

RESOLUTION NO. 4770

A RESOLUTION Authorizing the General Manager to Execute a Wholesale Water Agreement Providing for the Sale of Water by the District to the City of Arlington.

WHEREAS, the City of Arlington requires a high quality, dependable supply of water in order to serve its current and future retail water service customers; and

WHEREAS, the availability of such a water supply to the City of Arlington is a component of the long-term comprehensive water plans of both the City of Arlington and Public Utility District No. 1 of Snohomish County; and

WHEREAS, the North Snohomish County Coordinated Water System Plan prepared jointly by the State of Washington, Snohomish County, and public water purveyors identifies a common service area boundary between the City of Arlington and the District in the Burn Road area; and

WHEREAS, the District's 1995 Comprehensive Water System Plan identifies a possible intertie between the City of Arlington and the District at Burn Road; and

WHEREAS, the staffs of Arlington and the District have discussed Arlington's purchase of 1,000 gallons per minute of water supply to be obtained in five equal annual increments of 200 gallons per minute each; and

WHEREAS, the District is constructing a Burn Road pipeline in 1998 which can be increased in size to accommodate 1,000 gallons per minute of flow to the City of Arlington; and

WHEREAS, the City of Arlington wishes to purchase water on a wholesale basis from the District for resale by the city to its water utility customers; and

WHEREAS, District staff members have negotiated with representatives of the City of Arlington and recommend that the District enter into a Wholesale Water Agreement substantially in the form attached as Exhibit A hereto providing for the sale of water by the District to the City of Arlington on a wholesale basis until the year 2018; and

WHEREAS, the Board of Commissioners, based upon the information and evaluation provided by staff, believes that it is in the best interests of the District and its ratepayers for the District to sell water to Arlington subject to the terms and conditions set forth in the attached Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Public Utility District No. 1 of Snohomish County hereby approves the sale of water by the District to the City of Arlington on a wholesale basis, subject to the terms and conditions set forth in Exhibit A - "Wholesale Water Agreement," and hereby authorizes and directs the General Manager to execute on behalf of the District a Wholesale Water Agreement substantially in the form set forth in Exhibit A.

PASSED AND APPROVED this 28th day of July, 1998.



\_\_\_\_\_  
President

\_\_\_\_\_  
Vice President



\_\_\_\_\_  
Secretary

Exhibit X

5.03.16 SCHEDULE 48--CITY OF ARLINGTON WHOLESALE WATER SERVICE

(1) **AVAILABILITY.** This schedule is available to the City of Arlington only for wholesale water service for resale by the City to its retail water customers. The water will be supplied directly from the District's mains through one master meter located at the boundary between the Arlington Water Service Area and the District's Water Service Area on Burn Road, at the intersection of Burn Road and 172<sup>nd</sup> Street N.E.

(2) **MONTHLY RATE (COMMODITY CHARGE).**

\$0.753 per 100 cubic feet of water\*

(3) **TERMS OF SERVICE.** Service under this schedule is subject to terms as defined in the Wholesale Water Agreement between the District and the City of Arlington, and the District's Water Service Regulations.

(4) **TAX ADDITIONS.** The above rates are subject to proportional increases to compensate for any gross revenue tax imposed by any municipal body upon the District.

\*The actual monthly rate for each year will be based on the average costs of the preceding year for each of the wholesale cost components as described in Exhibit 2 of the Wholesale Water Agreement between the District and the City of Arlington.

The terms and conditions of the Wholesale Water Agreement by and between Public Utility District No. 1 of Snohomish County (District) and the City of Arlington, as amended from time to time, including but not limited to the provisions of Section 3 thereof, are hereby incorporated into and made a part of this schedule by this reference as though fully set forth herein.

Effective Date: July 14, 1998

[Reso No. (1998)]



CITY OF ARLINGTON

Public Works

238 N. Olympic, Arlington, WA 98223

- Water Sewer Streets Development Services
Phone (360) 435-3811 FAX (360) 435-7944

Resolution No. 4770

LETTER OF TRANSMITTAL

DATE 7-21-98 JOB NO.
ATTENTION Mark Spaas
RE: Bull Road Transmission line agreement.

