

AGREEMENT  
FOR  
OWNING, OPERATING, MAINTAINING, AND PLANNING WATER SYSTEM  
AND SERVICE TO PORT OF BREMERTON BY THE CITY OF BREMERTON

THIS AGREEMENT is made and entered into this 13<sup>th</sup> day of July 1999, by and between the City of Bremerton, a municipal corporation of the first class, hereinafter called "City" and Port of Bremerton, a municipal corporation, hereinafter called "Port".

WHEREAS, the Port owns and operates the Bremerton National Airport, Olympic View Industrial Park, and other contiguous industrial properties, and

WHEREAS, the Port has constructed, operates, and maintains water system facilities, including a reservoir and distribution system facilities, to provide water service to customers located on Port property, and

WHEREAS, these Port properties are within the City Water Service Area, receive water supply from the City, and water system customers on Port property pay the water service rates currently charged by the City, and

WHEREAS, the Port desires the City to own, operate and maintain the water conveyance system, and

WHEREAS, the Port will transfer its water system facilities to the City as described herein, and

WHEREAS, following such transfer of water system facilities, the Port, and other water system customers located on Port property will become water system customers of the City according to the terms of this agreement and the requirements of Bremerton Municipal Code, and

WHEREAS, the Port and the City wish to define the terms and conditions by which the City will assume ownership, operation, maintenance and other legal mandates of the water system and supply water to the Port.

NOW, THEREFORE, IT IS MUTUALLY AGREED as follows:

GENERAL

It is recognized and agreed by the parties that the City shall provide services as specifically set forth in this Agreement for the lands now owned or to be owned in the future by the Port at or

near those properties commonly known as Olympic View Industrial Park and Bremerton National Airport, including development subdivisions of these properties.

The Port does hereby transfer and convey and the City does hereby accept the transfer and conveyance of the Port's water distribution system including a pump station, a one million-gallon water reservoir, and associated valves and piping as more particularly described in Exhibit A. Compensation for this transfer is described in the section titled "Compensation" below. As system owner, the City shall at its cost, be responsible for all maintenance, operation, and other legal mandates relating to the distribution and supply system.

### COMPENSATION

The City and the Port agree that a portion of the system described above, namely the one million-gallon reservoir, has a value to the City's overall system beyond the Port's properties and that compensation to the Port at the agreed value of \$160,000 is appropriate. The City shall compensate the Port through credits, in lieu of payments, against established facility fees, connection fees, and such other in-kind services, such as design and construction, as the City and Port mutually agree.

Five years from the date of this agreement there shall become owing from the City to the Port the amount of \$160,000, less the value of credits accumulated to that date. The City and the Port may mutually agree to structure this amount owing in payments over time, including interest, at terms agreed to by the City and the Port.

### FIRE FLOW

The City and the Port mutually agree that the 1,000,000-gallon reservoir does contain sufficient capacity to provide fire flow storage to meet the needs of all current City water customers in the 517 West pressure zone, including those located on Port property.

### BILLING

The rate of charge to water customers located on Port property, by the City, for the water service and for other services or charges shall be at the same rate for like customers as provided in BMC 15.06.

In accordance with Bremerton Municipal Code (BMC) Title 15, water service shall be furnished to the customers within the referenced Port properties through individual meters, which shall be read by the City and billings sent by the City and collections made by the City for and on account of the use of the water as measured through the individual meters. These meters are and shall remain the property of the City. These billing services shall include any authorized and lawful Port surcharge or other Port fees in an amount to be determined from time-to-time by the Port, which amounts shall be the property of and remitted by the City to

the Port's fiscal agent on a monthly basis within fifteen (15) days of month-end. On or before November 1 of each year, the Port shall provide to the City the amounts of surcharges and other fees to be collected by the City for the benefit of the Port during the next calendar year. Reports of the transactions and any delinquencies shall be made in writing to the Port upon request.

### OPERATION AND MAINTENANCE

All operation, maintenance and repair of the water distribution system shall be the responsibility of the City as between the parties, unless the damage or loss is the result of negligence on the part of the Port, or those acting under the authority of the Port.

### FEES

With the following exceptions, the City shall be entitled, for new water connections, to make a charge to the customer for all fees as set forth in BMC Title 15.

1. For a period of fifteen (15) years from the effective date of this Agreement, the City's front footage fee shall not apply to new connections on those mains which have been installed at Port expense which includes all mains and distribution lines as shown in Exhibit A.
2. For a period of fifteen (15) years from the effective date of this Agreement, the Port may, prior to connection, establish a front footage fee, to be collected by the City and paid to the Port, on those mains which have been installed at Port expense which includes all mains and distribution lines in existence as of the date of this agreement.

For new mains hereafter installed at Port or developer expense, the City and Port or developer shall execute a latecomers Agreement per BMC Title 15.

### POLICIES, REGULATIONS AND ORDINANCES

The supply of water to customers on Port property, the installation of meters and the rates to be charged for service, and all other work or services to be furnished or performed by the City shall be subject to the policies and regulations and/or ordinances now in effect or as the same may, from time to time, be amended or enacted, and where in this Agreement no specific mention is made of any particular service or charge, such shall likewise be governed by such policies and regulations and/or ordinances existing or later enacted. If however, such policy, regulation or ordinance is in conflict with the provisions or the intent of this Agreement, this Agreement shall apply.

