

INTERLOCAL AGREEMENT FOR THE CLEARVIEW WATER PROJECT

WHEREAS, the undersigned municipal corporations (the "Parties" or the "Municipalities") provide water service to residents in Southwest Snohomish County; and

WHEREAS, comprehensive planning by the Parties indicates population growth in Southwest Snohomish County that will require construction of water transmission, storage and pumping facilities from the Everett regional water system's Pipeline No. 5 to the Clearview area of Snohomish County to convey water from the City of Everett's water supply system; ("the Clearview Project"); and

WHEREAS, the Parties will benefit from construction of these facilities; and

WHEREAS, the purpose of this Interlocal Agreement is to provide joint management, and preliminary funding for the planning, design, engineering, financing and administration related to construction of the Clearview Project; and

WHEREAS, this Agreement is entered into by the undersigned Parties, municipal corporations organized under the laws of the State of Washington, pursuant to the Interlocal Cooperation Act, Chapter 39.34 RCW, and after authorization by the legislative bodies of each of the Parties;

NOW THEREFORE, IT IS HEREBY AGREED BY THE PARTIES AS FOLLOWS:

1. **JOINT POWERS.** Pursuant to Chapter 39.34 RCW, this Agreement shall be a joint powers agreement to create and confer powers, privileges, and authority upon the CLEARVIEW GROUP as provided in this Agreement.
2. **PURPOSE.** The purpose of this Agreement is to bring together interested Parties which are benefited by the proposed Clearview Project to provide a mechanism for the accumulation of financial resources to retain professional assistance to accomplish the planning, design, and engineering thereof and to develop mechanisms to finance those facilities and to operate and maintain them after they are placed in operation. It is the intent that this Agreement will take the Project through Planning, Pre-design, and Permitting.
3. **ORGANIZATION.** This Agreement does not establish a separate legal entity but rather creates an administrative entity to be known as the CLEARVIEW GROUP, which shall act at the direction of a board comprised of representatives from each of the Parties to this Agreement. The CLEARVIEW GROUP shall perform purely administrative functions and, except as otherwise noted herein, no power or authority to act on behalf of, or in the stead of, the undersigned Parties is delegated to the CLEARVIEW GROUP. The members listed hereafter in Section 4 shall constitute the CLEARVIEW GROUP subject to reasonable and equitable latecomer provisions as established by agreement of all members. Additional Parties may be added by unanimous amendment of this Agreement which will be based, at a minimum, on financial participation in the Clearview Project.

4. **GOVERNANCE.** Governance of the CLEARVIEW GROUP shall be initially vested in a Board of Directors consisting of one (1) member representing each Party designated in writing, as follows:

- A. Alderwood Water District (AWD) - any person designated by the Board.
- B. Silver Lake Water and Sewer District (SLWD) - any person designated by the Board.
- C. Cross Valley Water District (CVWD) - any person designated by the Board.
- D. Mukilteo Water District (MWD) - any person designated by the Board.
- E. City of Everett (Everett) - any person designated by the Everett Mayor.
- F. City of Lynnwood (Lynnwood) - any person designated by the Lynnwood Mayor.
- G. City of Edmonds (Edmonds) - any person designated by the Edmonds Mayor.
- H. City of Mountlake Terrace (Mountlake Terrace) - any person designated by the Mountlake Terrace Mayor.

By execution of this Agreement, each Party fully authorizes its designated Board Member to act on its behalf regarding all matters decided by the Board relating to the Clearview Project. Each Party or designated Board member may designate an alternate representative in writing; provided that, alternates shall be designated in writing prior to any Board meeting at which said alternate attends and acts on behalf of a Party.

The representative of AWD shall serve as Executive Secretary of the CLEARVIEW GROUP and shall be authorized to execute all Board actions, including execution of all contracts authorized by the Board of Directors. AWD shall serve as the lead agency for SEPA and other permits.

5. **BOARD MEETINGS.** The Board of Directors shall meet at least quarterly; provided that any Party through its designated Board Member hereof may call a Board meeting by 48 hour prior written notice of the time and place thereof to all other Board members or to the Party. Board members shall be responsible for notice of meetings to other Parties interested in Clearview Project matters. AWD agrees to provide services for notice of meetings and meeting facilities unless otherwise authorized by the Board. Subject to Section 7, a quorum shall constitute a majority of the members.

6. **TECHNICAL COMMITTEES.** A Technical Committee or Technical Committees are authorized to be established by the Board of Directors for day-to-day management of the Clearview Project on such terms as the Board shall direct.

7. **VOTING.** 7. Except as otherwise provided in this Agreement, all actions of the Board of Directors authorizing contracts, expenditure of funds, and/or major decisions affecting the Clearview Project shall be by weighted vote of the Parties. Actions or decisions shall require a super majority vote of not less than 90% of the total weighted vote of the

Parties. Each weighted vote shall be calculated based on each Party's's percentage of the budget listed in Section 8.

8. **BUDGET AND FINANCIAL COMMITMENT.** By execution of this Agreement each Party agrees to an initial budget of Two Million Dollars (\$2,000,000) for the Clearview Project as outlined below. Said budget may be increased or decreased by action of the Board. Each Party commits to funding said budget in the following shares (based on consumptive use of Clearview Project facilities estimated in million gallons per day (MGD)):

Party	MGD*	%	Total Initial Commitment	2040 MGD**
AWD	17.0	33.8***	\$ 676,000	17.0
SLWD	9.0	25.4	\$ 508,000	11.0
CVWD	8.0	22.6	\$ 452,000	22.5
MWD	0.0	7.0***	\$ 140,000	0.0
EVERETT	0.0	7.0***	\$ 140,000	0.0
LYNNWOOD	0.5	1.4	\$ 28,000	0.5
EDMONDS	0.5	1.4	\$ 28,000	0.5
MTLK TERRACE	0.5	1.4	\$ 28,000	0.5
TOTAL	35.5	100.0	\$ 2,000,000	52.0

* Based on Projected Clearview usage in 2020.

