

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: **PLACEHOLDER** - Update on the Interlocal Operating Agreement with Ronald Wastewater District and Potential Action Related to the Lawsuit Filed by Ronald Wastewater District Against the City of Shoreline

DEPARTMENT: City Manager's Office & City Attorney

PRESENTED BY: Scott MacColl, Intergovernmental Program Manager
Debbie Tarry, Assistant City Manager
Ian Sievers, City Attorney

ACTION: ☐ Ordinance ☐ Resolution ☒ Motion
 ☒ Discussion ☐ Public Hearing

PROBLEM/ISSUE STATEMENT:

When Shoreline residents incorporated the City in 1995 it was in large part to receive better, more efficient services for their tax dollars. One way for the City to provide more efficient services includes unifying some of the water and sewer utilities with City operations, and in essence, to create one-stop shopping for City residents and businesses. Early City Councils realized that consolidating utility services in Shoreline would reduce inefficiencies associated with multiple governmental entities operating in the same jurisdiction. One of the utilities considered for consolidation was the Ronald Wastewater (sewer) District (District).

To further the goal of consolidating services, the City and District entered into an Interlocal Operating Agreement (IOA) in 2002 (Attachment A), signed and agreed to by both organizations, to unify sewer services with City operations. The IOA outlines the unification process between the City and the District which is to occur in October 2017. Instead of "purchasing" the sewer system, the City will acquire the sewer utility through an assumption, which means all assets, reserve funds, employees, equipment and any District debt will be assumed by the City and the Ronald Wastewater District will cease to exist as a separate government entity. Procedures for an orderly and predictable transition of the sewer utility from District to City ownership are outlined in the 2002 agreement. Although RCW 35.13A would have allowed the City to commence assumption of the District in 2002, it was determined that it benefited the District ratepayers and City residents to delay the assumption to allow time to plan for the transition. In order to facilitate a smooth consolidation, the City and District agreed to a 15-year timeframe for the transition. During that time, the District has and will continue to operate as a special purpose district in Shoreline under the guidance of a franchise agreement with the City. RCW 35.13A provides that the City of Shoreline can assume the Ronald Wastewater District, and transition the provision of sewer services from the District to the City.

On June 27, 2013, the District filed a lawsuit against the City in King County Superior Court, and on July 5, 2013, the City was served with the suit (Attachment B). The District is asking the Court to set aside the District's promises to negotiate the transition and to cooperate with assumption including commitments not to protest and to execute the final dissolution. In addition the District is asking that the Court require a public vote as part of the assumption.

Tonight staff will provide an update to Council regarding the IOA and the City's response to the lawsuit. A final staff report will be provided to the City Council by Friday, July 26 and posted to the City's website at that time.

RESOURCE/FINANCIAL IMPACT:

The City will incur costs related to responding to and defending the issues in the lawsuit. Staff is assessing the anticipated costs. These costs were not anticipated in the City's 2013 budget, given that the IOA had been in existence since 2002 and the IOA provided for an assumption transition without additional legal defense costs.

RECOMMENDATION

The City Council should provide policy direction and take any required action related to responding to the lawsuit filed against the City by Ronald Wastewater District.

Approved By: City Manager ***JU*** City Attorney ***IS***

ATTACHMENTS

Attachment A – 2002 Interlocal Operating Agreement
Attachment B – Suit filed with Superior Court

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RESOLUTION NO. 197

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON AUTHORIZING AN INTERLOCAL OPERATING AGREEMENT RELATING TO PROVISION OF SANITARY SEWER SERVICES

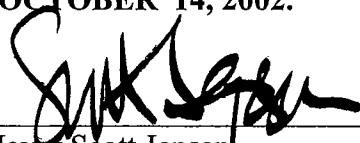
WHEREAS, City and Ronald Wastewater District are authorized under chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 35.13A.070 to contract for the coordinated exercise of powers and sharing of resources for the efficient delivery of services to their residents; and

WHEREAS, the City and District have negotiated a Franchise and concomitant Interlocal Operating Agreement to coordinate the provision of sanitary sewer services in the City of Shoreline; now therefore

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE,
WASHINGTON THAT**

1. The City Manager is authorized to execute the INTERLOCAL OPERATING AGREEMENT BETWEEN THE CITY OF SHORELINE AND RONALD WASTEWATER DISTRICT RELATING TO SANITARY SEWER SERVICES WITHIN SHORELINE'S CITY LIMITS attached hereto as Exhibit 1.

