## (6-29-18REJdraft)

**AGREEMENT FOR THE WHOLESALE SUPPLY OF WATER**

THIS AGREEMENT FOR WHOLESALE SUPPLY OF WATER ("Agreement") is

entered into by and between the City of North Bend, a municipal corporation of the state of Washington (the "City") and Sallal Water Association, a member owned Washington non-profit corporation ("Sallal"), as of the date of last execution below.

1. RECITALS
   1. The City supplies potable water to customers within its water service area through a public water system. In 1999, the North Bend City Council enacted a moratorium on new connections to the water system when it was discovered that the City was exceeding its annual water right for its only source of water, the Mt. Si Springs. Shortly thereafter the City began a search for new water rights.
   2. In 2007, the City began planning construction of a new production well ("Centennial Well") on the City's public works property located at 1155 E. North Bend Way, North Bend WA ("Public Works Parcel") in order to exit the moratorium and have source capacity to provide potable water for the anticipated growth demands of its service area.
   3. The Centennial Well lies within the Snoqualmie River Basin which does not continuously meet minimum instream flows set forth in WAC 173- 507. Thus, the Washington State Department of Ecology ("Ecology") required the City to prepare a mitigation plan to obtain ground water rights for its operation. On April 10, 2008, Ecology issued water right permit No. Gl-26617(A) ("Permit") for the Centennial Well containing a mitigation plan. The Centennial Well has been constructed and is operating
   4. In order to provide mitigation required by the Permit, the City must contract for and develop supplies of mitigation water ("Mitigation Water") for delivery to the Snoqualmie River in amounts required to offset the net stream depletion resulting from withdrawals of water under the Permit when flows are below minimum instream flow levels for control points on the Snoqualmie River. The primary initial source of Mitigation Water for the City is Seattle Public Utilities' Hobo Springs source ("Hobo Springs Source") located in the upper Cedar River Watershed. The Hobo Springs Source may not be adequate, by itself, to meet the total mitigation requirement of the Permit at all times of the year, particularly in drought years. In the Permit, Ecology identified that up to 35% of Sallal's water right, 243.6 acre feet per year (AFY), is available as a secondary mitigation source from certain Sallal wells ("Wells 1 and 2") when the mitigation capacity of the Hobo Springs Source is unavailable.
   5. Sallal supplies potable water to customers within its water service area and the City supplies potable water to customers within its water service area. The parties' water service areas are adjacent to each other and are described in their respective water system comprehensive plans as now existing or later amended. Each party has the exclusive right to provide water service in its respective water service area.

A portion of Sallal's water service area includes an area annexed in 2009 by the City. The area that was annexed is approximately located to the East of 432th Avenue SE and North of l-90 ("Annexation Area"). The Annexation area and other areas within the urban growth area (“UGA”) as designated by King County and which are within Sallal’s water service area contain zoning to allow dense commercial and residential development. Sallal's water rights are insufficient to serve all of the growth that could occur within the Annexation Area and UGA. The Protested Report of Examination (“Report”) that is the basis for the Permit states that the City will convey water to Sallal on a wholesale basis so that Sallal may provide water service to the Annexation Area and UGA*"until North Bend 's water service area expands to include all property within the UGA* ". The acquisition and transfer of water service areas and facilities among water utilities are governed by many laws and the parties recognize that the Report does not supersede those laws.

* 1. In order for the City to provide potable water to Sallal as authorized by the Permit so that Sallal may continue to serve the Annexation Area and UGA, the City will sell potable water to Sallal from the Centennial Well and provide Sallal with an easement so that Sallal may install pumps, controls and storage to receive the water.

## The parties have negotiated terms for water supply as set forth herein in order to satisfy their respective water supply needs. The parties are willing to supply each other with wholesale water on the terms and conditions provided for herein, and each is willing to purchase wholesale water from the other on such terms and conditions. Now, therefore,

In consideration of the mutual covenants herein contained, the parties agree as follows.

