

Jefferson County
Board of Commissioners
Agenda Request

To: Board of Commissioners
Mark McCauley, County Administrator

From: Monte Reinders, P.E., Public Works Director/County Engineer 

Agenda Date: December 16, 2024

Subject: Interlocal Agreement between Jefferson County and PUD No. 1 of Jefferson County for the Operation and Maintenance of the Port Hadlock Sewer in the Port Hadlock Urban Growth Area (PHUGA)

Statement of Issue: The Board is asked to approve and sign the Interlocal Agreement (ILA) between Jefferson County and PUD No. 1 of Jefferson County (JPUD) for the Administration, Operation and Maintenance of the Port Hadlock Sewer within the PHUGA.

Analysis/Strategic Goals/Pro's & Con's: Jefferson County is starting a new sewer utility in the Port Hadlock Urban Growth Area (PHUGA). The PHUGA Phase I Core Area sewer system is currently under construction and when complete the system will provide sewer service to properties within the Core Area. The County intends to bring initial sewer customers on line in mid to late 2025. Therefore, operation, maintenance, and administrative services shall be necessary once customers are connected to the Port Hadlock sewer system.

JPUD currently provides utilities services, including within the PHUGA, for domestic water, electricity, broadband/fiber, and large on-site septic systems. Thus making, JPUD well-positioned to provide billing, operation, and maintenance services for the sewer system in Port Hadlock based on JPUD's staffing and experience.

The Interlocal Agreement outlines responsibilities for both Public Utility District No. 1 of Jefferson County (JPUD) and Jefferson County (County). Below is a high-level list of each entity's responsibilities.

JPUD

1. Provide operation and maintenance for the Port Hadlock
 - a. Low Pressure Sewer Collection System;
 - b. On-site Grinder Pump Systems; and
 - c. Membrane Bioreactor (MBR) Treatment Plant
2. Locates services
3. Customer Billing - including billing inquiries and the low-income program

4. Customer service - including handling customer maintenance calls and complaints.
5. Provide after hours and emergency call out services to customers.

County

1. Engineering associated with the PHUGA sewer system
2. New customer connections
3. PHUGA Sewer System Capacity Expansions
4. PHUGA Sewer System Extension
5. Collection of System Development Charges (SDCs); and
6. Collection of other fees and charges associated with new connections and sewer extensions

The expiration of the ILA is ten (10) years from the Effective Date of the ILA.

Fiscal Impact/Cost Benefit Analysis:

JPUD will collect monthly charges from customers each month and submit an invoice to the County with a detailed and itemized list of monthly expenses. The County shall use customer revenues to pay for JPUD services. If customer revenues are not adequate to cover all of JPUD costs, the County shall cover the difference with its own funds.

Recommendation: The Board is requested to sign the Interlocal Agreement between Jefferson County and PUD No. 1 of Jefferson County for the Operation and Maintenance of the Port Hadlock Sewer in the PHUGA.

Department Contact: Samantha Harper, P.E., Wastewater Project Manager, 385-9175.

Reviewed By:

Mark McCauley, County Administrator

Date

CONTRACT REVIEW FORM
(INSTRUCTIONS ARE ON THE NEXT PAGE)

Clear Form

CONTRACT WITH: PUD No. 1 of Jefferson County

Contract No: PW 2024-143

Contract For: Interlocal Agreement for PHUGA Admin, O&M Term:

COUNTY DEPARTMENT: Public Works
Contact Person: Samantha Harper
Contact Phone: X175
Contact email: sharper@co.jefferson.wa.us

AMOUNT: N/A

Revenue: _____
Expenditure: _____
Matching Funds Required: _____
Sources(s) of Matching Funds: _____
Fund #: _____
Munis Org/Obj: _____

PROCESS:

- | | |
|-------------------------------------|------------------------------------|
| ☒ | Exempt from Bid Process |
| ☐ | Cooperative Purchase |
| ☐ | Competitive Sealed Bid |
| ☐ | Small Works Roster |
| ☐ | Vendor List Bid |
| ☐ | RFP or RFQ |
| ☒ | Other: <u>Interlocal Agreement</u> |

APPROVAL STEPS:

STEP 1: DEPARTMENT CERTIFIES COMPLIANCE WITH JCC 3.55.080 AND CHAPTER 42.23 RCW.

CERTIFIED: ☐ N/A: ☒ Samantha Harper 12/2/24
Signature Date

STEP 2: DEPARTMENT CERTIFIES THE PERSON PROPOSED FOR CONTRACTING WITH THE COUNTY (CONTRACTOR) HAS NOT BEEN DEBARRED BY ANY FEDERAL, STATE, OR LOCAL AGENCY.

CERTIFIED: ☐ N/A: ☒ Samantha Harper 12/2/24
Signature Date

STEP 3: RISK MANAGEMENT REVIEW (will be added electronically through Laserfiche):

✓ Electronically approved by Risk Management on 12/3/2024.
Thanks to the PAO for their work on this - as well as PW staff.

STEP 4: PROSECUTING ATTORNEY REVIEW (will be added electronically through Laserfiche):

✓ Electronically approved as to form by PAO on 12/4/2024.
Prepared and preapproved by PAO.

STEP 5: DEPARTMENT MAKES REVISIONS & RESUBMITS TO RISK MANAGEMENT AND PROSECUTING ATTORNEY(IF REQUIRED).

STEP 6: CONTRACTOR SIGNS

STEP 7: SUBMIT TO BOCC FOR APPROVAL



**INTERLOCAL AGREEMENT
FOR PORT HADLOCK UGA
SEWER SYSTEM
ADMINISTRATION,
OPERATIONS, AND
MAINTENANCE
BETWEEN
JEFFERSON COUNTY AND
JEFFERSON COUNTY PUBLIC
UTILITY DISTRICT #1**

Table of Contents

Table of Contents	i
Section 1. Recitals	1
Section 2 Rules of Interpretation.	2
Section 3 Definitions.	2
Section 4 Authority.....	5
Section 5 Purpose of this Agreement.....	5
Section 6 Effective Date.	5
Section 7 Administration of this Agreement.	5
Section 8 Ownership of the PHUGA sewer system utility.....	6
Section 9 Future Expansions and Extensions.	6
Section 10 Future Ownership of the PHUGA Sewer System by JPUD Not Prohibited.	6
Section 11 Independent Contractor.	6
Section 12 Operation and Maintenance of the PHUGA Sewer System.	6
Section 13 Customer Billing Services	10
Section 14 Engineering Needs, New Customer Connections, PHUGA Sewer System Capacity, and PHUGA Sewer System Extensions.	11
Section 15 Customer Service.....	12
Section 16 Finance.....	13
Section 17 Debt.....	16
Section 18 Permits.	16
Section 19 Ownership and Use of Documents.	16
Section 20 Compliance with Laws Related to the Operation and Maintenance of the PHUGA Sewer System.....	16
Section 21 Audit, Books, and Inspections.	16
Section 22 Sharing Ordinance and Policies.....	17
Section 23 Indemnification and Hold Harmless.....	17
Section 24 Property Coverage Requirements for County-Owned Structures in the PHUGA System.....	18
Section 25 Liability Coverage Requirements.	18
Section 26 Worker's Compensation Requirement.	20
Section 27 Survival.....	20
Section 28 Term of Agreement, Notice of Expiration or Negotiation and Termination.....	20

Section 29 Subcontracting and Vendor Requirements. 21

Section 30 Controlling Law..... 21

Section 31 Dispute Resolution..... 21

Section 32 Legal and Regulatory Compliance. 23

Section 33 No Harassment or Discrimination. 23

Section 34 Safety. 23

Section 35 Drug Use Policy..... 23

Section 36 Tobacco Use Policy. 23

Section 37 General Provisions..... 23

This Agreement is made by and between the Jefferson County, a Washington municipal corporation (County), and the Jefferson County Public Utility District #1, a Washington Public Utility District (JPUD) (individually a Party and collectively the Parties). In accordance with chapter [39.34](#) RCW and in consideration of the terms and conditions contained herein, or attached and incorporated and made part hereof, the Parties, through their respective legislative bodies, do hereby agree as follows:

Section 1. Recitals

- 1.1 The governing bodies of each of the Parties have determined to enter into this Agreement as authorized and provided for the Interlocal Cooperation Act, codified at chapter [39.34](#) RCW.
- 1.2 Planning efforts undertaken in the late 1990s to comply with the Growth Management Act, chapter [36.70A](#) RCW (GMA) resulted in the 2004 adoption of Ordinance No. [10-0823-04](#), which created the Irondale and Port Hadlock Urban Growth Area (“PHUGA”) in 2004 in order to provide an area for urban growth in the unincorporated county and because this area was already “characterized by urban growth”.
- 1.3 Under GMA, urban levels of services including the provision of public sewers are required in urban growth areas for urban zoning and development.
- 1.4 There is a demand for urban commercial services and housing density in unincorporated Jefferson County in order to provide for a growing population and a healthy and diversified economy within the region.
- 1.5 The Washington State Departments of Ecology (Ecology) and Washington Department of Health, in approving the Sewer Facility Plan (March 30, 2021 Facility Plan Update Approval Letter), approved County as the owner of the PHUGA wastewater system.
- 1.6 County is constructing the PHUGA sewer system in the Phase I Core Area, and is authorized pursuant to provide sewer service to properties located within the Phase I Core Area.
- 1.7 County intends to bring initial sewer customers on line in mid to late 2025.
- 1.8 Operation, maintenance, and administrative services shall be necessary once customers are connected and the system is running.
- 1.9 JPUD currently operates utilities including domestic water, electricity, broadband/fiber, and large on-site septic systems.
- 1.10 JPUD is the water provider for the PHUGA and already has an established billing system for water customers in the PHUGA.
- 1.11 JPUD is well-positioned to provide billing, operation, and maintenance services for the sewer system in Port Hadlock based on JPUD’s staffing and experience and the economies

and efficiencies that can be gained by having an existing utility provider such as JPUD take on this role.

- 1.12 The Parties desire to provide cost-effective operation and maintenance services for the PHUGA sewer system.
- 1.13 JPUD has expressed interest in providing sewer service in the PHUGA and recognizes the advantages that sewer service the PHUGA can provide.

Section 2 Rules of Interpretation.

The following rules apply to interpretation of words as used in this Agreement:

- 2.1 If there is any disagreement between this Agreement and the PHUGA sewer utility code, then the PHUGA sewer utility code shall prevail.
- 2.2 All words shall have their normal and customary meanings, unless specifically defined otherwise in this Agreement or the PHUGA sewer utility code;
- 2.3 Any gender-specific term shall be interpreted as if it is male, female, or neutral gender;
- 2.4 Any term phrased in the plural shall also be interpreted to mean the singular, and any singular term shall be interpreted to also mean the plural; and,
- 2.5 The present tense shall include the future.

Section 3 Definitions.

- 3.1 “Agreement” means this Interlocal Agreement for Port Hadlock UGA Sewer System Administration, Operation and Maintenance Between Jefferson County and Jefferson County Public Utility District #1.
- 3.2 “Charges” means the charges listed in the PHUGA sewer system fee schedule.
- 3.3 “Customer” means a property owner or tenant who is receiving service from a connection to the PHUGA sewer system.
- 3.4 “County” means the Jefferson County, a Washington municipal corporation existing and operating pursuant to Title 36 Revised Code of Washington.
- 3.5 “Department” means the Jefferson County Department of Public Works.
- 3.6 “Director” means the director of the Department.
- 3.7 “Ecology” means the Washington State Department of Ecology.
- 3.8 “Effective Date” means the date specified in section 6.
- 3.9 “Expiration Date” means the date specified in section 28.1.

- 3.10 “General manager” means the general manager of JPUD.
- 3.11 “Grinder pump” means a pump located for a service connection that grinds any solids within wastewater, and then pumps the liquid and ground solids into the PHUGA sewer system.
- 3.12 “Grinder pump control panel” means a grinder pump’s centralized electric components that provide electrical coordination for system operation.
- 3.13 “Grinder pump system” means a grinder pump, a grinder pump tank, a grinder pump control panel, and a side sewer from the grinder pump tank to the pressure sewer system, along with the electrical system necessary to power operation of the grinder pump system.
- 3.14 “Grinder pump tank” means a tank that contains a grinder pump.
- 3.15 “JCC” means the Jefferson County Code, as currently enacted or as later amended.
- 3.16 “JPUD” means the Jefferson County Public Utility District No. 1.
- 3.17 “Maintenance” means all the work required to keep the PHUGA sewer system in good usable, operational condition.
- 3.18 “May” means an action is permissible, but is not required.
- 3.19 “Membrane bioreactor” (“MBR”) means a wastewater treatment process that combines the extended aeration-activated sludge process with a physical separation process using membranes immersed into aeration basins. An MBR provides a positive barrier to particulate, colloidal and dissolved solids above the 0.1-micron range, and produces Class A reclaimed water.
- 3.20 “O&G” (formerly referred to as “FOG”) means oil and grease, a component of wastewater typically originating from food stuffs (animal fats or vegetable oils) or consisting of compounds of alcohol or glycerol with fatty acids (soaps and lotions). Typically expressed in mg/L.
- 3.21 “Operation” means performing all of the work required to keep the PHUGA sewer system running.
- 3.22 “Or” means “or” and and/or.
- 3.23 “Parties” means both JPUD and County.
- 3.24 “Party” means one of the Parties.
- 3.25 “Person” means any individual, firm, company, corporation, partnership, association, society or group, and includes person as that term is defined in RCW [1.16.080](#).
- 3.26 “Phase I Core Area” means the core area shown on Table ES-1 and Figure ES-1 on the [Port Hadlock UGA Sewer Facility Plan Update](#) (Feb. 2021) at pages xix to xx.

- 3.27 “PHUGA sewer system fee schedule” means the schedule of charges for the operation of the PHUGA sewer system adopted by the Jefferson County Board of Commissioners by resolution, pursuant to the process identified in chapter [3.80](#) JCC, establishing the charges enacted under this PHUGA sewer utility code.
- 3.28 “PHUGA sewer system improvements” means PHUGA sewer system improvements, including but not limited to: right-of-way easements, sewer easements, design, engineering, surveying, inspection, testing, connection charges, and installation as required by the county. PHUGA sewer system improvements also include, but are not limited to treatment plants, low pressure sewer mains, lift stations, force mains, and telemetry systems.
- 3.29 “PHUGA sewer manual” means the Port Hadlock UGA Sewer System Design Standards and Plans Manual, a document containing the technical and administrative requirements for the PHUGA sewer system, including specifications, details, drawings, administrative forms, connection requirements, ownership responsibilities, and other matters pertinent to connection to the PHUGA sewer system.
- 3.30 “PHUGA sewer system” means the Port Hadlock UGA sewer system, including the wastewater treatment plant, all grinder pump systems, and all PHUGA sewer system improvements.
- 3.31 “PHUGA sewer system utility” means the entity that operates the PHUGA sewer system.
- 3.32 “PHUGA sewer utility code” means chapters 13.01 through 13.09 JCC.
- 3.33 “Port Hadlock UGA” or “PHUGA” means the Irondale and Port Hadlock Urban Growth Area established pursuant to the Jefferson County comprehensive plan and Ordinance No. [10-0823-04](#), as amended.
- 3.34 “Pressure sewer system” means a system of connected pipes that collects wastewater from individual properties and conveys it to the wastewater treatment plant, using grinder pump systems on individual properties.
- 3.35 “Property owner” means the owner of record of a lot or parcel within the Port Hadlock UGA.
- 3.36 “RCW” means the Revised Code of Washington, as currently enacted or as later amended.
- 3.37 Public Utility Risk Management Services Joint Self-Insurance Fund or “PURMS” means the joint self-insurance program created pursuant to chapters [48.62](#) and [39.34](#) RCW of which JPUD is a member.
- 3.38 “Section” means a section of this Agreement, unless otherwise specified.
- 3.39 “Shall” means a mandate; the action must be done.
- 3.40 “Subsection” means a subsection of this Agreement, unless otherwise specified.