TO Inghamusk County, PID

WE ARE SENDING YOU Attached Under separate cover via the following items:

- Shop drawings Prints Plans Samples Specifications
Copy of letter Change order

Table with 4 columns: COPIES, DATE, NO., DESCRIPTION. Row 1: 2, signed originals

THESE ARE TRANSMITTED as checked below:

- For approval Approved as submitted Resubmit copies for approval
For your use Approved as noted Submit copies for distribution
As requested Returned for corrections Return corrected prints
For review and comment
FOR BIDS DUE 19 PRINTS RETURNED AFTER LOAN TO US

REMARKS

Please return one fully executed contract to us.

Thank-you

COPY TO file

SIGNED: Cristy Brubaker

## WHOLESALE WATER AGREEMENT

THIS AGREEMENT is made and entered into this 28th day of July, 1998 by and between the Public Utility District No. 1 of Snohomish County, herein referred to as "the District," and the City of Arlington, herein referred to as "the City."

WHEREAS, high quality, dependable water supply is important to serve the City's water utility customers and to accomplish goals of the long-term comprehensive plans of the City, District, and Snohomish County; and

WHEREAS, the City currently has multiple water sources to supply its existing water utility customers, but as the number of customers grows, additional water supply will be needed to provide service; and

WHEREAS, the District prepared a comprehensive water system plan in 1995 which identified future District mains extending to the boundary between the City's and District's water utility service areas, including a possible intertie with the City in the vicinity of the Burn Road; and

WHEREAS, the City desires to purchase wholesale water from the District for resale by the City to its water utility customers and the District is willing to sell water wholesale to the City, for resale under the terms of this Agreement; and

WHEREAS, the capacity for wholesale water the City intends to obtain from the District totals 1,000 gpm to be obtained in five equal annual increments of 200 gpm each.

### THE PARTIES AGREE AS FOLLOWS:

#### Section 1. Definition of Terms.

As used in this Agreement, the following words and phrases shall have the meanings indicated below unless the context shall clearly indicate that another meaning is intended.

- a) Cubic Foot shall mean a unit of measurement of water equal to 7.48 gallons.
- b) Equivalent Residential Unit ("ERU") shall mean the volume of water demand and use deemed and agreed by the District and the City to be characteristic of a single family residential unit in 1998, and shall equal 0.55 gallons per minute (gpm) measured on the basis of a maximum instantaneous rate of flow.
- c) General Facilities Charge ("GFC") shall represent the proportionate share of the District's cost of source, storage and transmission facilities necessary to supply an ERU.

The 1998 GFC amount shall be \$1,865 per ERU, and is subject to annual adjustment on January 1, based on the annual rate of inflation in the Engineering News Record's (ENR) Seattle Construction Price Index. Additional adjustments to the GFC may be necessitated by changes to the District's Water System Plan. Prior to initiating any such additional adjustments, the District will consult with the City.

- d) Arlington Water Service Area shall mean that area identified in the 1991 North Snohomish County Coordinated Water System Plan ("CWSP") as the City's water service area, plus any real property which is added to the City's water service area through subsequent amendments to the CWSP.
- e) May shall mean permissive.
- f) Master Meter shall mean the water volume measuring device and appurtenances, including a rate of flow control valve placed in the District's water main at the point of connection with the City's water system. The master meter shall be located at the boundary between the Arlington Water Service Area and the District's Water Service Area on Burn Road, at the intersection of Burn Road and 172<sup>nd</sup> Street NE, as shown on Exhibit 1. The master meter site marks the location of delivery between the District's water system and the City's water system.
- g) Shall shall mean mandatory.
- h) Average Daily Demand shall mean the total annual amount of water received by the City from the District (in cubic feet), divided by the number of days in that year.
- i) Peak Day Demand shall mean the amount of water purchased by the City from the District (in cubic feet) on the day of each year on which the City receives the greatest amount of water from the District.
- j) Peaking Factor shall mean Peak Day Demand divided by Average Daily Demand.