** Based on Projected Clearview usage in 2040.

*** Assumes 5 MGD of AWD's share is split equally between Everett and MWD in trade for 10 MGD capacity in AWD system in South Everett. This assumption is subject to further negotiations.

9. **PAYMENT.** Each Party upon execution of this Agreement shall forward to AWD a check or warrant payable to AWD - CLEARVIEW PROJECT FUND for the purpose of establishing the CLEARVIEW PROJECT FUND, as provided in Section 10 hereof. It is agreed that said FUND shall be initiated by payment of the following shares upon signing of this Agreement:

AWD	\$ 33,800
SLWL	\$ 25,400
CVWD	\$ 22,600
MWD	\$ 7,000
Everett	\$ 7,000
Lynnwood	\$ 1,400
Edmonds	\$ 1,400
Mountlake Terrace	\$ 1,400
Total	\$ 100,000

Upon authorization of contracts for services, materials and expenses by the Board, each Party agrees to pay its share of the CLEARVIEW PROJECT FUND as agreed in Section 8 hereof. Except as specifically authorized by the Board, each Party shall bear its own technical

and management staff costs. AWD agrees to manage the CLEARVIEW PROJECT FUND as provided in Section 10 hereof. It is understood that AWD will advance funds toward initial costs of the Clearview Project. Members hereby agree that AWD shall be reimbursed from the CLEARVIEW PROJECT FUND for said initial costs.

Bills shall be payable to AWD - CLEARVIEW PROJECT FUND within thirty days of receipt. Parties agree to pay interest on late payments at the rate of 0.03% per day.

10. CLEARVIEW PROJECT FUND. Upon receipt of a fully executed agreement from all Parties and payment to AWD of their allocated shares, as provided in Sections 8 and 9, AWD shall, with its contribution as provided in Section 9, execute this Agreement and shall establish the PROJECT FUND which shall be maintained separately from all other AWD funds. Interest on the balance of funds on hand shall accrue to the benefit of the FUND. AWD shall maintain all accounting records related to the FUND and may charge the FUND for the reasonable costs of accounting services. AWD will provide all Parties with a monthly accounting of all FUND income and expenses and the balance on hand. The Board may authorize assessments if it deems it necessary to increase the balance on hand in the FUND provided that the Party shall not be assessed, and shall not be required to pay any amount in excess of its total commitment provided in Section 8 hereof unless all Parties agree to increase the initial budget or adjust the shares.

11. SEPARATE AGREEMENTS. No Party herein is obligated to the final design financing or constructing the Clearview Project or as to the percentages set forth in Section 8 for the final design and construction. The Clearview Project shall be designed, financed and constructed pursuant to separate agreements, provided that if a Party's share changes, up or down, prior payments of Parties under this Agreement may be credited or debited to participating Parties. Those who participate in the financing of the Project construction would have an ownership interest commensurate with their share of Project costs.

12. DISPUTE RESOLUTION. A majority of the Board members may authorize employment of the services of a mediator through WAMS or JAMS to conduct alternative dispute resolution procedures.

13. TERMINATION AND WITHDRAWAL. This Agreement may be terminated at any time by action of the Board. Upon termination, all obligations shall be paid pursuant to the percentage of shares provided in Section 8.

Any Party may withdraw from this Agreement by giving at least 90 days written notice to the Board of Directors. Upon withdrawal, a Party shall be responsible for payment of its percentage share of Clearview Project expenses as of the effective date of withdrawal. Any balance on hand in the FUND on the effective date of withdrawal that has been contributed by the withdrawing Party, less any expenses associated with the withdrawal, shall be returned to the Party.

Withdrawal of a Party shall constitute termination unless the remaining Parties amend this agreement to re-allocate shares.

14. LEGAL RELATIONSHIP. Officers and employees of each Party shall be deemed to act only on behalf of the Party it represents or for which it is employed.

15. FILING. This Agreement shall be effective upon filing with the Snohomish County Auditor, the Secretary of State, and the clerk of each member hereto.

16. COUNTERPARTS. This Agreement may be signed in counterparts and, if so signed, shall be deemed one integrated Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned Party on the date set forth.

CROSS VALLEY WATER DISTRICT:

Arthur Simpson

President, Board of Commissioners
(Title)

Date: November 22, 1996

CITY OF LYNNWOOD:

Lena Roberts

WV

MAYOR
(Title)

Date: JAN. 15, 1997

SILVER LAKE WATER DISTRICT:

Ray A. Fisher

Board President
(Title)

Date: 12-26-96

ALDERWOOD WATER DISTRICT:

Donald J. Cross
President
(Title)

Date: 1-21-97

MUKILTEO WATER DISTRICT:

William A. Allen

Commissioner

(Title)

Date: Jan 2, 1997

CITY OF EVERETT:

Edward J. Hansen
Mayor

(Title)

Date: 1/15/97

ATTEST:

Marion S. Marks
City Clerk Deputy

APPROVED AS TO FORM:

[Signature]
City Attorney