- 3.41 “Technical standards and specifications” means the technical standards and specifications listed in JCC 13.03.020.
- 3.42 “WAC” means the Washington Administrative Code, as currently enacted or as later amended.
- 3.43 “Wastewater” means the liquid and liquid-carried waste from structures, together with minor quantities of groundwater, stormwater and surface waters that are not intentionally admitted. “Wastewater” includes both domestic wastewater as defined in WAC [173-240-020\(4\)](#), industrial wastewater as defined in WAC [173-240-020\(8\)](#).
- 3.44 “Wastewater infiltration pond” means the structure that collects, temporarily stores, and infiltrates wastewater treated by the wastewater treatment plant.
- 3.45 “Wastewater Treatment Plant” or “WWTP” means County’s Membrane bioreactor” (“MBR”) plant located at 243 Lopeman Road, Port Hadlock, Washington, inclusive of, but not limited to, any appurtenant headworks, outfall, buildings, odor control systems, biosolids handling equipment, wastewater infiltration pond, or, generators, etc.
- 3.46 “Washington Counties Risk Pool” or “WCRP” means the joint self-insurance program created pursuant to chapters [48.62](#) and [39.34](#) RCW of which County is a member.

Section 4 Authority.

This Agreement is based upon the authority of the [39.34](#) RCW, which authorizes public agencies to enter into agreements to assist and cooperate with each other to better serve the needs of the municipal corporations and the local community.

Section 5 Purpose of this Agreement.

The purpose of this Agreement is to provide for long-term operation and maintenance of the PHUGA sewer system, and certainty for the Parties.

Section 6 Effective Date.

The effective date of this Agreement is the date the last Party signs this Agreement.

Section 7 Administration of this Agreement.

7.1 No Separate Legal Entity Created.

No separate legal entity has been created to operate the PHUGA sewer system.

7.2 Joint Administration.

This Agreement shall be administered by both Parties. For County, this Agreement shall be administered by the director or their designee. For JPUD, this Agreement shall be administered by the general manager or their designee.

7.3 Property Acquisition and Disposition

This Agreement does not contemplate the joint acquisition of property by the Parties. At termination, each Party will remain the sole owner of its own property.

Section 8 Ownership of the PHUGA sewer system utility.

County is and shall remain the owner of the PHUGA sewer system utility.

Section 9 Future Expansions and Extensions.

County and JPUD agree that expansion of the PHUGA sewer system to serve additional areas within the UGA is desirable. Both Parties shall cooperate in efforts to bring sewer service to additional customers. County shall take the lead in planning for future expansions and developing financing plans for future expansions or extensions. JPUD shall participate in efforts with County to extend sewer service to other areas inside the PHUGA.

Section 10 Future Ownership of the PHUGA Sewer System by JPUD Not Prohibited.

Nothing in this Agreement shall prevent County and JPUD from exploring the eventual transfer of the PHUGA sewer system to JPUD ownership. Any such transfer shall be subject to the mutual agreement of the Parties.

Section 11 Independent Contractor.

The Parties agree that JPUD is an independent contractor with respect to the services provided pursuant to this Agreement. JPUD specifically has the right to direct and control JPUD's own activities, and the activities of its subcontractors, employees, agents, and representatives, in providing the agreed services in accordance with the technical standards and specifications (*see section 3.45*) and the PHUGA sewer manual (*see section 3.33*) provided by County, per industry standards, and as required by permitting agencies. Nothing in this Agreement shall be considered to create the relationship of employer and employee between the Parties. Neither JPUD nor any employee of JPUD shall be entitled to any benefits accorded County employees by virtue of the services provided under this Agreement, including, but not limited to: retirement; vacation pay; holiday pay; sick leave pay; medical, dental, or other insurance benefits; fringe benefits; or any other rights or privileges afforded to Jefferson County employees. County shall not be responsible for withholding or otherwise deducting federal income tax or social security or for contributing to the state industrial insurance program, otherwise assuming the duties of an employer with respect to JPUD, or any employee of JPUD.

Section 12 Operation and Maintenance of the PHUGA Sewer System.

- 12.1 At least 30 days before operation of the PHUGA sewer system, County shall provide JPUD with all existing operation and maintenance manuals, procedures, and schedules, including the technical standards and specifications (*see section 3.45*) and the PHUGA sewer manual (*see section 3.33*).

- 12.2 JPUD and County shall work cooperatively to establish proper maintenance intervals and procedures for PHUGA sewer system, in addition to those in the technical standards and specifications (*see* section 3.45) and the PHUGA sewer manual (*see* section 3.33).
- 12.3 JPUD and County shall work cooperatively to ensure that the PHUGA sewer system is operated and maintained properly and cost effectively.
- 12.4 JPUD shall perform all tasks required to successfully operate the PHUGA sewer system. Operation, maintenance and repairs shall be performed as required to operate the system reliably, cost effectively, and in accordance with permit requirements. Tasks shall include, but are not limited to, the following:

12.4.1 PHUGA Sewer System Flushing.

The PHUGA sewer system has been designed to operate without need for frequent cleaning of the sewer lines; however, the PHUGA sewer system has been provided with a series of sewer cleanouts. Should it become necessary to clean a section of the PHUGA sewer system, JPUD shall access the system via these cleanouts using appropriate equipment.

12.4.2 Valve Exercising.

PHUGA sewer system valves shall be exercised periodically to ensure that they operate correctly and to prevent them from seizing.

12.4.3 Air Vacuum Relief Valves.

Air vacuum relief valves shall be periodically inspected. Odor control media shall be replaced at manufacturer's recommended intervals.

12.4.4 PHUGA Sewer System Repair.

The PHUGA sewer system consists primarily of 2-inch to 6-inch diameter welded HDPE pipes which are durable and should require only minimal maintenance. The pipes do not have joints to leak or that would be susceptible to root intrusion. If a PHUGA sewer system pipe is damaged for any reason, JPUD shall arrange for the repair of said pipes and obtain any permits required for repair by the utility Franchise Agreements.

12.4.5 Grinder Pump Systems.

Grinder pump systems located on customer property are part of the PHUGA sewer system. JPUD shall:

12.4.5.1 Remotely monitor grinder pump performance using an available system provided by County.

12.4.5.2 Respond to customer calls for grinder pump service.

- 12.4.5.3 Service grinder pump systems in accordance with manufacturer's recommendations.
- 12.4.5.4 Replace grinder pumps with spares held in inventory that is maintained by JPUD.
- 12.4.5.5 Manage an inventory of spare grinder pumps and parts for the grinder pump system. County shall provide an initial supply of spare grinder pumps.
- 12.4.5.6 Repair components of grinder pump systems either in-house or by a vendor, whichever is most cost-effective.
- 12.4.5.7 During extended power outages, operate grinder pumps systems as necessary using portable generators.
- 12.4.5.8 Respond to customer requests or alarms on grinder pump systems.

12.4.6 Locate Services.

County shall provide JPUD with accurate as-built drawings of the PHUGA sewer system upon completion of construction. Said drawings shall be in such format as can be included in JPUD GIS mapping and database system. JPUD shall be responsible for maintaining as-built records as a PHUGA sewer system extension or expansion occurs. JPUD shall subscribe to and provide utility locate services, such as "Call Before You Dig", for the PHUGA sewer system. It is advantageous for the Parties to have JPUD perform utility locate services for the sewer because JPUD shall already perform this service for JPUD water, power, and broadband infrastructure in the sewer service area, and therefore JPUD can perform this work cost-effectively.

12.4.7 Wastewater Treatment Plant (WWTP).

JPUD employs existing staff for its public water systems and shall employ additional staff with expertise and certifications required for operation of a public wastewater system. JPUD shall direct and oversee said staff to deliver cost-effective operation and maintenance of the PHUGA sewer system in accordance with the technical standards and specifications (*see section 3.45*) and the PHUGA sewer manual (*see section 3.33*) provided by County, per industry standards, and as required by permitting agencies, provided by County and per industry standards and as required by permitting agencies. JPUD shall have full authority to direct said staff as JPUD employees for the operation of the WWTP. JPUD staff shall remain employees of JPUD and shall not be considered employees of Jefferson County. JPUD and County shall work cooperatively to establish proper maintenance intervals and procedures.