Section 2. Delivery and Use of Water.

The PUD shall make the first increment of 200 gpm available at the Master Meter on or before November 1, 1998, and each additional 200 gpm increment shall be made available on or before November 1 of each subsequent year until the last increment is made available on or before November 1, 2002.

The City agrees to consume water from the District in a manner that minimizes the City's Peaking Factor. This shall be accomplished through, a) a rate of flow control valve included with the master meter that shall be adjusted to provide increments of supply in accordance with this agreement, and b) through the City's use of the intertie as its base source of water supply, with demands in excess of water provided hereunder being supplied from the City's other water sources.

Section 3. Wholesale Water Rate and Billing.

- a) The wholesale water rate to be paid by the City to the District shall be per 100 cubic feet ("CCF") of water, delivered to the City at the master meter, and shall be subject to adjustment from time to time as provided herein. The rate shall be based upon the City of Everett's wholesale water rates to the District, plus the District's pumping, conveyance, administration and system depreciation costs as shown on Exhibit 2.
- b) Except as otherwise provided herein, the wholesale water rate to be paid by the City to the District per CCF shall be adjusted annually, with a new rate coming into effect on April 1 of each year and remaining in effect through the last day of March of each succeeding year. The new rate each year shall be based upon actual costs incurred during the previous calendar year for the cost components listed in Exhibit 2.
- c) Notwithstanding anything else to the contrary herein, should the purchase cost to the District's Water Utility of water and/or electricity be increased or decreased at any time between annual rate adjustments, such change in cost per CCF of water shall be calculated pursuant to the cost component formula set forth in Exhibit 2, and the resulting rate increase shall take effect upon the date such change becomes applicable to the District's Water Utility.
- d) The period of billing for water supplied under this Agreement shall be monthly, beginning with the month during which the City first uses water via the master meter. The master meter shall be read by the District and the results recorded near the last workday of each month. Billing to the City will be issued on or before the 10th day of each month following reading of the master meter. Payment to the District shall become due within 30 days of issuance of the billing invoice. A payment shall be deemed delinquent if more than 10 days past due. Delinquent wholesale water charge amounts

shall accrue interest on the unpaid balance, from the date of delinquency until paid, at the rate of 1% per month, or 12% per year.

e) Review of Components in Wholesale Rate. The City and the District agree that not less than once every three years during the term of this Agreement, and more frequently if requested in writing by either party, the rate components of the Wholesale Water Rate may be reviewed by the District and the City. This review shall determine if the components are appropriate or if components should be dropped, altered or added. The City and the District shall agree in writing by Amendment to this Agreement for any changes in the Wholesale Water Rate components as shown in Exhibit 2.

f) Review of Rate Changes. The District shall provide to the City documentation to support any proposed change in the Wholesale Water Rate. The City shall have the opportunity to comment on any proposed change. The District shall endeavor to provide the City a minimum of 45 days notice prior to implementation of any proposed change to the Wholesale Water Rates; however, failure to provide such period of prior notice shall not prevent a change to wholesale water rates under paragraph 2(c) above when the District has not received at least 45 days notice of change in its purchase cost of water and/or electricity.

#### Section 4. General Facilities Charge

a) The GFC for the City shall be \$1,865 per ERU in 1998.

b) The "Total GFC" the City shall owe to the District for attachment to the District's water system and acquisition of capacity to supply 1,000 gpm shall be equal to the applicable GFC amount multiplied by 1,820 ERUs (1,000 gpm divided by 0.55 gpm per ERU), plus the cost of the master meter, as described in Section 5 below.

