

**INTERLOCAL AGREEMENT BETWEEN PUBLIC UTILITY
DISTRICT #1 OF KITSAP COUNTY AND KITSAP COUNTY
SEWER DISTRICT #7 REGARDING THE OPERATION
OF SEWER SYSTEM, FACILITIES, AND EQUIPMENT**

This Interlocal Agreement ("Agreement") is made and entered into, pursuant to and in accordance with RCW 39.34.030, by and between Public Utility District #1 of Kitsap County, a public utility district organized under the laws of the State of Washington (hereinafter "KPUD"), and Kitsap County Sewer District #7, a sewer district organized under the laws of the State of Washington (hereinafter "KCSD7"), referred to individually as "Party" and collectively as the "Parties."

I. RECITALS

The foregoing recitals are incorporated in full and made part of this Agreement by this reference:

WHEREAS, Chapter 39.34 RCW, the Interlocal Cooperation Act, permits local governmental agencies to make more efficient use of their powers by enabling them to cooperate with each other on the basis of mutual advantage and thereby to provide services and facilities in a manner that best accords with geographic, economic, population, or other factors influencing the needs and development of each governmental entity; and

WHEREAS, KPUD and KCSD7 recognize that coordination regarding the operation of sewer systems, facilities, and equipment benefits both KPUD and KCSD 7; and

WHEREAS, the Parties have mutually determined that it would be beneficial for KPUD to operate and manage KCSD7's general manager responsibilities, including overseeing the carrying out of contracts with third parties for operation and management services;

WHEREAS, KCSD7 agrees to provide payment to KPUD for the costs of providing services under this Agreement;

NOW THEREFORE, in consideration of their mutual covenants, conditions and promises, the Parties, through their respective legislative bodies, have entered into this Interlocal Agreement in accordance with the authorization provided by Chapter 39.34 RCW as follows:

II. AGREEMENT

1. **PURPOSE.** The purpose of this Agreement is for KPUD to operate and manage KCSD7's general manager responsibilities. KPUD does not intend to assume, nor does KCSD7 expect it to gain, any greater responsibility or liability than what is specifically addressed in this Agreement or that would be imposed through the normal operation of sewer facilities.

2. **ADMINISTRATION.** Each Party shall designate representatives to be responsible for the administration of this Agreement and for coordinating and monitoring performance under this Agreement. The representative for KPUD will be KPUD's General Manager. The representative for KCSD7 will be KCSD7's Board President. Each Party may designate a new representative at any time by providing written notice of the same to the other Party. This

Agreement does not establish or create any new or separate legal or administrative entity or board. Each Party accepts responsibility for its own compliance with federal, state, and local laws and regulations.

3. TERM. This Agreement shall be effective upon the date the last of all of the Parties has executed a counterpart of this Agreement, and shall commence on February 1, 2025. The term of this Agreement shall terminate on December 31, 2025, unless terminated prior to this date by either Party. Either Party may terminate this Agreement by delivering written notice of termination to the other Party at least ninety (90) days in advance of the termination date, or by mutual agreement. This Agreement shall renew automatically for successive one-year terms.

4. KPUD OBLIGATIONS. KPUD will operate KCSD7's sewer systems, facilities, and equipment as outlined herein.

a. Financial Services

- i. Hire and/or provide staff to manage and oversee the financial operations of KCSD7.
- ii. Provide bookkeeping services that meet the requirements of the Government Accounting Standards Board ("GASB").
- iii. Manage and track accounts receivable, including printing, mailing, and processing payments received from KCSD7 customers and accounts.
- iv. Manage and track accounts payable including the processing and payment of invoices for debts or financial obligations of KCSD7.
- v. Provide auditing services to ensure financial policies are followed and to update those policies as necessary to ensure compliance with current statutory requirements.
- vi. Coordinate with the Kitsap County Treasurer's office related to financial management (collections, deposits, payments, interfund transfers, and investments).

b. Customer Service

- i. Answer phone calls and other communications from KCSD7 customers and accounts during KPUD's regular business hours.
- ii. Contract with an after-hours call center or provide staff to answer emergency after-hours calls.
- iii. Communicate with KCSD7 customers and clients regarding KPUD's new management and operation role.
- iv. Update KCSD7 website to reflect KPUD's new management and operation role.

c. Management

- i. Provide inter-governmental support including updating, pursuant to KCSD7's Board of Commissioner's approval, any and all ILA's and

contracts with the City of Bainbridge Island regarding KCSD7's sewer system, facilities, real property, and equipment.