1. INTERTIE MANAGEMENT COMMITTEE AND PLAN

2.1 Committee. Promptly following mutual execution of this Agreement, the parties shall each appoint one or more representatives to an Intertie Management Committee (“Committee”). The Committee shall be advisory in nature and shall have no legal authority to obligate the parties. The Committee members shall meet at least once every six months and they may otherwise establish a meeting schedule and a system of governance. Subject to the approval of the parties, the Committee may engage engineering and hydrogeologic consultants to advise it on matters pertaining to water supply, usage, mitigation and environmental aspects of the Permit. In the event of disagreements, disputes or deadlocks, the Committee may utilize, subject to approval of the parties, engineering, hydrogeologic and legal experts to mediate the issues.

2.2 Water Usage Plan. Committee members shall meet within thirty (30) days of mutual execution of this Agreement and commence development of a water usage plan (“Water Usage Plan”) to plan the usage of both Mitigation Water and water to be supplied to Sallal for potable purposes. The Water Usage Plan may include such other provisions as the Committee deems appropriate. The parties shall use their best efforts to cause the Water Usage Plan to be in place prior to the provision of any water hereunder. The Water Usage Plan shall be reviewed by the Committee at least once every year which shall include a review of compliance with Permit requirements. The provisions of this Agreement shall prevail over the terms of the Water Usage Plan.

2.3 Coordination of Water Usage. A primary purpose of the Water Usage Plan shall be to forecast and coordinate the parties’ respective needs for water to maximize both parties’ capabilities to supply their respective customers and minimize the City’s mitigation requirements under the Permit. The Water Usage Plan shall contain guidelines for timing and amounts of withdrawals by both parties and be reviewed and adjusted from time to time as the Committee deems prudent.

1. SUPPLY AND PURCHASE OF MITIGATION WATER BY THE CITY
   1. Water supply. In consideration of the benefits provided by this Agreement, Sallal shall sell Mitigation Water to the City on the terms and conditions set forth below.
   2. Water source. Mitigation Water from Sallal to the City shall be supplied from Sallal's Wells 1 and 2 (and possibly a third well upon its completion) located in Sallal's Rattlesnake Well Field at the terminus of an existing Sallal owned water main located at approximately the XX.XX block of Cedar Falls Road. Such point of terminus is within approximately five lineal feet of an existing City owned pipeline to be used solely for the mitigation purposes described in the Permit. The facilities to connect the two existing mains including a vault, meter, and valve (together called "Boxley Creek Intertie") are shown on Exhibit A which is attached hereto and incorporated by reference.
   3. Work. All work to design and install the Boxley Creek Intertie shall be performed by the City at its sole cost and expense; provided that Sallal shall have the right to review and approve all plans for the work and inspect the work. All work shall be performed to municipal utility standards. Upon completion, the Boxley Creek Intertie shall be owned, maintained and operated by the City but Sallal may inspect and access the facilities and read the meter.
   4. Ownership. Sallal shall continue to own and operate all of its water system facilities on its side of the Boxley Creek Intertie and the City shall continue to own and operate all of its water system facilities on its side of the Boxley Creek Intertie. The valve separating the two water systems shall be kept closed except pursuant to a mutually agreed upon maintenance and flushing schedule and when Mitigation Water is needed as set forth below.
   5. Water Usage. The City shall give Sallal reasonable notice of its intent to withdraw Mitigation Water from the Boxley Creek Intertie. In the event of planned, non­ emergency usage, the notice shall be not less than 7 days. In the event of emergency usage, the notice shall be not less than 24 hours, if possible. Subject to the provisions herein, Sallal shall provide the City with instantaneous flow of Mitigation Water at the rate of up to 1000 GPM and an annual quantity not to exceed 243.6 AFY as measured by the City's meter at times and amounts necessary to satisfy the City's mitigation requirements under the Permit when mitigation water is not available in sufficient quantities to the City from the Hobo Springs Source.
   6. Conditions of Service Through the Boxley Creek Intertie. The following terms and conditions shall, in addition, apply to Mitigation Water supplied to the Boxley Creek Intertie.
      1. The quality and content of water supplied to the City shall not be altered or treated by Sallal in any way that would be inconsistent with the City's intended use of the water for direct discharge to Boxley Creek (which discharges into the South Fork of the Snoqualmie River) for instream flow augmentation. Sallal may chlorinate or treat its water supply whenever it is required or it deems prudent or necessary to do so, in which case the City, at its sole cost and expense, shall construct a new pipeline directly from Sallal’s Rattlesnake Lake Well Field (at a specific location designated by Sallal) to the Boxley Creek Intertie in order to receive untreated water. Sallal shall own, maintain and operate that pipeline. Sallal shall grant the City a license for the area of the work to the reasonable extent that it has authority to do so. Sallal shall be entitled to review and approve all plans for the work in order to ensure operational compatibilities, to approve any contractors hired by the City and to inspect the work. All work shall be performed to Sallal's standard specifications for water main extensions and pursuant to Sallal's standard form developer extension agreement. If necessary, the City shall obtain Seattle's approval and an easement for all new facilities to be located in the area of Sallal's Rattlesnake Well Field at City' s sole cost.
      2. Sallal shall Give the City reasonable notice of any substantial changes to water treatment, hydraulic gradient, or water pressure from its Rattlesnake Lake wellfield. Upon the City's request, Sallal will send water quality testing information to the City.
      3. The City, at its expense, shall install, own, maintain and operate the City's meter at the Boxley Creek Intertie, including telemetry and SCADA needed to monitor Mitigation Water taken from Sallal's wells. The City's meter shall be calibrated at least once every three years at the City's expense by an independent representative of the meter manufacturer and shall be maintained to be accurate within the manufacturer specifications. Calibration may occur in place. Sallal shall have free and unlimited access to the City's intertie meter for inspection and testing at Sallal’s expense. Sallal shall read the City's intertie meter monthly and bill the City for water supplied according to the terms of this Agreement.

