

**AGREEMENT FOR SERVICES  
BETWEEN DEL MAR COMMUNITY SERVICE, INC.  
AND PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY**

**THIS SERVICE AGREEMENT** (the “Agreement”) is made and entered into by and between the **Del Mar Community Service, Inc.** (“Del Mar”) and **Public Utility District No. 1 of Skagit County, Washington** (“District”). The above-described entities are collectively referred to herein as the “Parties,” or individually as a “Party.”

1. **PURPOSE:** The purpose of this agreement is to provide a framework under which the District may provide materials, equipment, and personnel to assist the Del Mar Community with the installation of new water service connections, emergency repairs to failed or damaged system infrastructures, and additional technical services as requested.
2. **RECITALS**
  - A. The District is authorized to operate water systems pursuant to Title 54 RCW and employs certified water system operators for its water systems in Skagit County.
  - B. Del Mar owns and operates a Group A Water System, which is the water system serving the Del Mar community in Anacortes, Washington.
  - C. Del Mar provides an emergency 24-hour phone service to its community members for water system issues (the “Hotline”).
  - D. Del Mar employs a Water Distribution Manager (“WDM”) to take and respond to calls on the Hotline and provide emergency and other services.
  - E. When the WDM is off duty or unavailable, Del Mar will provide/implement an answering system to forward appropriate issues to the District. If the issue is forwarded, the District is willing to provide Del Mar’s water system with temporary operators (“Crew”) and equipment to meet Del Mar’s needs as provided herein until the WDM or a designated Del Mar Community Board member releases the crew. A Crew typically consists of a Foreman, two Construction Workers and a dump truck, backhoe & trailer, crew truck, or other equipment as required.
  - F. **Emergency Repairs**
    - a. From time to time Del Mar has a need for emergency equipment and personnel to provide or assist with emergency repairs to failed or damaged system infrastructure.
    - b. The District is willing to provide Del Mar with certified water system operators, equipment, and materials on an as-needed basis at a reimbursement rate equal to District cost, including overhead and administrative fees, for labor, equipment, materials, tools, and incidentals, including any overtime hours incurred to reasonably meet the needs of Del Mar and in accordance herewith. These rates are subject to change based upon the Labor Agreement between the District and Teamsters Local #231.

- c. Del Mar is willing to pay for all expenses incurred by the District for such services as tracked with a Customer Job Order (CJO) plus taxes, overhead and administration fees.

G. Technical Assistance

- a. From time to time Del Mar has a need for technical assistance with operations, maintenance, and construction activities.
  - i. The District is willing to provide certified water system operators and technical staff on an as-needed basis including any overtime hours incurred to reasonably meet the needs of the District and Del Mar and in accordance herewith. These rates are subject to change based upon the Labor Agreement between the District and Teamsters Local #231.
  - ii. Del Mar is willing to pay for all expenses incurred by the District for such services as tracked with a Customer Job Order (CJO) plus taxes, overhead and administration fees.

- H. The Parties desire to enter into this agreement for the District to provide Del Mar with services related to technical services and emergency and call-out services, on an as-needed basis.

NOW, THEREFORE, in light of the foregoing Recitals, which are incorporated herein as part of the agreement of the Parties, and the mutual terms, conditions, and covenants set forth below, the Parties agree as follows:

1. **District's Obligations**

- A. **Emergency and Call-Out Services.** The District will take and respond to calls as directed by Del Mar and provide Crew resources and equipment to meet Del Mar's emergency and call-out service needs; provided, however, the services are subject to the availability of crews and equipment, and the operational needs of the District's Facilities will take precedence over any work requested. The District will provide emergency and call-out services, based on a two hour minimum during a regular work week (Monday through Friday), on week-ends, and after regular business hours (8:00 AM to 3:30 PM) to Del Mar as needed upon request.
  - a. When the District renders emergency and/or call-out services under this Agreement, the District will cease rendering such services when directed by the WDM or a designated Del Mar Board member. Del Mar will not be responsible for any expenses incurred by the District or other amounts charged by the District for work performed after the WDM directs the District to cease rendering services except related to demobilization.
- B. **Work Order.** The District will create a Work Order to track all time and material expenses incurred by the District for any assistance requested by Del Mar. Rates to Del Mar for labor, including overtime, equipment, and materials shall be those set forth in Exhibit A, or at the District's current rates for labor and equipment. Material costs will

reflect current purchase price through District vendors. If labor rates increase above those listed on Exhibit A, such increases will take effect 30 days after written notice to Del Mar.