ADOPTED BY THE CITY COUNCIL ON OCTOBER 14, 2002.



Mayor Scott Jepsen

ATTEST:



Sharon Mattioli, CMC
City Clerk

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CITY OF SHORELINE	
Clerk's Receiving	
No:	1956
Date:	10/22/02

Exhibit 1

INTERLOCAL OPERATING AGREEMENT BETWEEN THE CITY OF SHORELINE AND RONALD WASTEWATER DISTRICT RELATING TO SANITARY SEWER SERVICES WITHIN SHORELINE'S CITY LIMITS

THIS AGREEMENT is made and entered into this 22nd day of October, 2002, by and between the city of Shoreline, a Washington Non-Charter Optional Municipal Code City (the "City") and Ronald Wastewater District, a Special Purpose Municipal Corporation (the "District").

WHEREAS, the City is the local government with authority and jurisdiction with respect to the territory within its corporate boundaries; and

WHEREAS, the District provides sanitary sewer service to properties located in the District and properties lying in the City's corporate boundaries and also to properties not located in the District or the City; and

WHEREAS, the City does not own or operate a sanitary sewer system; and

WHEREAS, the District and the City agree that the District has provided its service area, including the area now located within the City of Shoreline, with sanitary sewer service for over 42 years and that the District has the skills, assets, willingness and ability to provide the entire City with sanitary sewer service; and

WHEREAS, the City desires to assure its residents of continued unified sanitary sewer service which will comply with federal, state and local law, which will protect the public's health, safety, and welfare, and will provide uniform standards of service; and

WHEREAS, the City and the District have separately negotiated a 15 year Franchise Agreement to establish the terms and conditions under which the District is granted the authority to maintain its sanitary sewer system within the City's Rights of Way to be simultaneously executed and

WHEREAS, the City and District are authorized under chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 35.13A.070 to contract for the coordinated exercise of powers and sharing of resources for the efficient delivery of services to their residents, and the governing bodies of both parties have passed resolutions approving the execution of this Agreement;

12/15/19

NOW THEREFORE, in consideration of the terms and provisions contained herein, and the Franchise Agreement executed contemporaneously by the parties, the City and the District agree as follows:

Section 1. Purpose. It is the purpose of this Agreement to guide the activities, resources and efforts of the City and the District to provide the citizens of the entire City and the ratepayers served by the District with an efficient, high quality and well maintained sanitary sewerage wastewater system at a reasonable cost and to provide an orderly and predictable transition of the wastewater utility from District to City ownership.

Section 2. Term of Agreement. The term of this Interlocal Operating Agreement shall be fifteen (15) years from the date of its execution.

Section 3. City Responsibilities:

3.1 Franchise Grant to the District. The City shall grant a non-exclusive franchise to the District in the form attached hereto as Exhibit "A" for a concurrent term of 15 years and terminating on the termination date of this Agreement.

3.2 Assumption by the City. The City agrees that in consideration of the "Interlocal Operating Agreement Fee" to be paid by the District to the City as set forth herein in section 4 of this Agreement, and the other terms and conditions of this Agreement, it shall not, during the 15 year term of this Agreement and the concurrent Franchise Agreement granted to the District, attempt to exercise its statutory authority (RCW chapter 35.13A, as currently in effect or amended in the future) to assume jurisdiction over the District or any District responsibilities, property, facilities or equipment within the City's corporate limits, including future annexed areas.

3.3 Fees and Charges. The City shall not, during the term of this Agreement impose any new fees on the District for City costs and services addressed and compensated for in the Franchise Agreement or this Interlocal Operating Agreement, as herein below described.