Notwithstanding any other provision herein, the City's use of Mitigation Water from Sallal shall at all times be and remain a backup source of water to the Hobo Springs Source and any other mitigation water source developed by the City. Specifically, the City shall not be entitled to withdraw water through the Boxley Creek Intertie unless legally sufficient water is unavailable from the Hobo Springs Source or any other source of mitigation water that is available to the City.

3.6.5. Water delivered through the Boxley Creek Intertie may only be used for the instream flow mitigation purposes described in the Permit and shall not be used for any other purpose.

3.6.6 If Sallal determines at any point that the quantity of Mitigation Water from Sallal’s wells is insufficient pursuant to the terms of the Permit or Sallal determines that provision of Mitigation Water is overly disruptive or burdensome to its operations, Sallal shall so notify the City in writing (“Insufficiency Notice”) and the City shall thereupon commence, at its sole cost and expense, planning, design, permitting and installation of a replacement supply of Mitigation Water from Seattle Public Utilities’ (“SPU”) Tolt River reservoir as contemplated by the Permit or from a legally and physically viable alternate source. The City shall keep the Committee apprised of its progress. Notwithstanding any other provision of this Agreement, Sallal’s obligation to provide Mitigation Water to the City shall expire upon the earlier of the date when the City has facilities in place to receive such water or ten (10) years from the date of the Insufficiency Notice.

1. SUPPLY AND PURCHASE OF WATER BY SALLAL
   1. Water supply. For the term of this Agreement and subject to thequantities of water usage authorized by the Permit, the City shall sell water to Sallal in such amounts determined reasonable or necessary by Sallal to satisfy the requirements of all water connections within the Annexation Area and the UGA .
   2. Water source and Intertie. Sallal shall have the option of purchasing untreated or chlorinated water from the City subject to the following.
      1. Untreated water from the City to Sallal shall be supplied from the Centennial Well by way of an intertie between the parties' respective water systems located in the right of way at approximately the XXXX block of Cedar Falls Way, or as relocated by Sallal to a mutually satisfactory location to include a water reservoir of approximately 20,000 gallons, a booster pump to be located on an easement on the southeast corner of the City 's Public Works Parcel and related piping (collectively referred to as the “Cedar Falls Way Intertie"). A drawing of the Cedar Falls Way Intertie is attached hereto as Exhibit B which is incorporated by reference as if set forth in full herein.
      2. The City shall grant Sallal an easement (" Easement") and access license at no charge for the term of this Agreement to install, operate, maintain, repair and replace the parts of the Cedar Falls Way Intertie located upon the City's Public Works Parcel. Attached hereto as Exhibit C which is incorporated by reference as if set forth in full herein, is the form of Easement. Upon mutual execution hereof, the Easement shall be executed by the parties and recorded with the King County Recorder.
      3. If Sallal chooses to purchase chlorinated water from the City, Sallal shall be entitled to relocate its source water piping from the Centennial Well wellhead to a mutually agreeable location on the City's potable water distribution system.
      4. All work to design and install the Cedar Falls Way Intertie (and