### WATER SUPPLY

The City shall provide water service, including adequate water supply, to its customers

located on Port property in accordance with existing Federal, State, and local requirements. The Port understands that provision of water service, including adequate water supply, may require the construction of water system improvements. The cost of these improvements may be incorporated into the City's General Facility Fee or, subject to negotiation, may be directly funded by the City, the Port, future customers, or a combination thereof. Key consideration will be given to the scope and timing of improvements required to serve the Port's needs as compared to the City's capital improvement plan for the service area.

### COMPREHENSIVE PLANNING

The City and the Port shall undertake cooperative long-range comprehensive planning for the system.

Prior to March 1 of each year, the Port shall submit to the City the Port's capital improvement/development plan for the subsequent years. The Port shall determine its long-term water supply needs and shall coordinate with the City as to the City's ability to supply such needs.

The City shall consider the Port's long-term water supply needs in developing City's comprehensive water system plan. The City shall identify capital improvements necessary to increase water supply beyond currently available supply zone capacity and the City and Port shall mutually identify funding strategies to address such increased water supply needs on Port properties. Funding strategies will depend on the scope and timing of improvements required by the Port as compared to the City's current Capital Improvement Plan (CIP) elements for the service area. The scope, cost and schedule for these improvements will be incorporated in the City's Capital Improvement Plan (CIP). Improvements may be funded by City rates and fees, contributions by the Port, future customers, local improvement districts, grants and loans, or a combination thereof. If funding is not identified, the improvements will be included in the City's CIP but will be shown as "unfunded".

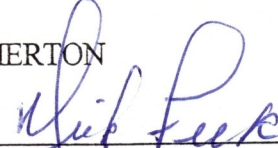
### CITY EASEMENT

Confirmation of easements for the water system conveyed to the City by this Agreement shall be provided by separate agreement at such time as the water system location is mutually confirmed by the Port and City. Provided, however, upon execution of this agreement, the City shall have full access to operate and maintain water system as described in Exhibit A. Easements and rights-of-way over existing water lines owned by the City shall remain in effect. When requested by the City, the Port shall convey to the City by separate instrument, yet to be defined, utility easements on and across Port property for water transmission and distribution to and from properties inside and outside Port property. Alignments and widths for such easements shall not interfere with Port purposes and shall be subject to Port approval. Such approval shall not be unreasonably withheld.

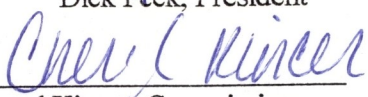
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed this 13<sup>th</sup> day of July, 1999, by its duly authorized officials.

PORT OF BREMERTON

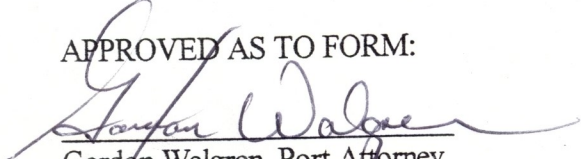
Date: July 13, 1999

BY:   
Dick Feek, President

BY: \_\_\_\_\_  
Mary Ann Huntington  
Secretary

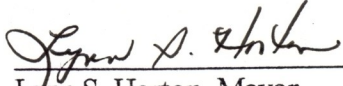
BY:   
Cheryl Kincer, Commissioner

APPROVED AS TO FORM:


  
Gordon Walgren, Port Attorney

CITY OF BREMERTON

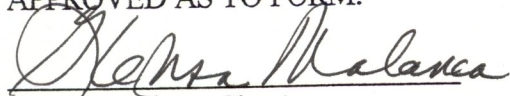
Date: July 13, 1999

BY:   
Lynn S. Horton, Mayor

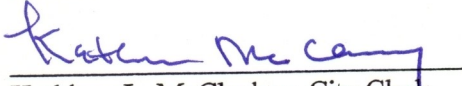
DEPARTMENTAL APPROVAL:

  
W. Eugene Sampley, P.E.  
Director of Public Works and Utilities

APPROVED AS TO FORM:

  
Glenna Malanca, City Attorney

ATTEST:

  
Kathleen L. McCluskey, City Clerk



March 1, 2006

**PORT COMMISSIONERS**

Mary Ann Huntington  
Cheryl Kincer  
Bill Mahan

**GENERAL OFFICES**

8850 SW State Hwy 3  
Port Orchard, WA 98367

BUS: (360) 674-2381  
FAX: (360) 674-2807  
1-800-462-3793  
www.portofbremerton.org

**BREMERTON  
NATIONAL AIRPORT**  
(360) 674-2381

**OLYMPIC VIEW BUSINESS  
AND INDUSTRIAL PARK**  
(360) 674-2381

**PORT ORCHARD MARINA**  
(360) 876-5535

**BREMERTON MARINA**  
(360) 373-1035

Mr. Phil Williams  
Director of Public Works & Utilities  
City of Bremerton  
3027 Olympus Dr  
Bremerton, WA 98310

Re: *Port of Bremerton Water System Acquisition Agreement*


Dear Mr. Williams:

The Port of Bremerton and City of Bremerton entered into a Water System Acquisition Agreement on July 13, 1999. This agreement states, in part, that five years from the date of the agreement there would be an amount owing from the City to the Port of \$160,000, less the value of mutually agreed upon credits accumulated to that date.