3.4 Future Statute Authorizing a City Utility Tax on the District. In the event that the State of Washington Legislature should in the future authorize a City to impose a Utility Tax upon a District based upon the District's revenues, or upon any other basis, the payments hereinbelow provided as the District's contractual consideration for this Agreement shall be credited against such Utility Tax as the City may impose and the District shall be obligated to pay only the statutorily supported tax liability in excess thereof; provided however, this section shall not allow a credit against consideration of this Agreement for

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generally applicable regulatory fees or revenue-generating charges or taxes that may be authorized by law as applicable to the District and adopted by the City during the term of this Agreement other than a utility tax. For purposes of this section "utility tax" refers a city tax on business activities subject to the tax imposed by chapter 82.16 RCW.

3.4.1 Pass Through of Excess Utility Tax. In the event a Utility Tax on the District by the City is in the future authorized by law, the District shall pay such additional monies and may pass such additional tax liability on to the District's ratepayers as a separate billing item.

3.5 Requirement to Connect to Sanitary Sewer. The City shall, within the first year of this Agreement, study the adoption of rules and regulations related to the requirement that residences and other buildings or improvements located within the City not receiving sanitary sewer service (those using septic tanks or other on site systems), shall, under certain terms and conditions, be required to connect the sewer facilities located in or on such properties to the District's Sanitary Sewer System.

3.5.1. The City shall enforce such rules and regulations if adopted.

3.5.2 The District shall cooperate with the City in such enforcement action.

3.6 City's Option to Extend this Agreement The City, at its sole option, may no less than twelve (12) calendar months prior to the end of the term of this Agreement inform the District, in writing, of its desire to extend this Agreement for an additional five (5) years under terms and conditions as may be mutually agreed to by the Parties.

3.6.1 Should the City give such notice to the District and the District be interested in such a proposal, the Parties shall enter into Good Faith Negotiations to complete and execute a mutually acceptable extension Agreement, within six (6) months from the City's Notice.

3.7 Protection of District Employees upon Assumption by the City. The Parties agree that a fair and equitable transition of the employees of the District at the time of assumption by the City is critical to maintain the efficient operations of the wastewater services. The employees at the District represent a valuable asset to the City as they assume operations of the District. Therefore, in addition to compliance with RCW 35.13A.090, the City agrees to the following protections for employees of the District at the time of the transfer of the utility system:

3.7.1 All full-time regular non-probationary employees of the District at the time of assumption shall be offered the same or equivalent positions in the City's job classification system, which are consistent with the knowledge, skills, abilities, experience, and technical requirements of the District's employees.

3.7.2 The City agrees not to reduce the salary of a District transferred employee. However, the City reserves the right to freeze a District transferred employee's rate of compensation within a job classification until the City's rate of compensation is equal to or exceeds the transferred employee's rate of compensation.

3.7.3 City agrees it shall not lay off a transferred District employee for at least one year following the date of the transfer to City employment, however, the City reserves the right to terminate District transferred employee for cause.

3.7.4 Service credit for City purposes will be calculated based upon the initial full-time employment date of the transferred employee with Ronald Wastewater District.

3.7.5 Transferred employees will continue participation with the appropriate public employees' retirement system as provided for in RCW35.13A.090 (1).

3.7.6 The City currently allows employees retiring under the PERS Retirement System to purchase health insurance. The transferred employees will be able to participate in that benefit so long as this is still a benefit offered to City employees at the time of assumption of the District.

3.7.7 The City agrees to abide by the Washington Wastewater Collection Personnel Association certification requirements or equivalent for all sewer maintenance workers.

3.7.8 District agrees that an employment agreement for any employee shall not be extended beyond the City assumption date without review and approval of the City Manager.

3.7.9 The Parties recognize that all agreements with bargaining units will terminate upon transfer to the City.

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3.7.10 District agrees that at the time of transfer it shall pay off any accrued sick leave owed to transferred District employees, based on District sick leave policy then in effect.

3.7.11 The Parties agree that District employees transferred to the city shall not carry over more vacation accrual than allowed by City vacation leave policy then in effect, and the District shall pay off vacation in excess of the City's accrual limit upon transfer.

3.8 Obligations On Assumption:

3.8.1 City shall assume all liabilities and contractual obligations of the District or pay those obligations in full where required by contract, bond covenant or other agreements. The District will negotiate all new contracts and loan agreements during the term of this agreement including any mutually agreed upon extension so that the obligations of the District may be assumed by the City upon assumption of the District without cost or penalty. It is agreed that the district's Parity Revenue Bond covenants, as now written, can not, and will not change during this Agreement, therefore, any such Parity Revenue bond obligations of the District will require full defeasance or transfer of the obligation of the District according to the bond covenants at the time of the transfer of assets.