12.5 Resource Sharing with Other Agencies.

Both Parties recognize that adequate staffing is essential for reliable operation to meet Permit conditions. At the same time, both Parties recognize that labor costs shall drive the overall cost to bring sewer service to the community. As such, the Parties agree that resource sharing with other agencies may be an effective way to help bring cost-effective services, with adequate redundancy, to the PHUGA sewer system.

12.6 County-owned Equipment.

County shall provide certain equipment and tools for the operation and maintenance of the wastewater treatment plant. Said equipment shall remain owned by County unless specifically transferred to JPUD via other written mechanism. JPUD shall operate and maintain this equipment according to manufacturer's recommendations. County shall develop replacement schedules for this equipment and a cost-recovery methodology and fund for its maintenance and replacement. County and JPUD shall work cooperatively to identify and manage equipment requirements and replacements.

12.7 JPUD-owned Equipment.

JPUD has certain equipment that can be used for operation and maintenance of the WWTP. JPUD may develop charges to County for use of such JPUD owned equipment which can be equitably distributed to the cost for operating the WWTP. JPUD and County shall work cooperatively to identify additional and ongoing equipment and tool needs and determine how best to acquire said equipment or tools. It shall be the intent of this Agreement that JPUD shall be able to recover costs from customers or County for equipment/tools used to operate and maintain the WWTP, County shall cooperate in making sure JPUD will recover such costs.

12.8 Parts and Supplies.

County shall provide JPUD a list of supplies, chemicals, etc. needed to operate and maintain the WWTP. JPUD shall be responsible for procuring said required supplies and shall recover costs from the customers and County as described elsewhere in this Agreement. JPUD shall manage an inventory of spare parts and supplies as necessary to operate the WWTP. Parts and supplies may be stored at the WWTP or at JPUD facilities.

12.9 Description of Typical Operation and Maintenance Duties.

JPUD shall perform all tasks required to successfully operate the WWTP. Operation, maintenance and repairs shall be performed as required to operate the system reliably, cost effectively, and in accordance with permit requirements. County shall provide JPUD with detailed operation and maintenance manual(s), procedures, and schedules. Typical tasks shall include, but are not limited to, the following:

- 12.9.1 Operate the WWTP in accordance with permits, the Operations Manual, and industry accepted practices.

- 12.9.2 Monitor performance of the WWTP using the SCADA System provided by County.
- 12.9.3 Coordinate with the WWTP equipment supplier Ovivo USA, LLC for performance monitoring.
- 12.9.4 Clean membranes as required.
- 12.9.5 Add chemicals as necessary for the treatment process.
- 12.9.6 Perform (or contract for) laboratory testing and submit reports as required by permitting agencies.
- 12.9.7 Exercise and lubricate parts as per manufacturers recommendations.
- 12.9.8 Arrange for parts/equipment maintenance or replacement.
- 12.9.9 Inspect system components as outlined in the technical standards and specifications (*see section 3.45*) and the PHUGA sewer manual (*see section 3.33*).

12.10 Biosolids Transport.

The WWTP includes equipment for biosolids thickening to approximately 12% solids content. County has arranged for the acceptance and disposal of biosolids at the City of Port Townsend compost facility. JPUD shall be responsible for arranging for the transportation of biosolids from the WWTP to the City of Port Townsend compost facility.

12.11 Wastewater Infiltration Pond.

JPUD shall maintain the wastewater infiltration pond in accordance with Ecology permit requirements. County may have equipment to provide for vegetation management at JPUD request.

12.12 Mutual Assistance Agreements.

At its discretion, County or JPUD may develop mutual assistance agreements with other regional wastewater service utilities or contractors for operational resiliency.

Section 13 Customer Billing Services

13.1 Intent.

JPUD is a public utility district formed and operated pursuant to title [54](#) RCW, with existing utility customers, and it is the intent of this Agreement that County not duplicate services that can more conveniently and cost-effectively be delivered by JPUD. County has developed the PHUGA sewer utility code, with the collaboration of JPUD staff, that is intended to blend well with current JPUD practices.

13.2 Customer Billing System.

JPUD currently manages a utility billing system for water system customers in Port Hadlock. The PHUGA sewer system fee schedule establishes a system of charges to recover costs from customers, which includes flat rate charges as well as charges based upon water use. JPUD shall adapt its customer billing system to invoice wastewater customers for the PHUGA sewer system fee schedule. JPUD shall provide County access to view the status of sewer customer accounts as well as a monthly summary of sewer charges and receipts. JPUD and Jefferson County shall work cooperatively to develop and implement a system of reporting that is acceptable to both Parties.

13.3 Customer Billing Inquiries.

Questions regarding sewer billing shall be directed to JPUD which shall be responsible for answering questions and resolving billing issues.

13.4 Low-Income Program.

JPUD shall be responsible for implementing the low-income program, which is described in JCC 13.05.030 of the PHUGA sewer utility code. This low income program was modeled after JPUD program which already exists.

Section 14 Engineering Needs, New Customer Connections, PHUGA Sewer System Capacity, and PHUGA Sewer System Extensions.

14.1 Engineering Needs.

County shall be responsible for any engineering needs associated with the PHUGA sewer system. Engineering needs may include, but are not limited to, PHUGA sewer system improvements. The parties do not expect there to be any joint utilization of architectural or engineering services that would require compliance with RCW [39.34.030\(6\)\(a\)](#).

14.2 New Customer Connections.

Initially, County shall be responsible for intake and evaluation of applications for new sewer connections. County shall coordinate closely with JPUD to oversee the construction of new connections. In the future, as County and JPUD gain experience managing the PHUGA sewer system, this arrangement can be evaluated and revised if the Parties find it advantageous. County shall be responsible for engineering related to new customer connections.

14.3 PHUGA Sewer System Capacity Expansions.

The PHUGA sewer system has been designed to accommodate growth; however, capacity is not unlimited and system expansion shall be required in the future. County and JPUD shall monitor the capacity of the PHUGA sewer system as new connections are added and work cooperatively to plan for capacity expansion. County shall be responsible for engineering related to PHUGA sewer system expansion.

14.4 PHUGA Sewer System Extensions.

The PHUGA sewer system may be extended in several ways including through joint County and JPUD efforts to obtain funding, through grants, through developer extensions, and through Local Improvement Districts (LIDs). County and JPUD shall work cooperatively to ensure that extensions follow a logical pattern and that system capacity is adequate. Costs for engineering or engineering review shall be borne by County or developers as appropriate, unless otherwise agreed by the Parties in advance.

14.5 System Development Charges (SDCs).

County shall collect system development charges (“SDC”) made pursuant to JCC 13.05.040(2)(c).

14.6 Other Charges.

County shall collect other fees and charges associated with new connections and sewer extensions in accordance with the PHUGA sewer utility code.

Section 15 Customer Service

15.1 Customer Maintenance Calls and Complaints.

JPUD shall manage a system to handle customer maintenance calls and complaints. Typical customer calls are anticipated to be related to system checks; grinder pump malfunctions or alarms; power outages affecting sewer service; sewage backups; billing questions.

15.2 After Hours Calls.

JPUD shall provide after hours and emergency call out services to customers.

15.3 Enforcement.

15.3.1 Enforcement shall be handled pursuant to chapter 13.07 JCC, JCC 13.04.0870, JCC 13.04.110, JCC 13.05.030, JCC 13.06.010, JCC 13.06.060, and Title [19](#) JCC.

15.3.2 As directed by the director or their designee, JPUD shall enforce violations of the PHUGA sewer utility code, after consultation with the Jefferson County Prosecuting Attorney’s Office.

15.4 Non-Payment of Monthly Sewer Charges.

JPUD shall manage a process to handle customer non-payment of monthly sewer charges similar to the process JPUD uses for its water customers.