- ii. Prepare resolutions, agreements, and memos as necessary for the operation of KCSD7's sewer systems, facilities, and equipment, including the surplus of KCSD7's property.
- iii. Prepare administrative materials for KCSD7 Board meetings including preparing agendas, board packets, meeting minutes and staff reports, post documents to KCSD7 website, as required.
- iv. Responding to public records requests directed at KCSD7 as agreed pursuant to separate Work Request(s) under Section 6 of this Agreement.
- v.

d. Operations

- i. Maintain and oversee any and all existing contracts for the operation and maintenance of KCSD7's wastewater treatment plant and wastewater collection system.
- ii. Review wastewater treatment plant and wastewater collections system operation and maintenance operations, duties and responsibilities and coordinate with the contractor regarding the same.

5. KCSD7 OBLIGATIONS.

a. Funding. KCSD7 agrees to pay the following amounts to KPUD for its performance of the services set forth in Section 4 above:

- i. KCSD7 shall pay for the hours worked by KPUD staff. Estimated at \$14,000 per month.
- ii. Rates for staff:
 - Management \$174.00/hour
 - Operations staff \$120.70// hour
 - Accountant \$120.70/ hour
 - Administrative \$120.70/ hour
 - Contract Labor rates will be passed through
- iii. KPUD agrees not to exceed the amount of \$20,000 per month due to unforeseen projects.
- iv. KPUD will provide a detailed invoice with hours worked.
- v. The Parties agree that staff shall work out an agreeable invoicing schedule. KCSD7 shall pay KPUD within thirty (30) days of receiving an invoice from KPUD. Payment to KPUD shall be mailed to:

Kitsap PUD #1
ATTN: Finance
PO Box 2910
Poulsbo, WA 98370

b. Infrastructure Maintenance and Repairs. KCSD7 shall be responsible for the cost

of the repair and maintenance of KCSD7 infrastructure and facilities.

6. WORK REQUESTS. The Parties acknowledge that KCSD7 might require and KPUD might agree to provide additional work in the form of services, equipment, labor, and material not specifically identified in Section 4 above. The Parties agree that such additional services, labor, and material may be provided under this Agreement only upon mutual, written consent of the Parties through a duly executed Work Request substantially in the form provided in Attachment A to this Agreement.

7. DISPUTES. The Parties will endeavor to cooperate in good faith to resolve any and all disputes arising out of this Agreement. In the event a dispute cannot be resolved between the Parties to each Party's mutual satisfaction the issue shall be submitted to mediation. Both Parties agree to utilize this process prior to the institution of any legal action to enforce the terms and conditions of this Agreement. The cost of mediation shall be borne equally by the parties.

8. RECORDS. The Parties shall maintain all public records regarding the provision of services or obligations under this agreement pursuant to the applicable retention schedule mandated by the State. The Parties shall have access, during normal working hours, to any public records, books, documents, papers, or records which directly relate to this Agreement, except to those records which are exempt from public disclosure as a matter of law. The Parties will cooperate with each other in responding to public records requests.

9. INDEPENDENT CONTRACTOR STATUS. KPUD, its employees, representatives, contractors, and agents shall perform all duties pursuant to this Agreement as an independent contractor. KCSD7 shall not control or supervise the manner in which this Agreement is performed.

10. INDEMNIFICATION. Each party to this Agreement shall indemnify, defend and hold the other party and its officers, directors, agents, employees, representatives, vendors, subcontractors and contractors harmless from and against any and all costs, liabilities, suits, losses, damages, claims, expenses, penalties or charges, including, without limitation, reasonable attorneys' fees, court costs, and disbursements, that the other party may incur or pay out by reason of: (i) any accidents, damages or injuries to persons or property occurring during the Term of this Agreement, but only to the extent the same are caused by any negligent, omission or wrongful act of the indemnifying party. The provisions of this section (Indemnification) shall survive the expiration or earlier termination of this Agreement. Evidence of insurance or self-insurance coverage will promptly be provided upon request by either party.

11. PROPERTY. All personal and real property of KCSD7 shall remain the property of KCSD7. Each Party shall be responsible for the maintenance and repair of its own separate property.

