

**Satellite Management Contract
For Management and Operations of
Swauk Ranch LLC
Group B Community Water System in Kittitas County**

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THIS CONTRACT made and entered into this 24th day of January, 2018, by and between **Swauk Ranch LLC**, a Washington Limited Liability Company, (System Owner) the owner of a Group B Community public water system in the State of Washington, hereinafter called the Satellite Water System ("SWS"), whose address is PO Box 24567 Seattle WA 98124 and **LCU, Inc.** (dba Evergreen Valley Utilities, a Washington Corporation) ("LCU") approved by the Washington State Department of Health as an approved Satellite Management Agency ("SMA"), whose address is P.O. Box 394, Cle Elum WA 98922 hereinafter called the Satellite Management Agency (SMA).

Whereas, the SWS is owned by System Owner;

Whereas, System Owner is responsible for providing domestic water service to the property described on Exhibit A;

Whereas, the SWS owned by System Owner is operated as an independent water system;

Whereas, the SWS owned by System Owner is located within the SMA's Washington State Department of Health ("DOH") approved service area as identified in the Evergreen Valley Utilities SMA Plan and on file with Kittitas County;

Whereas, System Owner desires to contract with SMA to operate and maintain the SWS.

NOW, therefore, for and in consideration of the payment of fees and the mutual covenants set forth herein, the parties agree to the following:

1. **Definitions:** The following words, when used in this Contract, shall have the following meanings unless otherwise expressly provided herein:

1.1. "Satellite Water System" (SWS) means a public water system owned by System Owner located in the State of Washington capable of being served by an approved SMA.

1.2. "Satellite Management Agency" (SMA) means LCU, an entity that is approved by the Secretary of the Washington State Department of Health to own or operate more than one public water system on a regional or countywide basis, without the necessity for a physical connection between such systems.

- 1.3. "Fee Schedule" means those rates charged by the SMA to the System Owner and/or the Customers which may be modified from time to time by the SMA.
 - 1.4. "As Built" means a construction drawing that depicts the final installed configuration and location of components of the SWS.
 - 1.5. "Property" means a parcel of land served by or containing components of the SWS.
 - 1.6. "WFI" means the Water Facilities Inventory form # 331-011 from the DOH.
 - 1.7. "Initial Term" shall mean a term of sixty (60) months beginning at the signature of this Agreement
2. **Legal Description of Property Served:** The property served by the SWS is located within Kittitas County, Washington, and is legally described in Exhibit A attached hereto.
 3. **SMA Services:** The SMA shall provide the following services, identified as the Basic Service Package (BSP), to the System Owner:
 - 3.1. **Operation and Maintenance:** The SMA, shall conduct an initial review of the SWS. Based on the initial review, the SMA may create an Operation and Maintenance Plan (OMP). If created, the OMP will detail the routine operation of the SWS and provide a schedule for operations and basic maintenance of the SWS. If said OMP is completed, it will be attached as Exhibit B. The SMA shall thereafter operate and maintain the SWS for the benefit of the Customers served by the SWS according to instructions from the SWS and/or the OMP as it may be amended from time to time.
 - 3.2. **Administrative Services:** The SMA shall provide the following services to System Owner connected with the operation and maintenance of the SWS owned by System Owner:
 - 3.2.1. Respond to communications from System Owner regarding operation and maintenance of the SWS.
 - 3.2.2. Establish a Fee Schedule for services provided by the SMA to the System Owner. Said Fee Schedule is attached as Exhibit C.
 - 3.2.3. If expenses are incurred by the SMA that are billable to the SWS or system owner, the SMA shall maintain accurate records to verify said expenses.
 - 3.2.4. Create and maintain records of any operation and maintenance procedures performed by the SMA for the SWS.
 - 3.3. **Reporting Services:** The SMA shall provide the following reporting services:
 - 3.3.1. Prepare and file reports and other data (including water sample testing) required by governmental agencies including but not limited to the Satellite Water System's WFI form.
 - 3.3.2. Provide for and meet public notification requirements.
 - 3.4. **Plan Retention:** Keep on file copies of current As Built (if provided by the SWS or engineer) of the SWS as required by new construction or other modifications to the existing SWS.