possible piping relocation and future main to North Bend Way) shall be performed by Sallal at its sole cost and expense; provided that the City shall have the right to review and approve all plans for the work and inspect the work and any modifications to ensure operational compatibilities. Sallal shall use reasonable efforts to complete the installation of the Cedar Falls Way Intertie by no later than December 31, 2021. All work shall be performed to municipal utility standards. Upon completion, the Cedar Falls Way Intertie shall be owned, maintained and operated by Salla1 but the City may access and inspect the facilities.

* + 1. If any Cedar Falls Intertie facilities located on the City's property are abandoned by Sallal, Sallal shall, upon request by the City, remove them at its sole cost and expense and repair the surface of the ground to a reasonable condition
  1. Water flow. Sallal shall give the City not less than four (4) weeks notice of its intent to initially commence withdrawals of water from the Cedar Falls Way Intertie along with an approximate schedule for planned withdrawals of water which may be adjusted from time to time. The City shall give Sallal reasonable notice of any substantial changes to hydraulic gradient or water flow and pressure from the Centennial Well.
  2. Conditions of Service Through the Cedar Falls Way Intertie. The following additional terms and conditions shall apply.
     1. If Sallal takes untreated water from the Centennial Well, the quality and content of water supplied to Sallal at the Cedar Falls Way Intertie shall not be altered or treated by the City in any way that would be inconsistent with Sallal's intended use of the water for non-treated potable supply and fire protection.
     2. The source water, whether chlorinated or unchlorinated, shall comply with US EPA Safe Drinking Water Act and State drinking water standards regardless of the location from which Sallal receives the water or whether or not it is chlorinated.
     3. Sallal, at its sole cost and expense, shall install, own, and operate the meter at the Cedar Falls Way lntertie, including telemetry and SCADA. The meter shall be calibrated at least once every three years at Sallal's sole cost and expense by an independent representative of the meter manufacturer and shall be maintained to be accurate within the manufacturer' s specification. Calibration may occur in place. The City shall have free and unlimited access to the intertie meter for reading, inspection and testing at the City's expense. The City shall read the intertie meter monthly and bill Sallal for water supplied according to the terms of this Agreement.
     4. The Cedar Falls Way Intertie may possibly flow water by gravity from Sallal's water system to the City's water system. All such flow shall be for emergency purposes only based on a major catastrophe, such as an earthquake, that substantially damages the City's water system and such use shall be subject to Sallal's prior written consent which may be granted or withheld in its sole discretion. Sallal shall have no obligation to chlorinate or treat its water
     5. In the event of a general emergency or weather-related water shortage affecting the City’s water system, general restrictions placed upon water deliveries to Sallal shall be applied equally to the City’s customers generally and to Sallal’s customers in the Annexation Area.

1. RATES AND CHARGES

5.1 Invoicing. Each party shall bill the other for water supplied by monthly invoice due and payable thirty (30) days after the date thereof. Each monthly bill shall be comprised of the monthly usage at the applicable water rate as set forth below. Delinquent and unpaid balances shall bear interest at 12 percent per annum. Either party, at its option, may bill the other on a quarterly, semi-annual or annual basis to reduce meter reading and billing expense.

