, the City will provide an oral presentation with written update or summary materials regarding performance of services, operation of the Wastewater Utility, budget and financial administration, and other relevant topics.

Section 7. Wastewater Utility Services Provided by the City.

7.1 During the term of this Service Agreement, the District Board of Commissioners retains legislative authority over District assets and policy matters, including without limitation fixing and collecting rates and charges, holding and managing District property and assets, adopting and carrying out the District’s comprehensive plan, changes to the District’s Code of Rules and Regulations, and decisions on Major Actions.

7.2 During the term of this Service Agreement, the City will provide Wastewater Utility services on behalf of the District, including the following matters.

7.2.1 Operation and Maintenance of the Wastewater System. The City will operate, maintain, and repair the Wastewater System on behalf of the District in general conformance with Section 1 of the District’s 2016 O&M Manual, including without limitation the following functions and tasks:

a) Collection System
   i. Manhole
   ii. Grinder Pumps
   iii. Lift Stations/Pump Stations
   iv. Pipeline Cleaning and CCTV Inspection
   v. Fats, Oils and Grease (F.O.G.) Program
   vi. After hours and emergency response services.

b) Planning and Development
   i. Permit issuance
   ii. Inspection of permitted work
   iii. Mapping services (GIS)
   iv. Recordable document creation
   v. Certificate of Sewer Availability issuance
   vi. Developer Extension Agreements. Utilizing the District’s Developer Extension Manual, the following process will occur:
A. The City will develop a proposed extension agreement with the relevant developer(s) for District Board of Commissioners review; and

B. The District Board of Commissioners will take action to approve, deny, or otherwise dispose of any proposed extension agreement.

7.2.2 Wastewater Utility Billing and Customer Service. The City will perform the function of Wastewater Utility billing and customer service on behalf of the District. Specific functions include but are not limited to the following:

a) The City will provide billing and customer support services for the Wastewater Utility on behalf of the District.
   i. All billing will be based on the District’s adopted schedule of rates and charges.
   ii. The City will respond to all customer inquiries regarding rates and billing.
   iii. The City will coordinate the delinquent collection process with the District’s attorney.

b) The City will maintain customer account information following District practices in place prior to this Agreement.

7.2.3 Financial Administration. The City will provide financial administration on behalf of the District. Specific functions include but are not limited to the following:

a) The City will process payroll for the District Board of Commissioners and supporting staff, if any.

b) The City will provide accounting support for the District Board of Commissioners and coordinate with the District’s consulting accountant in the preparation and audit of the District Annual Financial Statement to ensure timely filing of financial statements.

c) The City will coordinate with the State Auditor for the District’s annual audit.

7.2.4 District Responsibilities in Financial Administration. During the term of this Services Agreement, the District retains control and responsibility of certain financial functions, including but not limited to the following:

a) Continues as the fiduciary responsible for Wastewater Utility funds and the District’s US Bank Account.
b) Adopting an annual operating budget, in coordination with the City.

c) Formal approval of the District’s monthly voucher report monthly.

d) The District maintains the direct relationship with King County, which will continue to serve as the Treasurer for the District.

Section 8. Wastewater Utility and Permit Payments.

8.1 In providing Wastewater Utility services, the City will accept, receive, and account for payments for sewer or wastewater rates, charges, or fees and other District revenues or incoming funds. The City will track and account separately for all Wastewater Utility payments and monies.

8.2 Specific streams of customer payments of Ronald rates and charges will be handled as follows:

8.2.1 Payments made online, through the Automated Clearing House ("ACH"), or by mail to Retail Lockbox will follow the current process and will be deposited directly in the District’s US Bank Account or at King County Treasury.

8.2.2 Payments made for GFCs will be held by the City as a liability. The amounts will be separately accounted for and will be reconciled and credited against the District’s quarterly payment, except for an individual GFC payment more than $10,000. When a single GFC payment exceeds $10,000, the City will transfer the payment amount to the District within 20 days of receipt.

8.2.3 Cash or check payments and wastewater permit payments made at City Hall will be held by the City as a liability. The amounts will be separately accounted for and will be reconciled and credited against the District’s quarterly payment.

Section 9. Real Estate.

9.1 The District will continue to own all of its real property and improvements, including the District office and maintenance buildings, which are assets of the Wastewater Utility.

9.2 The City will use all District buildings for Wastewater Utility purposes. If the City uses some or all of a District property or building for other purposes, then the City will track, record, and account for such usage so as to keep the Wastewater Utility whole.
9.3 **Routine Maintenance or Repairs**

9.3.1 Routine maintenance or repairs of real property costing $5,000 or less per incident will be a maintenance expense that the City will pay for and recover as a reimbursable service.