4. **Planning and Technical Assistance:** In addition to the BSP the SMA will also provide the following services *only if requested by System Owner*. The SMA will be compensated for these services based upon the Fee Schedule or as negotiated between System Owner and the SMA.
 - 4.1. Design annual maintenance strategies.
 - 4.2. Advise System Owner on development of capital improvement programs.
 - 4.3. Coordinate with the System Owner for implementation of any existing Capital Improvement Program.
 - 4.4. Advise System Owner on design of capital improvement projects.
 - 4.5. Coordinate the preparation of any required SWS Plan.
5. **SMA To Act as Agent:** The System Owner hereby appoints the SMA to act as its agent to the extent necessary for SMA to fulfill its obligations under this Contract.
6. **SMA Charges and Payments:**
 - 6.1. **Basic Service Charge:** System Owner agrees that SMA, as compensation for receipt of services included in the BSP, shall collect a fee from the System Owner as provided for in the Fee Schedule, which is attached as Exhibit C. Said Fee Schedule shall be established by the SMA and approved by System Owner and may be modified from time to time by the SMA.
 - 6.2. **Additional Services:** SMA will charge for any additional services not included in the Basic Service Package (BSP), on a time, materials, and administrative overhead basis at a rate mutually agreed to by the System Owner and SMA. *All additional services must be pre-approved by the System Owner.*
 - 6.3. **Administrative Fee:** System Owner will pay to the SMA within ten (10) days of signing this Contract \$ na for the SMA's initial administrative and record keeping setup charges.
7. **Emergency Repairs:** The SMA is authorized by the System Owner to perform emergency repairs the SMA considers necessary, and will be reimbursed according to the Fee Schedule.
8. **Terms and Conditions:** Without limiting the foregoing, it is further agreed as follows:
 - 8.1. The SMA does not own the SWS. The SMA's responsibility is limited to the services set forth above.
 - 8.2. The SMA has no responsibility in the event that the SWS water source is interrupted, the volume thereof is reduced, or the water is contaminated, unless through SMA's negligence, or if the water source is insufficient to meet demand.
 - 8.3. The System Owner hereby grants the SMA a license and access for so long as this Contract is in full force and effect to enter onto the well site and any properties that

contain any and all SWS treatment, distribution, or other water system facilities in performance of the SMA's responsibilities. The System Owner grants to the SMA the rights to enter all locations where SWS facilities are located for the purpose of operating and maintaining the SWS.

- 8.4. System Owner shall indemnify, protect and hold SMA, and its respective agents, employees, invitees, heirs, successors and assigns (collectively, the "SMA Indemnitees"), harmless from and against any and all Claims arising as a result of the design, construction and installation of the SWS and the operation of the SWS prior to the effective date of this agreement. "Claims" shall include all claims, causes of action, damages, including all costs and attorney's fees, arising from the design, construction and installation of the SWS and the operation of the SWS, prior to the effective date of this agreement, by System Owner and System Owner's contactors, sub contractors and employees and System Owner's Predecessors in interest and their contactors, sub contractors and employees. In the event that any action or proceeding is brought against any SMA Indemnitee by reason of such Claim, System Owner upon notice from such SMA Indemnitee, shall defend the same at System Owner's expense by Owner's counsel satisfactory to such SMA Indemnitee in SMA Indemnitee's reasonable discretion.
 - 8.5. Each Party to this agreement and their successors and assigns respectively agree to defend, indemnify and hold each other harmless from and against any claim, cause of action, or other assertions of liability, including attorney fees and costs, arising as a result of their negligence or intentional acts or omissions or the negligent or intentional act or omission of their authorized agents, employees, or contractors relating to or arising out of this agreement or either parties performance of their duties and obligations pursuant to this agreement. Notwithstanding the indemnity provisions of this section, in the event of the concurrent negligence of any party hereto, their successor, and/or their agents, employees, or contractors which concurrent negligence results in injury or damage to persons or property relating to or arising out of this agreement or either parties performance of their duties and obligations pursuant to this agreement, each such party's obligation to defend, indemnify and hold harmless the other shall be limited to the extent of such party's own negligence, and that of its agents', employees', or contractors' damage.
9. **Duration:** This Contract shall remain in force and effect for an initial term of thirty-six (36) months and shall remain in effect thereafter until terminated in writing by either party as provided herein.
- 9.1. **Termination by SMA during Initial Term:** If an action is commenced under Section 10 of this document the SMA may, at its sole discretion, terminate this contract after providing the System Owner sixty (60) business days notice. Service will expire after sixty (60) business days from the date the notice is mailed unless other mutually agreed upon arrangements have been made and confirmed in writing by the SMA. If mutually accepted arrangements are not kept, the SMA may discontinue service without further notice.