15.5 Fats, Oils, Grease (O&G) Interceptors.

Grease interceptors are required for certain customers (refer to the PHUGA sewer utility code). O&G interceptors shall be owned and maintained by the customer. County shall regularly inspect O&G interceptors to ensure that customers are maintaining their properly. County shall notify a customer if an O&G interceptor is not functioning properly and shall take immediate action including notification, fines, or undertaking the work itself to correct the deficiency and prevent damage to the PHUGA sewer system.

Section 16 Finance

16.1 Enterprise Fund.

The PHUGA sewer system operates as an enterprise fund designed to recover costs from customers. Charges for the PHUGA sewer utility are set in the PHUGA sewer system fee schedule. JPUD shall administer and collect all charges authorized in the PHUGA sewer system fee schedule. County shall pay JPUD for its services to operate the PHUGA sewer system using revenue from charges paid pursuant to PHUGA sewer system fee schedule and County's other sources of funds, if the charges paid pursuant to the PHUGA sewer system fee schedule are insufficient.

16.2 No Joint Budget.

This Agreement does not contemplate a joint budget.

16.3 Collection of Monthly Charges.

JPUD shall collect monthly charges from customers each month on the same schedule that is used for JPUD water billing. No later than 45 calendar days following the end of each billing month, JPUD shall provide a report to County showing the status of each customer account. No more than 60 calendar days following the end of each billing month, JPUD shall remit the customer fee revenue to County. JPUD shall transfer customer fee revenue to County on a monthly or quarterly basis, as is mutually agreed upon. County shall place said fee revenue in a separate fund or funds from funds used by the department for other purposes. Fees collected for operation and maintenance shall be placed in a separate account than fees collected for capital, long-term replacement, or from System Development Charges (SDC charges).

16.4 Payment for JPUD Services.

No later than 30 days following the end of each billing month, JPUD shall submit an invoice to County with a detailed and itemized list of JPUD expenses for the month. County shall pay said invoice within 30 calendar days of receiving a properly detailed invoice. County shall use customer revenues to pay for JPUD services. If customer revenues are not adequate to cover all of JPUD costs, County shall cover the difference with its own funds.

16.5 JPUD Billing Format.

JPUD invoices shall contain adequate detail for County to review. Invoices may include direct labor charges and fringe benefits, equipment charges, material invoices, and overhead. If overhead is included in the charges, JPUD shall provide County with a detailed overhead study or audit that adequately demonstrates how the overhead rate was developed and applied.

16.6 Negotiated Costs.

16.6.1 JPUD shall hire a Group III wastewater treatment operator for the PHUGA sewer system who has received a certification from Ecology that they meet the requirements in WAC [173-230-250](#) and have not had their certification suspended or revoked by Ecology.

16.6.2 County shall reimburse JPUD pay fifty percent (50%) of an Ecology certified Group III wastewater treatment operator, including salary, fringe benefits, and reasonable overhead, the cost at market rates.

16.6.3 County shall pay for JPUD's labor and equipment for operation and maintenance of the PHUGA sewer system, including grinder pump systems, at a reasonable cost including salaries, fringe benefits, and reasonable overhead.

16.6.4 County shall reimburse JPUD for the reasonable cost of any materials, supplies, or invoices that JPUD incurs. JPUD shall not add any markup on said costs.

16.6.5 County shall pay JPUD a one-time reasonable fee for billing service set up. JPUD estimates the total cost for the one-time set up \$2,000.

16.6.6 County shall pay JPUD a flat fee of \$800 per month for its customer billing services. Said fee may inflate at a reasonable rate over time to reflect increased JPUD costs or increased numbers of sewer customers.

16.6.7 County and JPUD shall negotiate in good faith regarding other costs as the Parties gain experience in the operation of the PHUGA sewer system. In the meantime, County shall pay JPUD 100 percent of its operating costs.

16.6.8 JPUD and County shall review costs regularly with the shared goal of operating the PHUGA sewer system affordably. JPUD costs listed above are effective at startup of the PHUGA sewer system in 2025 and subject to renegotiation no later than two years (2 years) after startup.

16.7 Overhead Costs.

JPUD shall share with County its cost allocation methodology for distributing overhead costs for management and other allowable overhead costs to the Sewer. Overhead shall be distributed proportionally with consideration given to the PHUGA sewer system's overall share of JPUD operational expenditures.

16.8 Alternative Cost Recovery Methodologies.

This Agreement may be amended to use alternative cost recovery methodologies and invoicing strategies that both Parties determine to be advantageous after adequate experience with operation and maintenance with the PHUGA sewer system is obtained.

16.9 Billings.

A bill that has been properly addressed and deposited in the United States mail, either to the address shown in section 37.1, or to another address designated by County or JPUD in writing, shall be deemed to be presented to County for payment. If both Parties agree in writing, electronic billing may be used, in which case the billing date is the date the bill is sent electronically to the e-mail address designated in writing by County. County's payment in full of the monthly bill shall be due and payable at JPUD's Business Office twenty-five (25) days after the deposit of JPUD bill in the United States mail or the bill is sent electronically to County ("Due Date"). Any bill not paid by the Due Date shall be past due. JPUD may charge interest on any past due bill at the rate applied to other JPUD customers, subject to RCW 35.67.210 or as such statute may be modified, amended or superseded, for every month or portion of a month that the past due amount remains unpaid.

16.10 Notice of Disputed Bill.

If County believes that a bill from JPUD is in error, County shall notify JPUD and provide supporting documents within the thirty (30) calendar days after JPUD's transmittal of the bill to County. Notice of disputed bills shall include payment of undisputed amounts and fifty percent (50%) of disputed amounts. Within ten (10) business days thereafter, the Parties shall meet to attempt to resolve the billing dispute. If the billing dispute cannot be resolved, then the Parties shall proceed with Informal Dispute Resolution under section 31.1.

16.11 Notice and Opportunity to Cure Payment Default.

If a past due bill remains unpaid and no notice of disputed bill has been timely filed as required by section 16.10, JPUD shall give written notice and opportunity to cure to County ("Notice to Cure"). Defaults other than payment defaults, are addressed in section 13.6.

16.12 Default on Payment Obligations.

If County does not pay the past due bill within fifteen (15) business days after the Notice to Cure is mailed by JPUD to County, JPUD shall have the right to collect the past due amount and impose a one-time penalty of ten percent (10%) of the amount of each past due bill. If County has provided notice to JPUD of a dispute concerning a bill, no penalty shall be added to the bill, but interest shall still accrue on the unpaid due amount until the dispute has been resolved and the appropriate payment made, in which case interest shall only apply to the unpaid portion of the appropriate payment. If the dispute resolution process in section 31 results in an appropriate payment that is less than what County has already remitted, JPUD shall refund the difference plus interest. Such interest, if any, accrues at the same rate JPUD charges other ratepayers. JPUD shall have the right to pursue all lawful

means of pursuing debt collection from County. Subject to the dispute resolution process set forth in section 31, failure of County to make payments required under this Agreement shall be considered grounds for JPUD to terminate this Agreement, on at least ten (10) years prior written notice to JPUD.

Section 17 Debt.

County shall be responsible for servicing and retiring any debt that County incurred in the construction of the PHUGA sewer system.

Section 18 Permits.

County has obtained permits for the operation of the PHUGA sewer system. County is ultimately responsible for ensuring that the PHUGA sewer system is operated in accordance with permits. JPUD and County shall cooperate to operate the facilities in accordance with permits.

Section 19 Ownership and Use of Documents.

All non-confidential or de-identified documents, drawings, specifications, and other materials produced by JPUD in connection with the services rendered under this Agreement shall be the property of County whether the project for which they are made is executed or not. JPUD shall be permitted to retain copies, including reproducible copies, of drawings and specifications for information, reference and use in connection with JPUD's endeavors. JPUD shall not be held liable by County for reuse of such documents or modifications thereof, including electronic data.

Section 20 Compliance with Laws Related to the Operation and Maintenance of the PHUGA Sewer System.

