

Appendix J

SERVICE AREA AGREEMENTS



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*Providing quality water, power and service at a competitive price that our customers value*

File  
Gold Bar  
RECEIVED  
JUN 19 2001

GENERAL COUNSEL

June 18, 2001

Hester Ihrig  
City Clerk-Treasurer  
City of Gold Bar  
P.O. Box 107  
Gold Bar, WA 98251

RE: Settlement and Release Agreement  
Water Service Area

Dear Ms. Ihrig:

Enclosed is a fully executed original Settlement and Release Agreement between PUD and the City of Gold Bar establishing water utility service areas for the city and PUD.

Sincerely,

WATER RESOURCES

Zeda Williams  
Assistant General Manager

Enclosure

## SETTLEMENT AND RELEASE AGREEMENT

THIS AGREEMENT is entered into on June 18, 2001 between the City of Gold Bar, Washington, hereinafter called "CITY", and Snohomish County Public Utility District No. 1, hereinafter called "PUD".

WHEREAS, CITY AND PUD have are each claiming the right to service territory recently annexed into the City of Gold Bar, and

WHEREAS, rather than endure the expense of litigation, the parties have agreed to service areas designated in this Agreement in exchange for not contesting service areas, NOW, THEREFORE,

IN CONSIDERATION OF the terms and conditions set forth below, the parties agree as follows:

1. Designation of Service Areas. CITY and PUD agree to the service areas designated in Attachment A, "Snohomish County Critical Water Supply Service Area Map", attached to the "Agreement for Establishing Water Utility Service Area Boundaries", executed in 1991 by City and PUD. This Service Area map shall determine the service areas to the PUD and the CITY, except for those areas specifically allocated to CITY as identified in Exhibit A, attached hereto and incorporated by this reference.

2. Contesting Service Areas. During the term of this Agreement, the parties agree to refrain from contesting each others water utility service areas located within or without Gold Bar City limits as of the date of this Agreement. "Contesting" a territory includes, but is not limited to, filing suit or requesting a service area modification to any administrative agency. "Contesting" a territory does not include requests and/or negotiations between the parties hereto for the modification of a service area.

3. Administrative Approvals for Modifications. The parties agree to apply for administrative approvals to the extent necessary to modify the service areas as depicted in Exhibit A, including but not limited to the written concurrence required in Section 4 of the "Agreement for Establishing Water Utility Service Area Boundaries". CITY agrees to prepare any applications required of PUD for administrative approval to the extent requested by PUD. The administrative denial of the service area modifications identified in Paragraph 1 herein shall nullify this Agreement.

5. Expiration; Release of Claims. This Agreement shall expire on January 1, 2020, except for the terms of this paragraph. If any service area within the Gold Bar City Limits, during the term of this Agreement, is transferred from one party to the other, the transferee shall reimburse the transferor for the fair market value of any water utility infrastructure constructed by the transferor and used by the

transferee, excluding that portion of the full cost of such facilities which has been satisfied at the time of transfer by capital facility charges paid by water service customers utilizing such facilities. It is understood and agreed that reimbursement, in addition to other amounts that may be payable for the purchase of facilities under section, shall include any amounts necessary under applicable law or bond covenant to satisfy any outstanding bonds or other debts of the transferor related to such facilities. The right to receive any applicable unpaid assessments or revenues from other customer payments or charges related to such transferred facilities shall be assigned to the transferee. Any party may refuse to accept a service area or any portion thereof if it does not wish to pay for existing utility infrastructure. The parties to this Agreement, their officers, agents, and employees release each other from and against any other claims, losses, or liability resulting from the establishment of the service areas identified in Paragraph 1 herein.

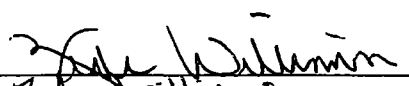
6. Litigation. In the event that either party deems it necessary to institute legal action or proceedings to enforce any right or obligation under this agreement, the parties agree that such actions shall be initiated in the Superior Court of the State of Washington, in and for Snohomish County. The prevailing party in any such litigation shall be entitled to recover its costs, including reasonable attorney's fees, in addition to any other award.

7. Entire Agreement. This agreement represents the entire integrated agreement between the CITY and PUD, superseding all prior negotiations, representations or agreements, written or oral. This agreement may be modified, amended, or added to, only by written instrument properly signed by both parties hereto.