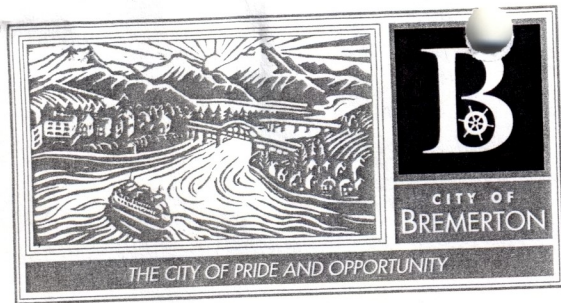
As it is in the best interest of both parties, the Port is extending the payment terms an additional seven years to July 13, 2011.

We look forward to continued cooperation between the Port and the City.

Sincerely,

  
Kenneth W. Attebery  
Chief Executive Officer

KWA:gmw



RECEIVED  
FEB 07 2011  
PORT OF BREMERTON

February 3, 2011

Ms. Becky Swanson  
Port of Bremerton  
8850 SW State Hwy 3  
Port Orchard, WA 98367

Re: Port of Bremerton Water System Acquisition Agreement

Dear Ms Swanson,

The Port of Bremerton has made no draws during the past year against the credit balance the City holds per the above agreement. As of December 31, 2010, the credit balance is \$111,232.38.

I have enclosed two copies of the *Schedule of Services Rendered In Lieu of Payment for the Port's Water Distribution System*. Please ask Cary Bozeman to sign one copy and return it to us. The other copy is for your records.

If you have any questions, please call me at (360) 473-2327.

Sincerely,

A handwritten signature in cursive script that reads 'Mildred H. Vellegas'.

Mildred H. Vellegas, CPA

PW & U Financial Manager



8850 SW State Highway 3  
Bremerton, WA 98312

portofbremerton.org  
tel (360) 674-2381  
fax (360) 674-2807

Water System Acmt

**Commissioners**

Bill Mahan  
Larry Stokes  
Roger Zabinski

**Chief Executive Officer**

Cary Bozeman

**Bremerton National Airport**

(360) 674-2381

**Olympic View Business &  
Industrial Park**

(360) 674-2381

**Port Orchard Marina**

(360) 876-5535

**Bremerton Marina**

(360) 373-1035

April 25, 2011

Mr. Vincent O. Akhimie, CPM, PE  
Director of Public Works & Utilities  
City of Bremerton  
100 Oyster Bay Ave N.  
Bremerton, WA 98312

*Re: Port of Bremerton Water System Acquisition Agreement*

Dear Mr. Akhimie,

The Port of Bremerton and City of Bremerton entered into a Water System Acquisition Agreement on July 13, 1999, and on March 1, 2006 was extended an additional seven years to July 13, 2011. The agreement and its extension states, in part, that upon termination of the agreement there would be an amount owing from the City to the Port of \$160,000, less the value of mutually agreed upon credits accumulated to that date.

As it is in the interest of both parties, the Port will not be extending the payment terms of this agreement beyond July 13, 2011. The Port is therefore requesting full payment of the mutually agreed upon balance of \$111,232.38 (Attachment A) upon termination of the agreement.

This cooperative agreement has been of tremendous benefit and value to the Port and City, and we look forward to working with you in the future.

Sincerely,

Cary Bozeman  
Chief Executive Officer

Attachment

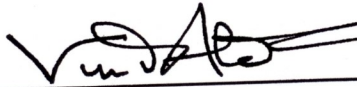
CC: CFO



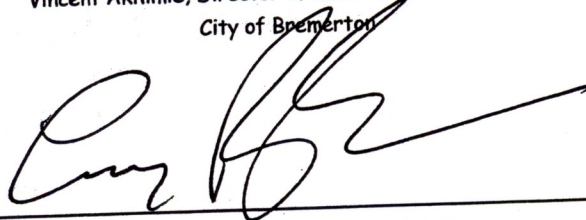
**PORT of BREMERTON**  
SCHEDULE of SERVICES RENDERED  
In Lieu of Payment for Port's Water Distribution System

12/31/07 BALANCE	\$ 111,232.38
2008 No activity	-
12/31/08 BALANCE	\$ 111,232.38
2009 No activity	-
12/31/09 BALANCE	\$ 111,232.38
2010 No activity	-
12/31/10 BALANCE	\$ 111,232.38

By signing below, we agree that the 12/31/10 balance of the City of Bremerton's liability (as recorded above) to the Port of Bremerton is **\$111,232.38**.



Vincent Akhimie, Director of Public Works & Utilities  
City of Bremerton



Cary Bozeman, Chief Executive Officer  
Port of Bremerton

Attachment A