9.2. **Termination by SMA after Initial Term:** A minimum of sixty (60) business days written notice will be given by the SMA before service is discontinued. Service will expire after sixty (60) business days from the date the notice is mailed unless other mutually agreed upon arrangements have been made and confirmed in writing by the SMA. If mutually accepted arrangements are not kept, the SMA may discontinue service without further notice.

9.3. **Termination by System Owner after Initial Term:** The System Owner must give written notice one-year prior to terminating the Contract with the SMA. The SMA shall forward a copy of the Contract termination notification to DOH.

10. **Miscellaneous Terms:**

10.1. **Resolution of Disputes:** If any dispute arises between the parties, the parties agree to the following dispute resolution procedures:

10.1.1. A director or other senior representative of each party will first, at the request of either party, meet in a good faith effort to resolve the dispute. If the dispute is not resolved at that meeting or if no such meeting takes place within ten (10) days of it being requested, either party may propose in writing that the dispute be referred to mediation and the other party will consider this proposal in good faith. The mediator shall be appointed by agreement between the parties. The rules of procedure for the mediation shall be determined by the mediator in consultation with the parties. The cost of the mediation shall be paid by the substantially prevailing party.

10.1.2. If no mediation occurs within thirty (30) days of a written request for mediation or if the dispute is not resolved within thirty (30) days of the conclusion of the mediation, either party may then pursue resolution of the dispute through legal process.

10.2. **Attorney Fees:** If either party hereto is required to retain an attorney to enforce any provision of this Agreement, whether or not a legal proceeding is commenced, the substantially prevailing party shall be entitled to reasonable attorneys' fees regardless of whether at trial, on appeal, in any bankruptcy proceeding, arbitration matter or without resort to suit.

10.3. **Governing Law:** This Contract shall be interpreted, construed and enforced according to the laws of the State of Washington of any disputes arising out of or as a result of this agreement in Kittitas County, Washington.

10.4. **Notices:** Subject to the requirements of any applicable statute, any notices required or permitted by law or under this Agreement shall be in writing and shall be (i) personally delivered, (ii) sent by first class certified or registered mail, return receipt requested, with postage prepaid, or (iii) dispatched by facsimile transmission (accompanied with reasonable evidence of receipt of transmission and with a confirmation copy mailed no later than the day after transmission) to the parties'

addresses set forth above. Either party may change such address for notice. All notices which are so addressed and paid for shall be deemed effective when personally delivered, or, if mailed, on the earlier of receipt or two (2) days after deposit thereof in the U.S. mail.

- 10.5. **Time of Performance:** Time is of the essence of this Agreement and of all acts required to be done and performed by the parties hereto, including, but not limited to, the proper tender of each of the sums required by the terms hereof to be paid.
- 10.6. **Section Headings:** The word or words appearing at the commencement of sections and subsections of this Agreement are included only as a guide to the contents thereof and are not to be considered as controlling, enlarging or restricting the language or meaning of those sections or subsections.
- 10.7. **Invalidity:** In the event any portion of this Agreement should be held to be invalid by any court of competent jurisdiction, such holding shall not affect the remaining provisions hereof unless the court's ruling includes a determination that the principal purpose and intent of this Agreement are thereby defeated.
- 10.8. **Legal Relationships:** No partnership, joint venture or joint undertaking shall be construed from these presents, and except as herein specifically provided, neither party shall have the right to make any representation for, act on behalf of, or be liable for the debts of the other. All terms, covenants and conditions to be observed and performed by either of the parties hereto shall be joining and several if entered into by more than one person on behalf of such party, and a default by any one or more of such persons shall be deemed a default on the part of the party with whom said person or persons are identified. Any married person executing this Agreement hereby pledges his or her separate property and such person's and his or her spouse's marital communities in satisfaction hereof.
- 10.9. **Assignment; Successors:** Neither the SMA nor System Owner may sell, transfer, assign, pledge or encumber its interest in this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld. Subject to the restrictions contained herein, the rights and obligations of the parties shall inure to the benefit of and be binding upon their respective estates, heirs, executors administrators, successors, successors-in-trust and assigns.
- 10.10. **Entire Agreement:** All understandings and agreements previously existing between the parties, if any, are merged into this Agreement, which alone fully and completely expresses their agreement, and the same is entered into after full investigation, neither party relying upon any statement or representation made by the other not embodied herein. This Agreement may be modified only by a written amendment executed by all parties.
- 10.11. **Interpretation.** This Agreement has been reviewed by both parties and each party has had the opportunity to consult with independent counsel with respect to the terms hereof and has done so to the extent that such party desired. No strict