#### Section 5. Payment of Total GFC

The City shall pay to the District an initial payment of \$678,182 plus the cost of the master meter, which represents partial payment, at no interest, for 364 ERUs (200 gpm/0.55 gpm/ERU) at the 1998 GFC rate of \$1,865/ERU. The City shall make the initial payment to the District within 10 days following written notification by the District that the Master Meter is installed and water service is available to the City, which shall be no sooner than sixty (60) days following the date of execution of this agreement. The City's unpaid balance of the GFC due the District hereunder shall be payable as



subsequent 200 gpm increments of supply are available to the City in accordance with the schedule as described in Section 2. The GFC for all subsequent increments shall be 364 ERUs times the District's GFC applicable at the time that the increment is provided to City.

Notwithstanding anything else to the contrary above, the City may determine to delay the water delivery schedule, and payment of the GFC amount due, for increments deliverable subsequent to the initial delivery and payment date. In such event the City shall provide to the District, in advance, a written proposal for modification of the delivery and payment schedule. Provided, however, that any payment made more than sixty (60) days after the scheduled payment date established in Section 2 shall accrue interest at the rate of six percent (6%) per annum until paid; and Provided further, that in no event shall the water delivery and payment schedule be modified to extend more than four years beyond that established in Section 2 without prior written amendment of this Agreement.

Section 6. Master Meter

All water supply delivered by the District to the City shall be delivered and measured through the Master Meter to be installed by the District. The cost of the Master Meter and appurtenances, including a rate of flow control valve shall be its actual construction cost as established by public bid and public works contract, which cost shall include installation and appurtenances as shown in Exhibit 3; such cost shall be in addition to the Total GFC. The line of demarcation and "point of delivery" between the District's and the City's distribution systems shall be as shown on Exhibit 3 and as described in Section 1(f). The City shall be responsible for constructing all connections between the City's water system and the "point of delivery" to its water system.

Access to the master meter and appurtenances, including flow recorders shall be made available to the City at all reasonable times. The master meter and rate of flow control valve shall be checked for accuracy on a frequency recommended by the meter manufacturer, as part of normal maintenance, and master meter test data shall be available to the City at all reasonable times, upon request.

Section 7. Water Quality

The water supplied by the District to the City under this agreement shall meet all state and federal drinking water standards at the point of delivery to the City and shall be of the same standard and quality as that normally delivered by the District to its retail customers. Provided, that the City, to the extent allowed by law, shall be responsible for maintaining water quality beyond the point of delivery and assurance of compatibility of delivered water with that supplied by the City; and the City shall hold the District harmless from and against any claims, losses, or damages arising from or relating to the introduction into its system of water or other substances beyond the point of delivery.

Section 8. Quantity, Pressure and Reliability.

- a) The District shall provide water to the City at hydraulic grade line elevations between 650 and 726 feet above mean sea level at the master meter connection. The District's system will have sufficient storage and hydraulic capacity to supply water in accordance with the rate and schedule contained in Section 2.
- b) It shall be the responsibility of the City to install and maintain such control valves and appurtenances as may be needed to regulate the pressure to conform to the needs of the City's distribution system and its water service customers.
- c) The District's System will be designed, maintained and operated by the District in a manner consistent with municipal water system standards and applicable rules and regulations in order to provide maximum reliability of service to the City. However, it is understood and agreed that the District can make no guarantee as to pressure, quantity, or continuity of service because of the possibility of accidents or unforeseen failures to the District's, or City of Everett's water systems. Therefore, the District shall not be held liable for losses or damage from a deficiency or failure to supply water due to accidents, acts of God, and any conditions beyond the reasonable control of the District. In the event of an emergency or other necessity that may disrupt service to the City, the District shall immediately notify the City through verbal or telephone contact, and shall restore service and make water available as soon as it can reasonably do so.

In the event of scheduled maintenance, alterations, extensions, or connections, the District shall provide written notification to the City, and schedule such work to minimize the potential disruption of service to the City.

Section 9. Use of City's Existing Water Sources

It is understood that the City intends to retain and utilize its existing sources and water rights in addition to water purchased from the Project, and to support reasonably uniform daily and seasonal demand for water from the District.