5. 2 Rates. For a period of fifteen (15) years from the date of mutual execution of this Agreement, each party shall charge the other the water usage rate that Seattle Public Utilities (SP U ) applies to the City for purchases of water from the Hobo Springs Source and through the Cedar Falls Way Intertie. The Committee may recommend to the parties that a mutually agreed upon adjustment to the rate be analyzed prior to the expiration of the fifteen year period.

At the end of the 15 year initial term, the parties may revise the water usage rate by mutual agreement or the rate will be based upon a cost of service rate study based on the City's water source production costs attributable to the Centennial Well to be completed by the City; provided, however, if Sallal disputes the usage rate, it may prepare its own cost of service rate study and the City shall authorize Sallal's staff and rate consultant reasonable access to its records for such purpose. The Committee shall then compare the rate studies and shall confer regarding the usage rate. If they are unable to agree on recommended revised usage rate, the dispute resolution provisions set forth below shall apply and the arbitrator shall determine a reasonable rate based on the City's water source production costs. In any event, the water usage rate applicable to both parties under this Agreement, whether for Mitigation Water or water supplied to Sallal, shall remain the same unless the parties agree otherwise.

5.3 General Facilities Charge to New Connections in the Annexation Area. The City has established a special wholesale connection charge (''GFC") applicable to every new connection to the Sallal water system within the Annexation Area after the date of this Agreement in the amount of $1,308 per equivalent residential unit (“ERU”). The GFC shall be an add-on charge to Sallal's customary membership and meter installation charges and shall be charged to and borne by the new member. Sallal shall collect the charge at the time of membership application and remit it to the City within thirty (30) days receipt. If the City makes additional improvements to the Centennial Well after the date of this Agreement, the City may amend the charge based on the following and upon reasonable notice to Sallal. The GFC shall be based on an equivalent residential unit (ERU) standard as follows. One single family home, with or without an in-home sprinkler system, shall consist of one ERU. Multifamily projects shall consist of 8/10’s of an ERU for each residential living unit. ERU's for commercial projects shall be based on AWWA standards as applied to meter size. The charge shall be based solely on the City's out of pocket and direct costs of development of the New Centennial Well including the cost to obtain the Permit. The term "cost" for purposes of this section means actual expenditures capitalized into the cost of the New Centennial Well for generally accepted accounting purposes incurred after this Agreement. The cost base for the GFC shall be equitably spread among the City's existing connections and expected growth in the City including the Annexation Area. Sallal shall identify the GFC as a separate additional charge due from its new members in the Annexation Area. In the event of litigation or claims from members or prospective members arising out of the charge, the City shall defend the same and indemnify Sallal.

5.4 SPU Facility Charge. Sallal shall further pay to the City the amount of SPU’s wholesale regional facility charge (presently $936 per equivalent residential unit based on meter size) for each new connection within the Annexation Area based on the methodology imposed by SPU on the City for as long as it is applied to the City. This charge shall be imposed, collected and remitted in the same manner as set forth in the preceding section.

5.5 Accounting Records. The City shall keep full and complete books of account for the sales of water described herein in compliance with current standards required by the State Auditor. Sallal shall keep full and complete books of account for sale of water described herein in compliance with generally accepted accounting standards as applied to private entities. Either party may request independent reviews or audits by in house personnel or consultants at its own expense to review charges and credits made in accordance with or resulting from this Agreement.