9.3.2 Routine maintenance or repairs of real property that are conducted will be communicated to the District as part of the Monthly Maintenance Report.

9.3.3 If the annual routine maintenance or repair budget is exceeded during the course of the year, the City will communicate with the District and follow the procedures herein for budget revision.

9.4 **Non-Routine Maintenance or Repairs**

9.4.1 Non-routine maintenance or repairs of real property costing $5,000 or less will be performed by the City as a reimbursable service.

9.4.2 Maintenance or repairs of real property exceeding $5,000 will be the responsibility of the District and would be paid for as a capital expenditure of the District. The City will coordinate with the District as needed to hire a contractor to complete the repair.

9.5 **Emergency Maintenance or Repairs**

9.5.1 If the City determines that emergency maintenance or repairs are needed that exceed the $5,000 threshold, the City will commence repairs immediately and inform the District as soon as possible after the incident occurs.

**Section 10. Wastewater System.**

10.1 During the term of this Agreement, the District will continue to own the Wastewater System, which is an asset of the Wastewater Utility.

10.2 The City will undertake and perform all maintenance and repairs on the Wastewater System, except as expressly provided below.

10.2.1 **Routine Maintenance or Repairs**

a) Routine maintenance or repairs of the Wastewater System costing $10,000 or less per incident are a maintenance expense that the City would incur as a reimbursable service.

b) Any routine maintenance or repairs of the Wastewater System that are undertaken will be communicated to the District as part of the Monthly Maintenance Report.
c) If the annual routine maintenance or repair budget is exceeded during the course of the year, the City will communicate with the District and follow the procedures herein for budget amendment.

10.2.2 Non-routine Maintenance or Repairs

a) Maintenance or repairs of the Wastewater System exceeding $10,000 per incident will be identified by the City and communicated by the Designated Representative to the District as they occur.

b) Maintenance or repairs of the Wastewater System exceeding $10,000 are the responsibility of the District and will be paid for as a capital expenditure of the District. The City will coordinate with the District as needed to hire a contractor to complete the repair.

10.2.3 Emergency Maintenance or Repairs

a) If the City determines that emergency repairs are needed that exceed the $10,000 threshold, the City will commence repairs immediately and inform the District as soon as possible after the incident occurs.

Section 11. Vehicles and Equipment.

11.1 Ownership

11.1.1 All District vehicles, equipment, and personal property useful or necessary in operation of the Wastewater System will be transferred to the City from the District for Wastewater Utility use.

11.1.2 The City will own, use and maintain the vehicles and equipment as an asset of the Wastewater Utility. During the term of this Agreement, the vehicles will display the Ronald District logo.

11.2 Replacement

11.2.1 The District will fund the vehicle replacement costs of vehicles as they reach the end of their useful life.

11.3 Minor Vehicle Maintenance or Repairs

11.3.1 Minor Vehicle Maintenance or Repairs, if needed, will be the responsibility of the City.

11.3.2 If the annual Minor Vehicle Maintenance or Repair budget is exceeded during the course of the year, the City will communicate with the District and follow the procedures herein for a budget amendment.
11.4 Major Proactive Vehicle Maintenance or Repairs

11.4.1 The City will identify Major Proactive Vehicle Maintenance or Repairs that are needed and will communicate such needs and alternative solutions to the District.

11.4.2 Once communicated to the District, the District Board of Commissioners will review the proposed Major Proactive Vehicle Maintenance or Repairs and possible alternative solutions, and the Board of Commissioners will then decide whether to approve payment for the proposed maintenance or repair, to replace the vehicle altogether, or to adopt an alternative solution.

11.5 Major Reactive Vehicle Maintenance or Repairs

11.5.1 If Major Reactive Maintenance or Repairs are needed, the City will arrange for a rental/contract vehicle or equipment to temporarily replace the vehicle or equipment that is out of service and communicate to the District that a vehicle or equipment is currently not operable.

11.5.2 Once communicated to the District, the District Board of Commissioners will review the proposed Major Reactive Vehicle Maintenance or Repairs and possible alternative solutions, and the Board of Commissioners will then decide whether to approve payment for the proposed maintenance or repair, replace the vehicle altogether, or to adopt an alternative solution.


12.1 The City will operate consistent with the District’s Comprehensive Code of Rules and Regulations Governing the Operation, Control and usage of the District’s Sewage Collection Facilities, the District’s Developer Extension Manual, and the District’s Customer Service Policies during the term of this Services Agreement.

12.2 The City will operate in general conformance with the District’s 2016 Operations and Maintenance Manual during the term of this Services Agreement.