Section 10. Resolution of Disputes

The parties may elect to submit any disputes to binding arbitration or other alternative dispute resolution measures agreeable to both parties. Disputes between the parties not submitted by mutual agreement to such an alternative process shall be resolved by application to the Superior Court of the State of Washington, with venue in Snohomish County. This contract shall be enforced and interpreted in accordance with the laws of the United States and the State of Washington. The prevailing party in any dispute which proceeds to judgment in superior court shall be entitled to reasonable attorney fees and costs.

Section 11. Term

This Agreement shall be effective from the date of execution by authorized representatives of both parties hereto and shall continue in effect through 2018 and thereafter unless terminated by mutual agreement or upon 5-year written notice by either party.

This Agreement may be amended at any time upon mutual written agreement of the parties, approved by their respective governing board or council. Notice shall be given by certified mail to the official mailing address of each party.

Section 12. Exhibits

Exhibits 1 through 3, referred to throughout this Agreement, are attached hereto and incorporated herein as though fully set forth at each reference.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this  
28th day of July, 1998.

APPROVED AS TO CONTENT:

Public Utility District #1  
of Snohomish County

By: Mark A. Schinman  
Mark A. Schinman  
General Manager

By: \_\_\_\_\_

CITY OF ARLINGTON

By: Bob Kuski  
Mayor

By: Tam Davis  
Deputy City Clerk

APPROVED AS TO FORM:

By: John W. Wray  
Assoc. Gen. Counsel

By: Tom [Signature]  
City Attorney

ARLINGTON  
SERVICE AREA

PUD  
SERVICE AREA



6" MASTER METER

R/W

172nd St. N.E.