12. CHOICE OF LAW & VENUE. This Agreement shall be governed by the laws of the State of Washington. Any action to enforce this Agreement shall be filed in Kitsap County.

13. NOTICES: Any notice to be given under this Agreement shall be in writing and shall be sent by certified mail, personal delivery, or email to:

Public Utility District #1 of Kitsap County:
Dave Epperson, Operations Director

Kitsap Public Utility District
1431 NW Finn Hill Rd Poulsbo, WA 98370

Kitsap County Sewer District #7:
Christopher Pirnke
Skyline Tower, Suite 1500
10900 NE 4th Street
Bellevue, WA 98004
Cpirnke@insleebest.com

14. NON-DISCRIMINATION: No Party in the performance of this Agreement shall discriminate against any person on the basis of race, color, creed, religion, national origin, age, sex, marital status, sexual orientation, veteran status, disability, or other circumstance prohibited by federal, state, or local law. The Parties shall comply with Title VI of the Civil Rights Act of 1964, P.L. 88 354 and Americans with Disability Act of 1990.

15. SEVERABILITY: If any section, subsection, paragraph, or provision of this Agreement is determined to be illegal, invalid, or unconstitutional by any court or agency of competent jurisdiction, such determination shall have no effect on the validity of any other section, subsection, paragraph, or provision of this Agreement, all of which will remain in full force and effect for the term of this Agreement.

16. MODIFICATION: This Agreement represents the entire Agreement of the Parties. No change, termination, or attempted waiver of any of the provisions of this Agreement shall be binding on any of the Parties unless executed in writing by authorized representatives of each of the Parties. This Agreement shall not be modified, supplemented, or otherwise affected by the course of dealings between the Parties.

17. INSURANCE: Each Party, at its own expense, shall provide and maintain, for the duration of this Agreement, insurance against claims for injuries to persons or damage to property, which may arise from or in connection with performance of the work hereunder by each Party, their agents, representatives, employees, contractors, or subcontractors.

18. WAIVER. Neither the waiver, by any of the Parties hereto, of a breach of, or a default under any of the provisions of this Agreement, nor the failure of either of the Parties, on one or more occasions, to enforce any of the provisions of this Agreement, or to exercise any right or privilege hereunder will thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

19. FORCE MAJEURE: Nonperformance by a Party, other than payment of any amounts due hereunder by the Parties, shall not operate as a default under or breach of the terms

of this Agreement to the extent and for so long as any such nonperformance is due to: strikes or other labor disputes; prevention or prohibition by law; the loss or injury to product in transit; an Act of God; Pandemic, or war or other cause beyond the control of such Party.

20. ASSIGNMENT AND SUCCESSORS IN INTEREST: No Party may assign, subcontract, or delegate any right or obligation' under this Agreement, in whole or in part, without the express prior written consent of the other Party. This Agreement shall inure to the benefit of and be binding upon each Party's successors and assigns.

21. COUNTERPARTS: This Agreement may be executed in any number of counterparts or, if mutually agreeable to the undersigned authorized signatories for the Parties, through the exchange by electronic means of duly signed duplicates hereof, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

22. SECTIONS AND HEADINGS: The division of this Agreement into sections and subsections and the insertion of headings are for convenience or reference only, and do not affect the interpretation of this Agreement. Unless otherwise indicated, references in this Agreement to an article, section, subsection, or schedule are to the specified article, section or subsection of or schedule to this Agreement.


23. WARRANTY OF AUTHORITY: Each person or Party subscribing to this Agreement expressly warrants that it has full authority to do so.

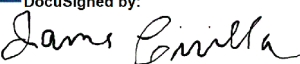
Dated this 14th day of January, 2025

**Board of Commissioners
Public Utility District #1 of Kitsap County
Washington**

Signed by:


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Debra Lester, President

DocuSigned by:

B4F4BF7EB23F401...
Heather Pauley, Vice-President

DocuSigned by:

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Jim Civilla, Secretary

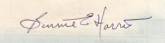
Dated this 9th day of January, 2025

**Board of Commissioners
Kitsap County Sewer District #7
Washington**

DocuSigned by:

718BEBB61A3E414...
Sarah Lee, President

DocuSigned by:

DF0AFDABF0CA417...
Alicia Arter, Vice-President

DocuSigned by:

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Bonnie Harris, Secretary