12.3 The City will operate the Wastewater Utility using the City’s purchasing and procurement code and guidelines, unless Title 57 RCW requires otherwise.

12.4 The District will continue to follow District practices for procurement related to activities not covered under this Agreement (such as District professional service agreements, CIP, etc.).
Section 13. Regional Coordination and Mutual Aid.

The District is a signatory to or participant in mutual aid networks including the Regional Coordination Framework for Disasters and Planned Events (King County 2015), the Regional Hazard Mitigation Plan (King County 2014), and with regional wastewater utilities, and the District Wastewater Utility will continue to do so in coordination with the City under this Agreement.

Section 14. Existing Contracts.

The Parties will work together and cooperate to identify and review all existing contracts and agreements to which Ronald is a party and determine the appropriate disposition of contracts. The contracts listed in Exhibit A are to be retained by Ronald and managed by the District Board of Commissioners. The contracts listed in Exhibit B will be assigned or transferred to the City to be managed and performed under this Services Agreement, and the District will undertake to complete such contract assignment by December 1, 2017.

Section 15. Capital Improvement Plan and Engineering.

15.1 The District will continue to manage the Wastewater Utility’s capital improvement plan (“CIP”). The District will manage capital projects, and the District intends to staff project management through the CHS Engineering contract. The District will be responsible for developing and adopting any amendments and updates to the CIP. The District will direct CHS Engineering to keep City engineering staff informed about District CIP projects, which the Designated Representatives will coordinate.

15.2 The District will have lead responsibility for funding all projects in the CIP. In the event bond financing is necessary and appropriate for improvements in the approved District CIP, the City will authorize, issue, and sell revenue bonds (the “City Bonds”) and make a loan to the District to fund all or a portion of the CIP projects. The City Bonds will be payable from revenues of the District.

15.3 Prior to the date the City Bonds are issued, the City and the District will enter into an agreement regarding the loan and use of bond proceeds, the obligation of the District to pay debt service on the City Bonds during their term or until assumption occurs, and the tax requirements applicable to any tax-exempt City Bonds.

Section 16. Wastewater Comprehensive Plan.

16.1 The City will use the District’s 2010 Comprehensive Sewer Plan.

16.2 The District will continue to work on and finalize the hydraulic analysis for the two Sound Transit station areas.
Section 17. Records Management and Information Technology.

17.1 The City will serve as custodian of all District and Wastewater Utility records and files and will maintain the same on behalf of the District.

17.2 The City will provide information technology support to the District, including email, telephone, and computer network support.

17.3 The City will maintain the District web site and will coordinate customer and public information content with the Ronald Board of Commissioners. The District web site will provide a link to the City’s website or software for billing and payment.

Section 18. Public Disclosure Act and Records Requests.

In the event that either Party receives a request for public records relating to the Wastewater System, the Wastewater Utility, or the Ronald Wastewater District, the Parties agree that the City will take the lead role in responding to the request as a service task and responsibility. When a Party receives a public records request, the Party will promptly and without delay transmit the request to the Other Party’s Designated Representative, and the Parties will coordinate and communicate in a timely manner to respond to the request. The City will be responsible for compliance with the Public Disclosure Act and liable for any non-compliance, except in the event that the District fails to timely transmit a request for public records or is otherwise at fault for non-compliance with the Public Disclosure Act.

Section 19. Services Agreement Budget and Reimbursement Payment.

19.1 District will reimburse the City for services based on the budgeted cost of operations. The District will pay the City 25% of the budgeted annual costs each quarter in advance.

19.2 The budget reimbursement for 2017 will cover the period October 23 to December 31, 2017 and will be equal to a prorated portion of the District’s 2017 budget adjusted for any cyclical payments that are due during this time. For the 2017 budget period, the District will pay the budgeted amount to the City by October 23, 2017.

19.3 City Budget Adoption Process

19.3.1 The City will develop its Wastewater Operations Fund budget for 2018 in collaboration with the District through its Designated Representative with the intent to maintain budgeted costs as close to 2017 budget as possible.

19.3.2 The City will strive to maintain growth in maintenance and operations costs to less than the June-to-June percentage change of the consumer price index for the Seattle/Tacoma/Bremerton area (“CPI-U”). Personnel costs will grow consistent with City policy regarding cost of living adjustments (“COLA”) and benefit increases.
19.3.3 The City will present a budget summary to the District Board of Commissioners prior to budget adoption in November. The summary will compare City proposed budgeted costs alone and including the projected District costs for the budgeted years being discussed so that the District can evaluate the total budget. An explanation will be provided if the maintenance and operation cost increases exceed the June-to-June percentage change of the CPI-U. A summary of salary and benefit changes will be provided (i.e. percentage increase for COLA and benefits or other changes that drove an overall increase).