R/W

12" DUCTILE IRON PIPE

BURN ROAD

EXHIBIT 1  
MASTER METER  
LOCATION

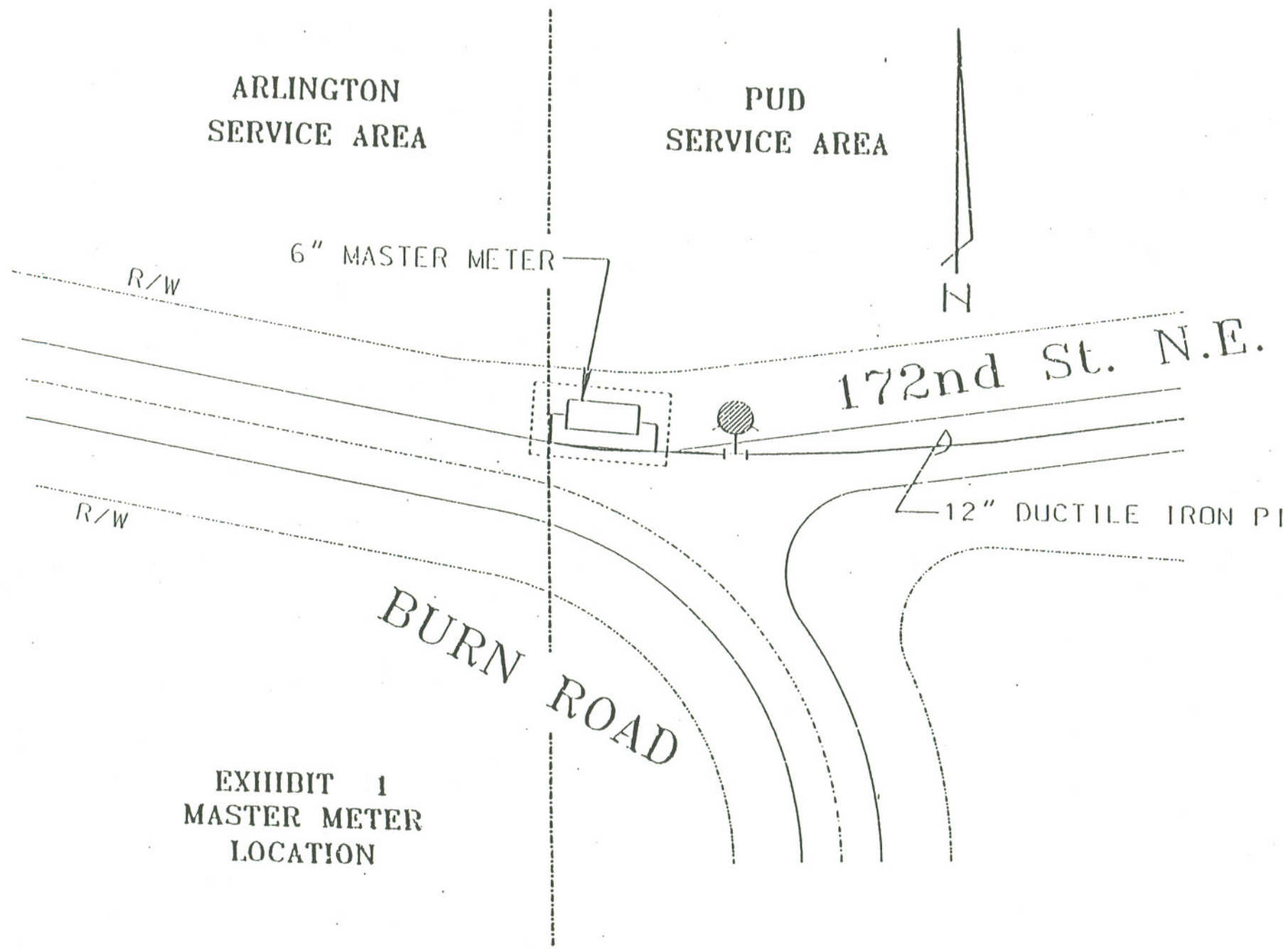


EXHIBIT 2

DISTRICT WHOLESALE RATE FORMULA FOR ARLINGTON

COST BASED ON 12/31/97  
FINANCIAL STATEMENT

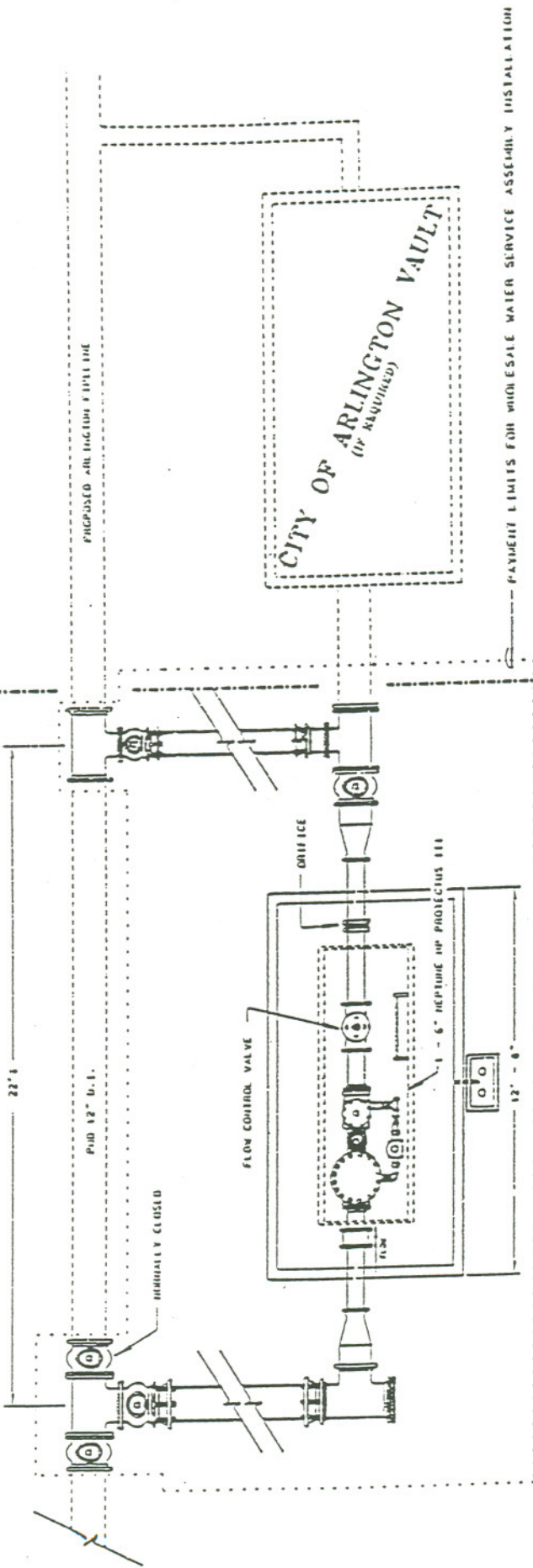
	SUPPLY (1)	\$0.485
WHOLESALE	PUMPING (2)	\$0.113
WATER RATE	CONVEYANCE (3)	\$0.043
COMPONENTS	ADMINISTRATIVE (4)	\$0.058
	DEPRECIATION (5)	\$0.054
	<b>TOTAL</b>	<b>\$0.753</b>