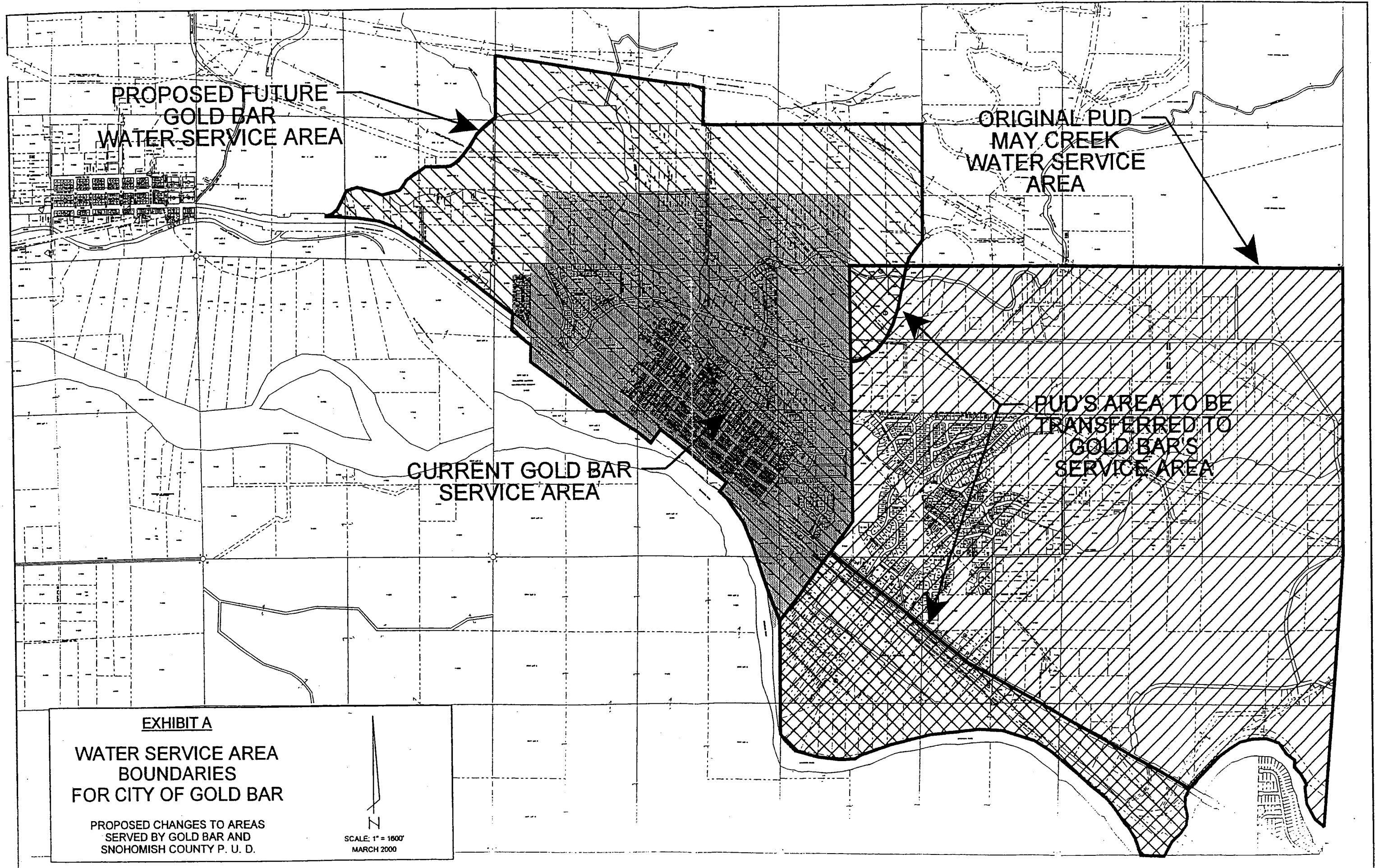
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

PUD:

CITY:

  
By: Zepha Williams  
Title: Acting Assistant General Manager  
Water Services

  
Mayor KEN FOSTER



PROPOSED FUTURE  
GOLD BAR  
WATER SERVICE AREA

ORIGINAL PUD  
MAY CREEK  
WATER SERVICE  
AREA

CURRENT GOLD BAR  
SERVICE AREA

PUD'S AREA TO BE  
TRANSFERRED TO  
GOLD BAR'S  
SERVICE AREA

**EXHIBIT A**

**WATER SERVICE AREA  
BOUNDARIES  
FOR CITY OF GOLD BAR**

PROPOSED CHANGES TO AREAS  
SERVED BY GOLD BAR AND  
SNOHOMISH COUNTY P. U. D.

N  
SCALE: 1" = 1600'  
MARCH 2000