The Parties shall, in performing the services contemplated by this Agreement, faithfully observe and comply with all federal, state, and local laws, ordinances and regulations, applicable to the operation and maintenance of the PHUGA sewer system.

Section 21 Audit, Books, and Inspections.

21.1 Audit.

JPUD shall submit to County every audit report sent to it by the Office of the Washington State Auditor (SAS) that reviews JPUD's finances within 30 days of receipt.

21.2 Books.

JPUD shall keep full and complete books of accounts showing all costs and expenses incurred in connection with its operation of the PHUGA sewer system, including the maintenance and operation costs, capital costs, and any other costs or offsetting revenues used in calculating amounts payable by County under this Agreement.

21.3 Inspection.

Each Party shall have the right to inspect and copy, during regular business hours, all reports and records maintained by the other Party that relate to operation and maintenance of the PHUGA sewer system, including, but not limited to, operation and maintenance costs or any other matter affecting County's costs, such as flow records, wastewater quality reports, pretreatment monitoring records, connection records and reports, and reports to the Ecology or other regulatory authorities, except records maintained by either Party that are:

21.3.1 Exempt from disclosure pursuant to chapter [42.56](#) RCW, the Public Records Act;

21.3.2 Subject to a privilege in chapter [5.60](#) RCW; or,

21.3.3 Otherwise not subject production in civil litigation.

21.3.4 The Parties agree to comply with the Public Records Act (chapter [42.56](#) RCW) and Witnesses – Competency (chapter [5.60](#) RCW) for purposes of this section.

Section 22 Sharing Ordinance and Policies.

At least fifteen (15) business days after the Effective Date or the completion of any policies, codes or ordinances related to PHUGA system operation and maintenance, JPUD and County shall provide each other with copies of ordinances, regulations or policies related to the operation or maintenance of the PHUGA sewer system. Each Party shall endeavor to maintain communications with the other Party at the management level in order to be aware of the other Party's interests while proposed ordinances, regulations or policies are being developed.

Section 23 Indemnification and Hold Harmless.

23.1 Mutual Indemnity.

Each Party agrees to defend and indemnify the other Party and its officers, officials, employees, agents and volunteers (and their marital communities) from and against from and against all loss or expense in connection with maintenance and operation of the PHUGA sewer system or for breach of its duties under this Agreement, including but not limited to, all claims for damages, actions, suits, judgments, settlements, attorneys' fees and costs, or other relief caused by the indemnitor's alleged negligence, or wrongful conduct, except for the injuries, penalties and damages caused by the sole negligence or wrongful conduct of the indemnitee. Claims for damages or other relief include, but are not limited to, those for personal or bodily injury including death and property damages. If the claim, action or suit involves concurrent negligence of the Parties, the indemnity provisions provided in this section shall be applicable only to the extent of the percentage of each Party's negligence. It is further and expressly understood that the indemnification provided in this section constitutes each Party's waiver of immunity under Industrial Insurance, Title [51](#) RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the Parties. Should a court of competent jurisdiction

determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of JPUD and County, their officers, officials, employees, agents and volunteers (and their marital communities), each Party's liability, including the duty and cost to defend, hereunder shall be only to the extent of their negligence.

23.2 Indemnity Obligations Survive Termination.

The provisions of this section shall survive the expiration or termination of this Agreement.

23.3 Recovery of Cost of Regulatory Violations.

If either Party incurs fines, penalties, remedial capital or cleanup costs for which the other Party has been deemed by an independent investigation as partially or fully responsible, the Party who incurs such fines, penalties, remedial capital or cleanup costs shall have the right to charge the other Party for a proportionate share of any such fines, penalties, remedial capital or cleanup costs, and the other Party agrees to pay such charges. The Parties shall agree on the person to perform the independent investigation. If the Parties cannot agree on the person to perform the independent investigation, then each Party shall submit a list of five (5) persons to the other Party. If any of the five (5) persons listed on each Party's list match, then the highest ranked person on each Party's list shall be selected. If none of the persons on each Party's list match, the first person listed on each Party's list shall select the person to perform the independent investigation.

Section 24 Property Coverage Requirements for County-Owned Structures in the PHUGA System.

Through the WCRP, County shall provide property coverage for the structures it owns in the PHUGA sewer system.

Section 25 Liability Coverage Requirements.

25.1 The Parties Are Covered by Joint Self-Insurance Risk Pools Authorized by chapters 48.62 and 39.34 RCW.

County is self-insured through its membership in the WCRP. JPUD is self-insured through its membership in PURMS.

25.2 Current and Future Certificates of Coverage Shall be Provided by Each Party.

Within 30 days of executing this Agreement and within 30 days of issuance of a new or amended document issued by each of the Parties' risk pools for coverage of the type of insurance required by this section, the Parties shall provide to each other certificates of coverage from their respective risk pools.

25.3 Required Written Notice of Cancellation, Suspension, Reduction or Material Change in the Membership of a Party in its Respective Risk Pool.

Both Parties agree that not less than thirty (30) days prior to cancellation, suspension, reduction or material change in the membership of a Party in its respective risk pool, written notice of same shall be given to the other Party by registered mail, return receipt requested.

25.4 Required Risk Pool Coverage.

The Parties further agree that their membership in their respective risk pools provide coverage for the following categories of risk and with coverage limits that equal or exceed what is listed below:

25.4.1 General Liability.

General liability coverage with a minimum limit per occurrence of one million dollars (\$1,000,000) and an aggregate of not less than two million dollars (\$2,000,000) for bodily injury, death and property damage unless otherwise specified in the contract specifications. This insurance coverage shall contain no limitations on the scope of the protection provided and indicate on the certificate of insurance the following coverage is provided:

- 25.4.1.1 Broad Form Property Damage with no employee exclusion;
- 25.4.1.2 Personal Injury Liability, including extended bodily injury;
- 25.4.1.3 Broad Form Commercial Liability;
- 25.4.1.4 Premises - Operations Liability (M&C);
- 25.4.1.5 Independent Contractors and Subcontractors;
- 25.4.1.6 Blanket Contractual Liability; and,
- 25.4.1.7 Employer's Liability or Stop Gap coverage.

25.4.2 Business Automobile Liability.

Business automobile liability coverage with a minimum limit per occurrence of one million dollars (\$1,000,000) and an aggregate of not less than two million dollars (\$1,000,000). Said coverage shall include liability coverage for all owned, non-owned and hired motor vehicles.

25.5 Each Party's Risk Pool Coverage Shall Be Primary.

Each Party to this Agreement agrees that the coverage provided to it by its membership in its respective risk pool shall be primary with respect to any third-Party claim presented to that Party for the alleged negligent act and omissions of its elected officials, officers, agents and employees (and their marital communities). With respect to all claims of third-party

liability against one Party to this Agreement the coverage provided to the other Party by its membership in a risk pool shall be non-contributory.

Section 26 Worker's Compensation Requirement.

The Parties shall maintain throughout the term of this Agreement worker's compensation insurance with minimum limits not less than that required by state law.

Section 27 Survival.

Those provisions of this Agreement that by their sense and purpose should survive the term of this Agreement shall survive the term of this Agreement for a period equal to any and all relevant statutes of limitation, plus the time necessary to fully resolve any claims, matters or actions begun within that period.. Without limiting the generality of the preceding sentence, and for the avoidance of doubt, the provisions that survive the term of this agreement include: (a) controlling law; (b) insurance; and, (c) indemnification.

Section 28 Term of Agreement, Notice of Expiration or Negotiation and Termination.

28.1 Term.

The term of this Agreement shall commence on the Effective Date and shall continue until the Expiration Date or termination in accordance with section 28.4

The Expiration Date of this Agreement shall be ten (10) years after the Effective Date or ten (10) years after neither Party gives notice of intent to extend this Agreement the pursuant to section 28.2.