- C. **Overhead and Administration Fees.** Details on overhead and markup expenses are provided in Exhibit A. Fringe benefits are included in the District's labor rates and warehouse handling expenses will be added for any materials removed from the District's warehouse for use on a project. The District will also add a markup for administration costs to each invoice that is billed to Del Mar.
- D. **Invoice.** The District shall provide an itemized invoice to Del Mar for services rendered based on actual expenditures incurred on the Work Order plus taxes and overhead and administration fees.
- E. **District Employees.** District personnel involved in this Agreement shall remain District employees paid from District funds with reimbursement from Del Mar.

2. **Del Mar's Obligations.**

- A. **Overtime.** Del Mar acknowledges that the District's water system operators or Crew are also providing service to District Facilities and therefore, depending on the needs of the System and the District's Facilities, overtime may be incurred and Del Mar agrees to reimburse the District for all overtime incurred for work performed under this agreement.
- B. **Reimbursement.** Del Mar shall reimburse the District within 30 days of receipt of each invoice. Del Mar agrees to pay actual costs incurred on the Work Order plus taxes, overhead and administration fees. Any estimates provided by the District are not binding and Del Mar is responsible for all costs of the work regardless of the accuracy of any estimate that may have been provided by the District prior to the start of work.
- C. **Insurance.** Del Mar shall provide liability insurance coverage for the duration of this Agreement for its officers, agents and employees' activities while they are involved in the performance of this Agreement in an amount not less than one million dollars (\$1,000,000). The District's Auditor shall be provided proof of such insurance within thirty (30) days of the execution of this Agreement and the District will be named as an additional insured in respect to this Agreement.
- D. **Indemnification.** Del Mar shall indemnify, defend, and hold harmless the District and any and all of the District's officers, principals, agents and employees from any liability, loss, damage, cost, charge or expense, whether direct or indirect, and whether occasioned by injury or loss to persons or property to which the District or said other indemnities may be put or subject by reason of any act, action, neglect, error, omission or default under this Agreement or otherwise on the part of Del Mar or any of its officers or employees. Del Mar agrees to indemnify, defend, and hold harmless the District from any and all claims by Del Mar's customers for interruption of service.
  - a. Del Mar's defense and indemnity obligations hereunder do not extend to liabilities, losses, damages, costs, charges, expenses, claims or lawsuits resulting from the negligence of the District and any and all of the District's officers, principals, agents

and employees. If the liability, loss, damage, cost, charge, expense, claim or lawsuit is caused by or results from the concurrent negligence of the District's officers, principals, agents and employees and the Del Mar's officers, principals, agents and employees, this indemnity provision shall be enforceable only to the extent of negligence of Del Mar's officers, principals, agents and employees.

**3. Organization/Administration.**

- A. General Manager (or designee) shall be the Administrator of this Agreement for the District insofar as it relates to the coordination and implementation of the emergency services.
- B. Del Mar's Board of Director (or designee) shall be the Administrator of this Agreement for Del Mar insofar as it relates to agreed upon services.
- C. Factors Beyond the District's Control. The District will not be responsible for any failure to perform its obligations under this Agreement to the extent such performance is prevented or delayed by an event and/or circumstance that is beyond the District's control, not caused or contributed to by the fault or negligence of the District and could not have been prevented by the exercise of reasonable diligence by the District.
- D. Term and Effective Date of Agreement. This Agreement shall be effective on the date it is fully executed by the Parties. This agreement may be terminated upon sixty (60) days written notice by either Party.
- E. Disputes. The validity and interpretation and execution of this agreement and the performance of and rights accruing under this agreement, are all to be governed by the laws of the State of Washington. Venue for any arbitration proceeding or action to enforce an arbitration award or any other action relating to this agreement shall be in Skagit County, Washington. Each Party expressly waives its right to a jury. In the event it is necessary for either Party to utilize the services of an attorney to enforce any of the terms of this Agreement, such enforcing Party shall be entitled to compensation for its reasonable attorneys' fees and costs. In the event of litigation regarding any of the terms of this Agreement, the substantially prevailing Party shall be entitled, in addition to other relief, to such reasonable attorneys' fees and costs as determined by the court.
- F. Independent Contractor. The District is an independent contractor with respect to all activities associated with this Agreement. Nothing in this Agreement shall be considered to create the relationship of employer and employee between the Parties. The District and its employees shall not be entitled to any benefits afforded Del Mar's employees. The District shall be solely responsible for withholding federal income tax and associated employment related taxes from wages paid to its employees.
- G. Notices. Any notices shall be effective if personally served upon the other Party or if mailed by registered or certified mail, return receipt requested, to the following addresses, or such other address as a Party may designate in writing and shall be deemed given on the date of mailing:

TO THE DISTRICT: Public Utility District No. 1 of Skagit County  
ATTN: General Manager  
PO Box 1436, 1415 Freeway Drive  
Mount Vernon, WA 98273

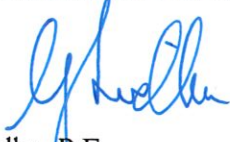
TO DEL MAR: Del Mar Community Service, Inc.  
ATTN Water Distribution Manager  
1004 Commercial Ave. #1111  
Anacortes, WA 98221

or such address as may have been specified by notifying the other party of the change of address. Notice shall be deemed served on the date of actual delivery or the first attempted delivery as shown on the return receipt if mailed with the United States Postal Service by certified mail, return receipt requested.

- H. Remedies. In the event of default of any provision of this Agreement, the non-defaulting Party shall have all rights and remedies existing at law including the right to recover monies paid and wrongfully expended, and to seek other damages allowed by law.
- I. Binding Effect. This Agreement and all rights associated therewith shall be binding upon and inure and extend to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto.
- J. Amendments. Except as otherwise set forth herein, this Agreement may not be modified, amended or terminated except by the written agreement of all parties.
- K. Waiver. A waiver by either Party of any covenant, term or condition of this Agreement must be in writing. Such a waiver will not affect the waiving party's rights with respect to any other or further breach.
- L. Construction. The Parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and the decision of whether or not to seek the advice of counsel with respect to this Agreement is the sole responsibility of each Party. This Agreement will not be construed in favor of or against either Party by reason of the extent to which each Party participated in the drafting of the Agreement
- M. Assignment. Neither Party may assign this Agreement without the written consent of the other.
- N. Entire Agreement. This Agreement contains the entire Agreement between the Parties with respect to the subject matter hereof and supersedes all prior Agreements or understandings between the Parties with respect thereto.
- O. Authority. The individuals executing this Agreement on behalf of the Parties represent and warrant to the other Parties that they have the authority to bind the Party on whose behalf they execute this Agreement.
- P. Counterparts. This Agreement may be signed in counterparts. Electronic transmission of any signed original document, and retransmission of any signed electronic transmission shall be the same as delivery of an original document.

IN WITNESS WHEREOF, the Parties have executed this Agreement this 28<sup>th</sup> day of MARCH, 2019.

**Public Utility District No. 1 of Skagit  
County:**



By: George Sidhu, P.E.  
Its: General Manager

Dated: 3/28/19

**Del Mar Community Service, Inc.**



By: Margaret  
Its: PRESIDENT

Dated: 3-26-2018

Exhibit "A"  
 TO AGREEMENT FOR SERVICES  
 BETWEEN DEL MAR COMMUNITY SERVICE, INC.  
 AND PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY

<b>Equipment Hourly Rate</b>	<b>2019</b>
Pickup	\$22.79
Dump Truck	\$41.28
Trailer	\$12.46
Backhoe	\$31.53
Vactor Truck	\$92.99

<b>Labor Hourly Rate</b>	<b>2019</b>
Engineering Manager	\$96.38
Operations Manager	\$98.08
Project Manager	\$74.87
Engineering Tech	\$61.15
GIS Technician	\$63.65
Construction Foreman	\$69.39
Distribution Foreman	\$68.25
Lab Analyst	\$67.09
Construction Worker	\$64.32

**\* After Hours Call Out - 2 Hour Minimum**

**\*\* Parts overhead of 22%**

**\*\*\*Administrative Fee of 6% Added to all invoices**