19.4 City Budget Amendment Process

19.4.1 Budget amendments are not anticipated but may be necessary in the event that unanticipated costs are incurred in the operation of the Wastewater Utility.

19.4.2 The City will review any proposed amendments to the Wastewater Utility budget with the District Board of Commissioners prior to discussion and adoption.

19.4.3 In all proposed budget amendments, the City will provide adequate documentation to support the necessity of the amendment. In reviewing or acting on any proposed budget amendment, the District will take into consideration the explanation and reason(s) provided by the City to support the need for additional budget authority.

19.4.4 An individual budget amendment request exceeding $5,000 requires approval by the District Board of Commissioners. An individual budget amendment request less than or equal to $5,000 will be approved administratively by the City; provided, however, that approval by the District Board of Commissioners is required in the event such individual requests, in the aggregate, exceed $50,000.00 in a calendar year.

19.4.5 All approved budget amendments will tracked and reported. Remaining quarterly payments will be recalculated to address the impacts of approved amendments.

19.5 Annual Reconciliation

The City will perform an annual reconciliation of direct operational costs comparing actual to budget following year end close. If the City has experienced any budget savings in direct operational costs the reconciliation will result in a credit adjustment (to the amount due to the city for the current year). This credit can be applied to a single quarter or spread over remaining quarters in the year at the discretion of the District Board of Commissioners.
Section 20. Insurance.

20.1 The City will carry liability coverage related to the operation of the Wastewater Utility and for use of property, and Equipment Damage.

20.2 District will maintain property coverage for District Property and liability relating to the actions of the District Board of Commissioners.

20.3 District will waive subrogation against the City only for damage covered by the District’s property insurance.

20.4 For the purpose of avoiding any uninsured exposure for the District, the City expressly waives all immunity and limitation of liability under the Industrial Insurance Act, Title 51 RCW, for any claims for personal or bodily injury brought by a City employee against the District. This waiver was the result of mutual negotiations of the City and the District.

20.5 The City and District will coordinate insurance coverage to make sure that no gaps in coverage exist. Specifically, the City and the District will meet and confer in a timely fashion with the WSRMP and the WCIA to plan and obtain adequate insurance coverage for all necessary and appropriate Wastewater Utility and Wastewater System property, activities, events, and contingencies.

Section 21. Dispute Resolution.

21.1 The Parties agree to use their best efforts to resolve disputes arising out of or related to this Agreement using good faith negotiations by engaging in the following dispute resolution process should any such disputes arise. The Parties agree that cooperation and communication are essential to resolving issues efficiently.

21.2 Any disputes or questions of interpretation of this Agreement or the performance of either Party under this Agreement that may arise between Ronald and Shoreline will be governed under the dispute resolution provision in Section 11 of the 2002 Interlocal Operating Agreement. Either Party may refer a dispute to the dispute resolution process by providing written notice of such referral to the other Party’s Designated Representative.

21.3 Before either Party may refer a dispute to arbitration under Section 11 of the 2002 Interlocal Operating Agreement or provide a notice of the same to the other Party, the Parties will seek to resolve the dispute at the lowest possible level by completing the following steps.

21.3.1 The District’s Designated Representative and the City’s Designated Representative shall meet to discuss and attempt to resolve the dispute in a timely manner. If they cannot resolve the dispute within ten (10) days, then the Parties’ Designated Representatives will refer the dispute to the Parties’ Services Agreement Managers.
21.3.2 The Services Agreement Managers will meet and confer and attempt to resolve the dispute. If the Services Agreement Managers cannot resolve the dispute within fourteen (14) days, then either Party may initiate arbitration.

Section 22. Hold Harmless and Indemnity.

Each Party agrees to hold harmless, indemnify, and defend the other Party, its officers, agents, and employees, from and against any and all claims, damages, losses or liability, injuries, or suits ("Claims") arising out of any willful misconduct or negligent act, error, or omission of the indemnifying Party, its officers, agents, or employees, in connection with the services required by this Agreement, provided, however, that the indemnifying Party's obligations to indemnify, defend and hold harmless i) shall not apply to Claims caused by or resulting from the sole willful misconduct or sole negligence of the other Party, its officers, agents or employees and ii) shall apply only to the extent of the negligence or willful misconduct of the indemnifying Party, its officers, agents, or employees.

Section 23. Miscellaneous.