construction or interpretation of the terms hereof shall be applied against either party as the drafter hereof.

10.12. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original instrument. All such counterparts together shall constitute a fully executed Agreement.

10.13. **Amendment.** This Agreement may not be modified or amended except by the written agreement of the parties.

IN WITNESS WHEREOF, We have executed this Contract effective the day and year first written above.


LCU, Inc., dba Evergreen Valley Utilities

Swauk Ranch LLC

Satellite Management Agency Name

Satellite Water System Name

By: 

By: 
ALEX CORDAS

Title: Manager

Title: OWNERS REPRESENTATIVE

Date: 1/24/2018

Date: 1-29-18

START DATE 2-1-2018
NO CHANGES OR MODIFICATIONS MADE ON PAGES 1-6 OR 8-11. AR

Exhibit A
Legal Description Of Property Served By Water System

717734 18511 Hwy 10

Exhibit B

Operation and Maintenance Plan		
Swauk Ranch LLC Water System		
January 24, 2018		
Water Sampling		
Yes	No	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Take Bacteriological Water Samples as mandated by the State Department of Health
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Take follow-up Bacteriological Water Samples as needed
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Take additional water test samples as required by DOH
Wellhouse/Pumphouse		
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Check for proper operation, vandalism, leaks, building temperature, oil levels in motors and discharge pressure. Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Monitor storage tank levels if applicable Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Check indicator lamps on control panels if applicable Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Check and record readings of static level monitors for well if applicable Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Calculate and record total system production Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Check water storage tanks for leaks and security if applicable Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Check pump house heaters for proper operation and settings Frequency: times per in .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Read and record source meter readings Frequency: times per in .
Distribution System		
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Read service meters if applicable. Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Check for nonworking meters if applicable. Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Check for leaks Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Check for broken meter box or other distribution system components Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Exercise all critical valves through a full close and full open cycle. Record data for each valve including number of turns to open and ease of operation. Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Exercise all non-critical valves. Record data for each valve including number of turns to open and ease of operation. Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Exercise all hydrants through a full open and full close cycle and check for leaks

		and proper drainage of hydrant barrels if applicable. Record data including any maintenance work that needs to be done. Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	On metered systems, at the end of each year, summarize consumption records and compare with production records to determine unaccounted for water. Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	On metered systems check insulation of shallow meters . Frequency: times per in .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	On metered systems test service meters suspected, either by the Customer or by SMA, of reading inaccurately. Limit meters per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Flush distribution system through hydrants and blowoffs if applicable Frequency: times per .
Pressure Reducing Stations		
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Check pressure settings Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Check pressure reducing valve operation including inspecting the disc retainers in the CRD pilot controls, exercising the main valves, checking and cleaning the strainers, and recalibration of the valve. Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Rebuild main valve and pilot Frequency: times per .
Storage Reservoirs		
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Visually inspect reservoir for leakage, vandalism, or exterior irregularities Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Visually inspect the interior of each reservoir above the water surface for corrosion or spawling concrete. Check water surface for signs of contamination or debris. Inspect vent screen and roof hatch integrity Frequency: times per .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Drain, clean and inspect Frequency: times per .
Other		
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

Exhibit C

Evergreen Valley Utilities Satellite Management Agency #149 Group B Community Water System Fee Schedule

Basic Service Package (BSP) Fee

Fee to System Owner (*due and payable at* \$ 100.00 *per year*
the time of signing of this contract and
annually thereafter)

*Note: This rate does not include the monthly power bill
for the pump-house or laboratory costs for any water
tests other than the annual bacteriological coliform
test.*