The costs for 1-5 are based on the District's 12-month average costs ending 12/31/97. The actual rate for each year will be based on the average costs of the preceding year for each of the wholesale cost components as described in items 1 through 5 below.

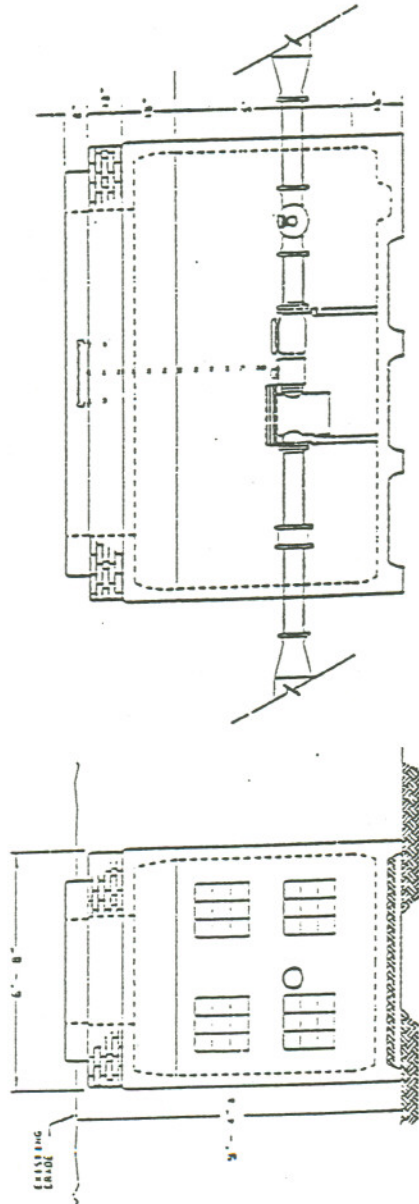
1. Average cost of all water purchased from Everett for the preceding year and adjusted for any rate increase from Everett when they occur.
2. Total pumping costs for the preceding year, times two, divided by the total cubic feet pumped. Costs adjusted for electric rate increases when they occur.
3. Total transmission and distribution costs for the preceding year times 0.162659 (the length of pipe used to transport and distribute water to the City divided by the total length of 6" or larger pipe in the PUD's system) times the amount of water delivered to the City divided by the total water purchased from Everett.
4. Nine percent of supply, pumping and conveyance costs.
5. Total District water system depreciation for the preceding year times 0.162659 (the length of pipe used to transport water to the City divided by the total length of 6" or larger pipe in the PUD's system) divided by the total water purchased from Everett (in 100 cf).

PUD RESPONSIBILITY

ARLINGTON RESPONSIBILITY



### EXHIBIT 3 MASTER METER



SECTIONS