23.1 This Agreement constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes any and all prior negotiations (oral and written), understandings, and agreements with respect hereto; provided, however, that this Agreement is entered pursuant to, and is intended to be construed and interpreted in harmony with, the 2002 Interlocal Operating Agreement and the First Amendment.

23.2 This Services Agreement is specific to the Parties and may not be assigned in whole or in part. This Agreement is made and entered into for the sole protection and benefit of the Parties. The Parties do not intend to create any third-party beneficiaries to this Agreement, and no other person will have any right of action based upon any provision of this Agreement.

23.3 Any provision or part of the Agreement held to be void or unenforceable under any law or regulation shall be deemed stricken and all remaining provisions will continue to be valid and binding upon the Parties, who agree that the Agreement will be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

23.4 This Agreement will be construed and enforced in accordance with the laws of the State of Washington. Venue of any suit between the Parties arising out of this Agreement must be King County Superior Court.
IN WITNESS WHEREOF, the authorized representatives of the Parties have duly executed this Agreement as of the date stated below.

CITY OF SHORELINE

________________________
Debbie Tarry, City Manager

Date: _________________, 2017

Approved as to form:

________________________
Margaret King, City Attorney

RONALD WASTEWATER DISTRICT:

________________________
Gretchen A. Atkinson, President, Board of Commissioners

Date: _________________, 2017

Attest:

________________________
Chris J. Eggen, Secretary, Board of Commissioners
Exhibit A
Contracts Retained by Ronald

UTILITY RELOCATION AGREEMENT, between Ronald Wastewater District and Sound Transit, January 10, 2017.

REGIONAL COORDINATION FRAMEWORK FOR DISASTERS AND PLANNED EVENTS (King County), 2015.

REGIONAL HAZARD MITIGATION PLAN (King County), 2014.

AGREEMENT BETWEEN RONALD WASTEWATER DISTRICT AND OLYMPIC VIEW WATER AND SEWER DISTRICT RELATING TO USE OF SEWER SYSTEM, December 14, 2005.

OPERATIONS AND MAINTENANCE AGREEMENT, between Ronald Wastewater District and the City of Lake Forest Park, March 13, 2003.

AGREEMENT TO TRANSFER WASTEWATER ASSETS AND SERVICE, between Ronald Wastewater District and the City of Lake Forest Park, December 30, 2002.

WASTEWATER FACILITIES USE AGREEMENT, between The City of Seattle acting by and through its Seattle Public Utilities and Ronald Wastewater District, October 1, 2001.

AGREEMENT BETWEEN THE TOWN OF WOODWAY AND SHORELINE WASTEWATER MANAGEMENT DISTRICT, a/k/a RONALD SEWER DISTRICT RELATING TO THE USE OF THE DISTRICT'S SEWERS, November 25, 1991.

AMENDMENT TO AGREEMENT FOR SEWAGE DISPOSAL, between Ronald Sewer District and King County METRO, October 2, 1992.


AGREEMENT FOR THE JOINT USE OF SEWAGE DISPOSAL FACILITIES, between City of Mountlake Terrace and Ronald Sewer District, October 4, 1971.

PUMPING STATION JOINT USE AGREEMENT RONALD SEWER DISTRICT, HIGHLANDS SEWER DISTRICT, between Ronald Sewer District and the Highlands Sewer District, June 21, 1971.

CONTRACT FOR CONNECTION AND USE OF SEWER; between Olympic View Water District and Ronald Sewer District, September 21, 1970.
Exhibit A (continued)
Contracts Retained by Ronald

CONTRACT FOR CONNECTION AND USE OF SEWER, between Olympic View Water District and Ronald Sewer District, September 9, 1968.

CHS ENGINEERS, LLC, Engineering services (Annual Contract).

CLIFTON LARSON ALLEN, LLP, Certified Public Accounting services (Annual Contract).

HENDRICKS-BENNETT, legal services (Annual Contract).

VAN NESS FELDMAN, legal services (Periodic Contract)

INTERLOCAL AGREEMENT WITH WATER AND SEWER RISK MANAGEMENT POOL, risk management and insurance (Annual Contract).
Exhibit B

Ronald Contracts to Assign to City

ACCELA/SPRINGBROOK maintenance contract regarding finance and utility billing software (Annual Contract).

DATABAR customer billing service agreement (month to month).

RETAIL LOCKBOX re receipt and deposit of utility billing payments (Annual Contract).

DOXO online bill viewing and paying service agreement (Annual Contract).

CUMMINS NORTHWEST re pump station generator maintenance (Annual Contract).

SHAW ELEVATOR re pump station elevator maintenance (Annual Contract).

NORTON CORROSION LIMITED re cathodic protection systems inspection (Bi-annual Contract).