28.2 Notice of Intent to Extend this Agreement.

At least two (2) years prior to the Expiration Date, either Party may give written notice to the other Party of the Party's intention to:

28.2.1 Let this Agreement expire on the Expiration Date; or,

28.2.2 Negotiate changes to the terms and conditions of this Agreement and extend this Agreement.

28.3 Failure to Give Notice Pursuant to section 28.2.

Failure of either Party to give timely written notice as provided in section 28.2, shall result in this Agreement being automatically be extended for an additional ten (10) year term on the terms and conditions in effect on the date notice is given pursuant to section 28.2, subject to the termination provisions in section 28.4.

28.4 Termination. Notwithstanding sections 28.1 through 28.3, either Party may terminate this Agreement at any time with or without cause after providing at least two (2) years prior written notice to the other party. For the avoidance of doubt, the Parties agree that a Party

may suspend performance for a material breach of this Agreement, after fully complying with all notice requirements and the Dispute Resolution process in section 31.

Section 29 Subcontracting and Vendor Requirements.

29.1 JPUD Owns its Performance Required by this Agreement.

JPUD is responsible for meeting all terms and conditions of this Agreement related to its performance under this Agreement. JPUD's performance includes meeting all standards of service, quality of materials and workmanship, costs, and schedules. Failure of a subcontractor or vendor to perform is no defense to a breach of this Agreement. JPUD assumes responsibility for and all liability for the actions and quality of services performed by any subcontractor or vendor.

29.2 Required County Approval of All Subcontractors and Vendors.

The director or their designee must approve any proposed subcontractors or vendors in writing.

29.3 Subcontractor or Vendor Disputes.

Any dispute arising between JPUD and any subcontractor or vendor or between subcontractors or vendors must be resolved without involvement of any kind by County and without detrimental impact on the performance under this Agreement.

Section 30 Controlling Law.

The Parties agree that this Agreement is entered into in the State of Washington. This Agreement shall be governed by and construed under the laws of the United States, the State of Washington and County of Jefferson, as if applied to transactions entered into and to be performed wholly within Jefferson County, Washington between Jefferson County residents. No party shall argue or assert that any state law other than Washington law applies to the governance or construction of this Agreement.

Section 31 Dispute Resolution.

31.1 Informal Resolution of Disputes.

Any dispute arising out of this Agreement, including without limitation issues relating to the validity or enforcement of this Agreement and billing disputes under section 16.10, shall be referred to the general manager and the director, who shall meet and make a good faith effort to resolve the dispute among themselves. A decision made by Informal Dispute Resolution in this subsection shall be memorialized in a writing signed and dated by the general manager and the director, which briefly describes the nature of the dispute and the resolution of the dispute.

31.2 Notice of Demand for Alternative Dispute Resolution.

If the Parties have met to resolve the dispute by Informal Dispute Resolution in section 31.1, and the dispute remains unresolved, then within thirty (30) days after the meeting for the Informal Dispute Resolution, the Party raising the issue in dispute may invoke Alternative Dispute Resolution pursuant to section 31.3 by providing the other Party with written notice of the dispute, including a brief description of the nature of the dispute and the Party's proposed resolution of the dispute. Notice given by Party for a billing dispute under section 16.11, shall satisfy the notice requirement in this subsection.

31.3 Alternative Dispute Resolution.

31.3.1 Within fifteen (15) business days after notice is given under section 31.2, the Parties shall meet to explore whether the dispute should be resolved by mediation or arbitration. By mutual agreement, the Parties may submit the dispute to non-binding mediation or to binding arbitration.

31.3.2 If the Parties do not agree to non-binding mediation or if non-binding mediation fails to resolve the dispute, the dispute shall be referred to an arbitrator mutually agreed upon by the parties. If the Parties cannot agree to a single arbitrator, the Parties shall apply to the presiding judge of the Jefferson County Superior Court to appoint a single arbitrator.

31.3.3 The arbitrator shall have the power and authority to grant legal and equitable relief in accordance with Washington law and the provisions of this Agreement.

31.3.4 The arbitrator's decision shall be final and binding on both Parties.

31.3.5 The costs of arbitration shall be borne equally by the Parties.

31.4 Litigation of Disputes.

31.4.1 If a dispute is not resolved informally or by mediation and the Parties do not agree to arbitration, either Party may commence a lawsuit.

31.4.2 In Jefferson County Superior Court on all claims related to the dispute.

31.5 Emergency Relief.

Notwithstanding the other provisions of this subsection, either Party may seek emergency or temporary equitable relief in Jefferson County Superior Court concerning disputes governed by this section 31 if imminent and irreparable harm to the Party likely will result if action is delayed until completion of the dispute resolution procedures in this section 31. The Court may grant such temporary relief as may be required to preserve the status quo or otherwise prevent irreparable harm while the Parties pursue resolution of the dispute. The Court may require the Party requesting relief to give such security as the Court deems necessary for the payment of costs and damages that may be incurred by the other Party resulting from temporary relief wrongfully granted.

Section 32 Legal and Regulatory Compliance.

While performing under this Agreement, JPUD, its subcontractors, vendors, and their employees must comply with all applicable local, state and federal laws, codes, ordinances, and regulations, including but not limited to:

32.1.1 Applicable regulations of the Washington Department of Labor and Industries, including WA-DOSH Safety Regulations; and,

32.1.2 State and Federal Anti-Discrimination Laws.

Section 33 No Harassment or Discrimination.

Any form of harassment, discrimination, or improper fraternization with any County employee is strictly prohibited. The Contractor shall not discriminate on the grounds of race, color, national origin, religion, creed, age, sex, sexual orientation, or any physical or sensory disability in the selection and retention of employees or procurement of materials or supplies.

Section 34 Safety.

While performing under this Agreement, the JPUD shall be responsible for:

34.1 Compliance with all state and federal workplace safety requirements to include compliance with County's safety directives and policies; and,

34.2 Ensuring that its employees performing services are trained in the safety procedures appropriate to assigned work.

Section 35 Drug Use Policy.

While performing services, using illegal drugs, alcohol, or controlled substances on property or premises owned or operate by County is strictly prohibited. JPUD's employees, subcontractors and vendors shall not perform services while under the influence of drugs or alcohol, and if discovered, may be reported to the appropriate law enforcement agency.

Section 36 Tobacco Use Policy.

JPUD shall become aware of policies of County on the use of tobacco and shall ensure that all of its employees, subcontractors and vendors comply.

Section 37 General Provisions.

37.1 Notice.

Whenever written notice is required by this Agreement, except for notice to cure or notice to terminate, the notice may be given to the following representatives by actual delivery,

by United States mail, or by electronic mail addressed to a Party at the following addresses or a different address hereafter designated in writing by the Party:

As to Jefferson County:

Public Works Director
623 Sheridan Street
Port Townsend, WA 98368

As to Jefferson County
Public Utility District No. 1:

General Manager
310 Four Corners Road
Port Townsend, WA 98368

The date of notice shall be deemed to be the date of actual delivery in person or by electronic mail, or the postmarked date if notice is by United States mail. Notice to Cure or notice of termination shall be accomplished by actual delivery or by both first-class mail and certified mail (with return receipt requested) deposited with the United States Postal Service. In these cases, the date of the notice shall be the date received. This section is not intended to apply to mailings for normal communications, which are commonly communicated by email or other less formal means. Such communications may be directed to the appropriate County or JPUD personnel.

Every notice shall be deemed to have been given at the time it shall be deposited in the United States mails in the manner prescribed. Nothing in this section shall be construed to preclude personal service of any notice in the manner prescribed for personal service of a summons or other legal process.

37.2 Severability.

37.2.1 It is the intent of the Parties that if any provision of this Agreement or its application is held by a court of competent jurisdiction to be illegal, invalid or void, the validity of the remaining provisions of this Agreement or its application shall not be affected, except as provided in section 26.2.1.

37.2.2 If the invalid provision or its application is found by a court of competent jurisdiction to be substantive and to renders the performance of the remaining provisions unworkable and non-feasible, or is found to seriously affect the consideration and is inseparably connected to the remainder of this Agreement, the entire Agreement shall be null and void.