1. GENERAL AND ADMINISTRATION
   1. Authority. Each party shall amend its comprehensive plan to authorize the conveyances of water and interties described in this Agreement. Each party warrants and represents to the other that the person signing this Agreement on the party's behalf has the requisite power and authority to do so and the party's respective governing bodies have duly authorized and approved this Agreement and that each has the right, title, power and authority to carry out and perform the terms of this Agreement.
   2. Service Areas. Each party retains the right to exclusively serve their respective water service area. Neither party shall serve properties within the other's service area without the prior written consent of the other party which may be granted or withheld in its sole discretion. This Agreement does either party any rights as to the other party' s water storage, transmission and source facilities nor the water rights of a party.
   3. Damage/Force Majeure.. In the event of loss or destruction of water system facilities described in this Agreement, the owner of the damaged facility shall use reasonable efforts to repair or replace it within a reasonable time. A party's performance that is prevented by a natural catastrophe, act of terrorism, act of God or similar event, shall be excused until the event subsides and performance can be reasonably accomplished.
   4. Term. Except as the parties may otherwise agree in writing, this Agreement shall commence on the date of mutual execution hereof and shall remain in effect for the life of the Cedar Falls Way Intertie facilities described herein as they may be replaced, adjusted and repaired from time to time and the Permit and resulting certificate of water right.
   5. Dispute resolution. Any dispute arising out of the terms and conditions of this Agreement, except for a billing dispute, shall be submitted for mediation to a mediator agreed to by the parties. If mediation is unsuccessful, the dispute shall be arbitrated by a mutually designated arbitrator. If the parties cannot agree on an arbitrator, then JAMS Arbitration and Mediation Service in Seattle, WA shall make the appointment. Arbitration shall be conducted in accordance with Title 7.04 RCW and JAMS rules. The arbitrator's decision shall be final and shall award reasonable attorneys' fees, expert witness fees and costs of arbitration to the prevailing party. Requests for reconsideration or modification may be submitted as provided by Superior Court Civil Rules. The arbitrator's decision shall be reduced to judgment as provided by Title 7.04 RCW. The provisions of this paragraph do not apply to arbitration of a billing dispute.
   6. Binding on successors/No third-party beneficiary/Entire Agreement. This Agreement shall inure to the benefit of and be binding upon successors of interest and assigns of the parties. Neither this Agreement nor obligations to perform hereunder may be assigned voluntarily by either party without the other party's written consent. The parties by this Agreement do not intend to confer, and do not confer, rights or benefits upon any third party. This Agreement represents the entire agreement of the parties concerning the subject matter.
   7. Notice. All notices relating to this Agreement shall be sent to the following addresses, certified mail, return receipt requested, unless the other party is previously notified in writing of a different address:

To the City:

City Administrator

P.O. Box 896

North Bend, WA 98045

To Sallal:

General Manager

P.O. Box 378

North Bend, WA 98045

Provided, that monthly invoices and payments thereof may be delivered by regular mail.

* 1. Indemnification. Each party agrees to indemnify the other and hold it harmless from and against any loss, cost, damage, or expense of any kind and nature, including reasonable attorneys' fees and expert witness fees, arising out of injury to person or damage to property in any manner caused by the negligence, intentional act, or omission of the party in the performance of its work pursuant to or in connection with this Agreement. The City shall be solely responsible for any claims, obligations, demands, fines or penalties arising out of any actual or alleged violation of the terms of the Permit and shall indemnify and defend Sallal therefrom.
  2. No joint venture. This Agreement is intended to be and is a contract for the purchase and sale of a commodity and no provision hereof shall be construed to make the parties partners or joint venturers. Neither party is the agent of the other nor shall either party be held liable for the acts of the other on a theory of agency or any other representative capacity.
  3. Replacement Agreement. Representatives of the parties shall use reasonable efforts to meet at least once every five years to review the operation of this Agreement.
  4. Mutually Dependent Provisions/Partial Invalidity. The obligation contained in this Agreement for one party to provide water service to the other is mutually dependent on the obligation and performance of the other party to provide water service. 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 shall not be affected; provided, however, if the invalid provision or its application is found to be substantive and to render performance of the remaining provisions infeasible or is found to seriously affect the consideration and is inseparably connected to the remainder of the Agreement (such as the obligation of one party to provide water service to the other), the entire Agreement shall be invalid.
  5. Non-Exclusivity. The parties may pursue sources of water and water rights without restriction in order to supply their respective water supply needs from alternative sources.
  6. Rate Making Authority. Each party retains the full right and authority to rates and charges applicable to customers connecting to their respective water system and for the usage and availability of water.
  7. City Public Utility Tax. The City’s public utility tax applies to monthly base rates and water usage charges paid by customers located within the City. For purposes of calculating Sallal’s obligation to pay the tax, Sallal shall receive a credit against taxable revenues for the cost of all water purchases charged by the City to Sallal.
  8. Membership. In consideration of the benefits provided by this Agreement, Sallal shall issue one membership to the City at no charge.

