

STORM WATER BILLING AGREEMENT

This agreement is entered into this 16th day of March 1994 between the City of Mukilteo, a municipal corporation, ("City") and the Mukilteo Water District, a special purpose municipal corporation ("District").

RECITALS

Whereas, the City owns, operates and maintains a storm water management system; and

Whereas, the District has installed a billing system capable of providing billing service to the City for purpose of billing storm water management accounts; and

Whereas, storm water management account billing by the District would eliminate duplication in billing and would be cost effective for the City and the District; now, therefore,

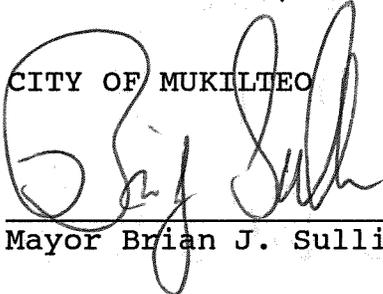
It is hereby agreed that

1. District to Bill Accounts. The District shall incorporate the City's storm water management accounts into the District's regular billing cycle and include the City storm water management bill in District utility billings.
2. Compensation. As compensation for the billing service provided in paragraph 1, the City shall pay the District a one time set-up charge of \$2,500.00, plus a monthly charge per account. For the year 1994, the monthly charge shall be \$0.35 per City storm water account. The 1994 amount per account provided for herein is an estimate of the District's cost in furnishing this service. The costs identified are: Billing forms; Postage; Labor; and Overhead. Commencing January 1, 1995, the District may charge revised rates to recover actual costs (as defined herein or as identified by experience) incurred by the District. No later than October 15th of each year, the District shall provide to the City any proposed revision to the rates and the basis therefore.
3. Capital Costs. In lieu of calculating District capital costs related to billing, the City will pay all the District's monthly storm water fees, including taxes, for District property located within the City.
4. New Accounts. For customers living outside of District boundaries who are not otherwise billed by the District, the District shall charge a new account fee to cover the cost of opening or changing customer accounts; provided that the initial set-up of the billing system shall be exempt from the new account fee. The City will provide in its rates ordinance for a new accounts fee for such customers. The new accounts fee for such customers shall be 50% of the new accounts fee the District charges its customers.

5. Allocation of Payments Received. Payments received from a customer shall be allocated first to the customer's sewer bill, second to the customer's water bill, and third to the customer's storm water management bill. The District will remit payments received on storm water management accounts to the City by the 20th day of the month following receipt. The District will submit, to the City, an invoice for storm water accounts and for other charges authorized herein on a monthly basis. The City will pay the invoices within 15 days of the date of the invoice. An invoice amount not paid within 30 days shall thereafter accrue interest at 1% per month until paid. Along with the monthly invoices, the District shall provide to the City an accounting of money received, account status, and documentation for other charges invoiced by the District pursuant to this agreement.
6. City's Obligations. Information to be included in the District's bill will be provided by the City to the District in a timely manner so as not to disrupt the District's billing cycle. The District reserves the right to proceed with its billing whenever the City fails to provide information in a timely manner. Nothing herein shall be construed to be a guaranty by the District of collection of City storm water management bills.
7. System Remains City's. The City will continue to own, operate, and manage its storm water management system, including authority to establish rates and charges and responsibility to collect all delinquent storm water management accounts through enforcement of rates and charges as provided by law. The District will provide reasonable cooperation to the City in any enforcement efforts undertaken by the City, provided that the City will reimburse the District for its reasonable costs. District billing records and records of payment will be open to City inspection during regular business hours upon reasonable notice. The District will provide the City with a record of storm water management accounts more than 60 days delinquent each month.
8. Termination. This agreement may be terminated by either party upon 60 days written notice.
9. Indemnity. The City will hold harmless, indemnify and defend the District from any claim, loss or liability asserted against the District arising from or as a result of billing the City's act, errors or omissions in enacting or enforcing the City's storm water

management accounts. The District will hold harmless, indemnify and defend the City from any claim, loss or liability arising from or as a result of the District's acts, errors, or omissions in the performance of this agreement. In the event that a claim, loss, or liability is asserted which arises from both the City's and the District's acts, errors, or omissions, each party shall indemnify, defend, and hold the other harmless to the extent of the indemnitor's acts, errors, or omissions.

10. Assignment. This agreement or any rights created herein may not be assigned by either party without the written consent of the other party. This agreement may be amended only by a written agreement signed by the parties.
11. Attorney's Fees. In the event that either party shall commence proceeding or suit against the other party to compel performance under this agreement or to redress any breach thereof, the prevailing party in such proceeding or litigation shall be entitled to recover its costs, including reasonable attorney's fees.

CITY OF MUKILTEO


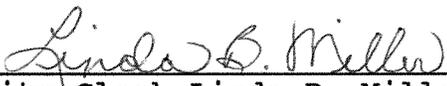
Mayor Brian J. Sullivan

MUKILTEO WATER DISTRICT



President/Commissioner

Attest/Authenticated:



City Clerk Linda B. Miller

Approved as to form
Office of the City Attorney

