

H2O Management Services, Inc.
PO Box 2026, Shelton, WA 98584
Phone 360-427-0654
(CC01) H2OMAMS854BB
(EC03) EC H2OMAMS850WB

Agreement for Management and Operation

This Agreement is made the first day of July 2017 between Queen Ann Water Works LLC., ID# 04212 T (hereinafter "the System") and H2O Management Services Inc. (hereinafter "H2O") a Washington Corporation doing business in Mason County, Washington.

WHEREAS the System is a small water system in need of an operations manager, and WHEREAS H2O is operated by Andrew J. Noble, (registered agent) certified in the State of Washington as a Water Distribution Manager 3 (WDM3), Cross Connection Control Specialist (CCS), and a Water Treatment Plant Operator 1 (WTPO 1) Pump and Irrigation (P&I) Electrician/Plumber and otherwise authorized to provide services as a contract operator, and WHEREAS H2O is willing to and is qualified to manage and operate the water system for a fee.

Now therefore the Parties agree as follows:

1. Parties:

- a. H2O Management Services Inc., PO Box 2026, Shelton, WA 98584
Contact Representative: Andrew J. Noble
- b. Contact Representative Gerard Fitzpatrick, 91 NE Queen Ann Drive, Belfair, WA 98528
- c. In the event of a change of information, each party shall notify the other in writing within five (5) working days.

2. Term of Contract: This contract shall commence on the date of this Agreement.

3. Price of Contract:

- a. There shall be a Basic Fee of \$200 per month payable to H2O by the 15th of the month. There will also be a lab fee of \$27 per month for coliform testing. Other required tests will be billed at the same time as the monthly fee. The lab fees are determined by the lab and are a pass through. The Basic Fee shall cover the services listed below in Paragraph 4 under Maintenance and Operations Services.
- b. There will be no set-up fees for service.
- c. The hourly rate for services requested by the System which are not included in the Basic Rate shall be billed to the System at a rate of \$85 per man hour.

- d. The hourly rate for emergency response required outside of business hours of 8 a.m. to 5 p.m. Monday through Friday will be billed at a rate of \$127.50 per man hour.
 - e. Cost Reimbursement to H2O
 - i. Copying: Copies will be billed at 15 cents per one sided copy and 21 cents for two sided copies.
 - ii. Postage: Postage actually incurred shall be billed pursuant to invoice.
 - iii. Lab costs: Testing will be pre-billed by H2O to the System. H2O will use the following two labs: Thurston County Environmental Health Division in Olympia, WA and Water Management Laboratories in Tacoma, WA. The parties acknowledge and agree it is crucial that H2O receive the results from the lab in an expeditious manner and such can be accomplished by having H2O as the account holder with both labs. H2O will charge the System for lab fees with the understanding that either lab may at any time change their fee schedule.
4. Maintenance and Operations Services Provided by H2O: For the Basic Fee, H2O shall perform the following services:
- a. Serve as the System's designated purveyor
 - b. Represent the System during sanitary surveys
 - c. Conduct one site visit per month including the following:
 - i. Monitor the electrical operation of the pumps and controls
 - ii. Record source meter readings
 - iii. Determine any malfunctions and if so, recommend corrective action.
 - iv. Visual inspection of area around the pump house
 - v. Visual drive through inspection of the distribution system
 - vi. Visual inspection of the exterior of the reservoir (when applicable)
 - vii. Record all visits/inspections in the pumphouse book supplied by H2O which will also keep a record of source meter readings and a check list of operations.
 - viii. Collect water quality samples as required and transport samples to the lab.
 - d. Maintain Coliform Monitoring Plan
 - e. Planning and Technical Assistance:
 - i. Revise the System's Water Facilities Inventory Report and, submit to DOH
 - ii. Respond to informational requests from customers.
 - iii. Respond to requests for information by the Washington State Department of Health, Office of Drinking Water.
 - iv. Maintain water system records. Originals shall be kept at H2O's main office.
5. Emergency Response
- A one call emergency response phone number will be provided to the System for use by all customers. Telephone response shall be available 24 hours per day seven days per week. If a site visit is necessary to determine the nature of the emergency, there shall be

a charge in addition to the Basic Fee or a two hour minimum at \$85 per man hour if such site visit occurs Monday through Friday between 8 a.m. and 5 p.m. Outside of regular hours, the call out shall be charged at \$127.50 per man hour as per the rates listed in Paragraph 3. After an emergency response, the System will be notified as to the recommended repairs required to fix the emergent situation. If the system representative cannot be notified and the system needs repairs to maintain the integrity of the System, H2O will make necessary repairs and invoice the System at the appropriate rate. The system may contract with a vendor for the repairs, but supervision of such repairs will be by H2O at the listed rates.

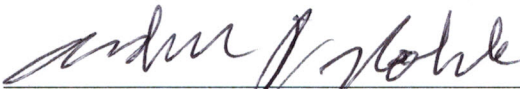
6. Collection of additional water samples required by DOH, including repeat samples will be billed the standard rates.
7. Responsibilities of the System.
 - a. Prompt payment of monthly Basic Fee and all other fees properly invoiced to the System.
 - b. Maintenance and cleaning of pumphouse.
8. Breach of Agreement: In the event either party breaches this Agreement or fails to comply with applicable government regulations, they shall be notified in writing of the breach and given 14 days to cure such breach. Failure to cure the breach shall result in immediate termination of this Agreement. Either party may notify DOH if this Agreement is terminated.
9. Termination of Agreement: Either party may terminate this Agreement without cause upon 30 days written notice.
10. Indemnification: The System agrees to indemnify and hold harmless H2O from claims, losses, suits, actions, costs, attorney fees, litigation expenses, damages, or judgments arising out of the performance of this Agreement unless such damage, cost, loss or expense is caused solely by the negligence or misconduct of H2O or its owners, agents, employees, or directors.
11. Entire Agreement: This Agreement contains the entire understanding between the Parties. It supersedes any prior understands and agreements between them respecting the subject matter hereof. There are no other representations, agreements, arrangements or understandings, oral or written, between and among the Parties relating to the subject matter of this Agreement. No amendment of or supplement to this Agreement shall be valid or effective unless made in writing and executed by the Parties subsequent to the date of this Agreement.


12. Binding: This Agreement shall be binding upon and insure to the benefit of the Parties, their respective heirs, executives, administrators, successors, assigns, and all persons now or hereafter holding or having all or any part of the interest of the Party herein.

Dated this 1st day of July 2017.

H2O Management Services Inc.

Queen Ann Water Works LLC.

By: 
Andrew J. Noble, H2O President

By: 
Gerard Fitzgerald FITZPATRICK 