CITY OF NORTH BEND SALLAL WATER ASSOCIATION

By: Ken Hearing, Mayor Attest/Authenticated:

By, Attest/Authenticated:Director

## Susie Oppedal, City Clerk

Approved as to Form:

Michael R. Kenyon, City Attorney

EXHIBIT A:

Boxley Creek Intertie Drawing

## EXHIBIT B:

Cedar Falls Wav Intertie Drawing

Exhibit C

After recording return to:

Sallal Water Association P.O. Box 378

North Bend. WA 98045-0378

|  |  |
| --- | --- |
| **DOCUMENT TITLE** | Easement for Water System Facilities |
| **REFERENCE NO. OF** | n/a |
| **DOCUMENTS ASSIGNED/** |
| **RELEASED** |
| **GRANTOR** | City of North Bend |
| **GRANTEE** | Sallal Water Association |
| **LEGAL DESCRIPTION lo ar0** |  |
| **ASSESSOR'S PARCEL NO.** | 102308-9043 |

**EASEMENT FOR WATER SYSTEM FACILITIES**

* + 1. Grant of Easement. City of North Bend (" Grantor"). a Washington municipal

corporation, for valuable consideration, receipt of which is hereby acknowledged, hereby

conveys and grants to Sallal Water Association ("Association"), a Washington non-profit corporation, a non-exclusive (except as provided herein) easement for the installation operation, maintenance, replacement and repair of water system facilities under, across and along, in and over the property legally described on **Exhibit A** hereto located in King

County, Washington and known hereafter as "Easement Area." The Easement Area is shown diagrammatically on **Exhibit B** attached hereto and incorporated herein by this reference.

* + 1. Access. Grantor hereby grants to Association and its agents and contractors a

license over driveways and parking areas within the parcel of real property described in

Exhibit A for access to construct, maintain, operate, repair and replace Association's water system facilities on the Easement. The license shall be for the duration of this easement.

* + 1. Construction. When the work on the water system facilities commences, the work shall be performed continuously and be completed in a reasonable time and with reasonable dispatch, taking into account the nature of such work. Upon completion of the installation, repairs or replacements except for areas containing above ground facilities, the Association shall return the surface of the Easement Area and the surrounding property to a reasonable condition.
    2. Purpose. The purpose of the easement is to allow the Association to use, maintain, operate, repair and replace water system lines and facilities including water mains, water reservoir and pump station in the Easement Area to furnish water service to property within Association’s water service area as it may be adjusted from time to time.
    3. Grantor's Use of Easement. Except for the area containing Association's water reservoir and pump house (which shall be exclusive to Association), Grantor shall have the right to use the surface of the easement for all purposes so long as Grantor's use does not

## interfere with the installation operation repair or maintenance of the water system facilities. Grantor shall not dig, regrade the surface or perform other construction in the Easement Area that will disturb or endanger Association's water system facilities. Grantor shall not place a permanent building or structure on the Easement Area.

* + 1. Duration. This easement shall remain in full force and effect for as long as Association operates the water system facilities on the Easement. This Easement is entered into in connection with that certain Agreement for the Wholesale Supply of Water (2018) of even date.

GRANTOR:

City of North Bend

By:

STATE OF WASHINGTON

ss.

COUNTY OF KING­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

THIS IS TO CERTIFY that on this day of . 2018. before me, a Notar y Public in and for the State of Washington. duly commissioned and sworn. came

. personally known or having presented satisfactory evidence to be the

of the City) of North Bend the municipality that executed the foregoing instrument. and acknowledged the said instrument to be the free and voluntary act and deed of said municipality for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument on behalf of said municipality.

WITNESS MY HAND and official seal the day and year in this certificate first above written.

Print Name:

Notary Public in and for the State of Washington, residing. at

Expiration Date:

# EXHIBIT A

## (Legal Description of easement)

**EXHIBITB**

(Graphical depiction of Easement Area)