37.3 No Joint Venture - Individual Liability.

This is not an agreement of joint venture or partnership, and no provisions of this Agreement shall be construed so as to make County individually or collectively a partner or joint venturer with JPUD. Neither Party is an agent of the other. Neither County nor JPUD shall be liable for the acts of the other in any representative capacity whatsoever.

37.4 Integrated Agreement.

This Agreement together with any attachments or addenda represents the entire and integrated Agreement between the Parties and supersedes all prior negotiations,

representations, or agreements written or oral. No representation or promise not expressly contained in this Agreement has been made. This Agreement supersedes all prior or simultaneous representations, discussions, negotiations, and agreements, whether written or oral, by the Parties within the scope of this Agreement.

37.5 Modification of this Agreement.

This Agreement may be amended only by a written instrument signed by all of Parties.

37.6 Section Headings.

The headings of the sections of this Agreement are for convenience of reference only and are not intended to restrict, affect, or be of any weight in the interpretation or construction of the provisions of the sections or this Agreement.

37.7 Venue, Jurisdiction and Specific Performance.

If of litigation between the Parties, venue and jurisdiction shall lie with the Jefferson County Superior Court of the State of Washington. The Parties shall be entitled to specific performance of the terms and conditions of this Agreement.

37.8 Default Other than Payment Default.

If of a potential default other than on payment obligations addressed in section 37.8, the non-defaulting Party shall issue written notice to the other Party setting forth the nature of the potential default. If the alleged defaulting Party does not dispute the potential default, it shall use its best efforts to cure the default within ninety (90) calendar days. If such default cannot be reasonably cured within such ninety (90) day period, the alleged defaulting Party shall, upon written request prior to the expiration of the ninety (90) day period, be granted an additional sixty (60) calendar days to cure the default. If the alleged defaulting Party disputes the alleged non- payment default, it shall proceed with its dispute according to the dispute resolution process section 31.

37.9 Force Majeure.

The time periods for the Parties' performances under any provisions of this Agreement shall be extended for a reasonable period of time which arise out of causes beyond a Party's control and without fault or negligence of such Party the respective Party's performances are prevented in good faith due to: fire, flood, earthquake, lockouts, strikes, embargoes, acts of God, war, terrorism or other acts of a public enemy, civil disobedience, or epidemics, pandemics or quarantine restrictions. If this provision is invoked, the Parties agree to immediately take all reasonable steps to alleviate, cure, minimize or avoid the cause preventing such performances, at their respective sole cost and expense.

37.10 Binding on Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the Parties' successors in interest, heirs, and assigns.

37.11 Recitals Incorporated by Reference.

The Recitals set forth in section 1, are hereby incorporated in this Agreement in full by this reference.

37.12 No Third-Party Beneficiaries.

Except as expressly set forth in this Agreement, nothing in this Agreement is intended to confer upon any person or entity, other than the Parties, any rights, benefits, privileges or obligations. No such third-party shall have any right to enforce any of the terms of this Agreement unless expressly stated otherwise.

37.13 Waiver.

A waiver by either Party of any terms or conditions of this Agreement shall not be deemed or construed to be a waiver of any other term or condition, nor shall the waiver of any breach or default by either Party under this Agreement be deemed or construed to constitute a waiver of any different, other or subsequent breach or default, whether of the same or any other term or condition of this Agreement. Any waiver of a breach or default under this Agreement shall be done in writing and signed by the representatives of the Parties.

37.14 No Assignment.

No Party shall sell, assign, or transfer any of rights obtained by this Agreement without the express written consent of all Parties.

37.15 Attachments.

All attachments to this Agreement are incorporated into this Agreement in full by this reference.

37.16 Public Records Act Compliance.

County shall be responsible for timely and adequately responding to requests for records addressed to it under the Public Records Act, chapter [42.56](#) RCW. JPUD shall be responsible for timely and adequately responding to requests for records addressed to it under the Public Records Act.

37.17 Records Retention.

37.17.1 All books, records, documents, and other material relevant to this Agreement, including but not limited to evidence that sufficiently and properly reflect all direct and indirect costs expended by either to perform this Agreement, shall be retained by the Parties for the period required by the most recent version of the Local Government Common Records Retention Schedule (CORE) published by the Local Records Committee in accordance with RCW [40.14.070](#).

- 37.17.2 If any audit, claim, litigation or public records request is started before the expiration of the retention period in CORE, the records described in section 32.17.1 shall be retained until audit findings, claims, litigation and public records request involving these records have been resolved.
- 37.17.3 The records described in section 32.17.1 shall be subject to inspection, review or audit by personnel of both Parties, the Office of the State Auditor, and federal officials so authorized by law.
- 37.17.4 The records described in section 32.17.1, in any medium, furnished by one Party to another party, shall remain the property of the furnishing Party, unless otherwise agreed.
- 37.18 Recording of this Agreement Required.
- Pursuant to RCW 39.34.040, this Agreement and all amendments shall be recorded by County with the Jefferson County Auditor following its approval and execution by the Parties and the cost of such recording paid by County. Proof of the recording shall be proved to JPUD within ten (10) days of recording.
- 37.19 Arms-Length Negotiations.
- The Parties agree that this Agreement has been negotiated at arms-length, with the assistance and advice of competent, independent legal counsel.
- 37.20 Facsimile and Electronic Signatures.
- The Parties agree that facsimile and electronic signatures shall have the same force and effect as original signatures.
- 37.21 Permit Contingency.
- This Agreement is contingent upon County obtaining from Ecology all permits necessary to operate the PHUGA sewer system.
- 37.22 Representations and Warranties.
- 37.22.1 Each person signing this Agreement is fully authorized to enter into this Agreement on behalf of the Party for whom their signature is being made;
- 37.22.2 Each Party has taken all necessary corporate and internal legal actions to duly approve the making and performance of this Agreement and that no further internal approval is necessary; and,
- 37.22.3 Each person signing this Agreement has read this Agreement in its entirety, know the contents of this Agreement, agrees that the terms and conditions are contractual and not merely recitals, and agrees that they have signed this Agreement, having obtained the advice of legal counsel.

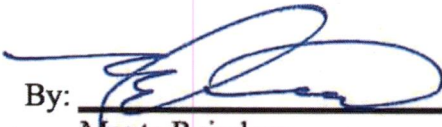
IN WITNESS WHEREOF, the Parties hereby execute this Agreement.

JEFFERSON COUNTY WASHINGTON
Board of County Commissioners
Jefferson County, Washington

By: _____
Kate Dean, Chair Date

By: _____
Greg Brotherton, Commissioner Date

By: _____
Heidi Eisenhour, Commissioner Date

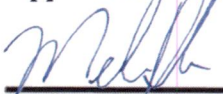
By:  11/25/24
Monte Reinders, Date
Public Works Director

SEAL:

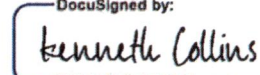
ATTEST:

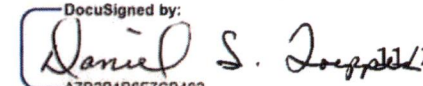
Carolyn Galloway, CMC Date
Clerk of the Board

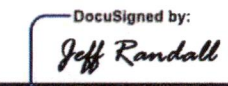
Approved as to form only:

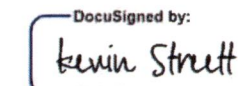
 for 12/04/2024
Philip C. Hunsucker, Date
Chief Civil Deputy Prosecuting Attorney,
Counsel for Jefferson County

**JEFFERSON COUNTY PUBLIC UTILITY
DISTRICT NO. 1**

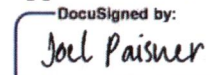
DocuSigned by:
 11/20/2024
By: _____
Kenneth Collins, Commissioner Date

DocuSigned by:
 11/20/2024
By: _____
Dan Toepper, Commissioner Date

DocuSigned by:
 11/21/2024
By: _____
Jeff Randall, Commissioner Date

DocuSigned by:
 11/21/2024
By: _____
Kevin Streett, General Manager Date

Approved as to form only:

DocuSigned by:
 11/22/2024
By: _____
Joel Paisner, Date
Ascent Law Partners, LLP, Counsel for Jefferson
County Public Utility District No. 1