3.8.2 All District assets, personal, real and intangible property will be transferred to the City.

Section 4. The District Responsibilities. In consideration of the City's commitments above and the concomitant Franchise Agreement, the District shall:

4.1 Interlocal Operating Agreement Fee. In consideration of and compensation for the City's forbearance of its rights to assume the District under RCW 35.13A, as it now exists or may be amended, and the rights granted the District under this Agreement to operate its existing and future sewer facilities within the City's corporate limits, including any future annexed areas, the District agrees to pay the City an "Interlocal Operating Fee" pursuant to the payment schedule set forth herein.

4.2 Schedule of Payments. The schedule of payments shall be as follows:

Year	Amount
2002	\$500,000*
2003	\$550,000

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2004	\$600,000
2005	\$618,000
2006	\$637,000
2007	\$656,000
2008	\$676,000
2009	\$696,000
2010	\$717,000
2011	\$739,000
2012	\$761,000
2013	\$784,000
2014	\$808,000
2015	\$832,000
2016	\$857,000
2017	\$883,000

*In the year 2002, the \$500,000 Interlocal Agreement Fee will be paid in full by Ronald Wastewater District prior to December 31, 2002, less any previously paid fees paid during the year 2002 under the Seattle Public Utilities Franchise Agreement assumed by the District.

In all years subsequent to 2002 through 2016, the Interlocal Agreement Fee will be paid by the District to the City with quarterly payments being made on or before March 15, June 15, September 15, and December 15 of each year.

In the final year, 2017, the District's payment to the City will be pro-rated to the date of the Contract Termination.

The fee paid by the District under this section is a business expense that will not be separately identified on customer billings.

4.3 Storm Water and Water Supply System. The District shall not provide a storm water system or a water supply system within the City without the approval of the City being first obtained.

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4.4 Standard Sewer Billing Rate Structure. It shall be the goal of the District to perform a Comprehensive Sewer Rate and Cost of Service Analysis in order to develop a uniform rate schedule following the District's acquisition of the Seattle Public Utilities/Lake City Sewer District Sanitary Sewer System which study shall include but not be limited to the following:

4.4.1 The impact of the overall rate revenue requirements, which analysis shall reflect the impact of diverting the costs and revenue of sewer system customers within the City of Lake Forest Park, if and when service to those customers is taken over by the City of Lake Forest Park.

4.4.2 An evaluation of reasonable options and impacts of phasing in a blending of sewer rates, revising the sewer rates and costs of maintenance and operation, both pre and post Seattle Public Utilities/Lake City Sewer District acquisition of customer segments.

4.4.3 Develop a strategy to expedite a blending of sewer rates to a single set of rate structures that will have the least negative impact on all District ratepayers, now and in the future.

4.4.4 Attempt to create a level billing rate structure for each class of customer throughout the District and the City unless the level of service provided any segment of those properties served requires a "special benefit" surcharge.

4.5 Agreement to Annex. The District shall exercise its legislative authority to seek annexation of those areas which it serves which are not yet within its corporate boundaries and those areas which are within the City's corporate boundaries except areas served by the Highland Sewer District. The District shall proceed with the annexation process as soon as the City of Lake Forest Park exercises its right to annex those areas within its corporate boundaries, and which are presently served by the District's Sanitary Sewer System.

4.5.1 City's Cooperation With Annexation. The City shall promote, cooperate with, and use its best efforts to assist the District in the annexation process articulated in Section _____ of this agreement.

4.6 Seattle Public Utilities Service System Reliability. The District shall prepare plans to upgrade the systems acquired from Seattle Public Utilities to conform to the District's overall operational and maintenance standards.

4.7 Advisory Board. Members of the Board of Commissioners of the District in office at the time of this Agreement who wish to do so, may at their

option, sit as an advisory Board to the Shoreline City Council for a three (3) year period beyond the term of this Agreement.

- 4.8 Cooperation with Assumption and Dissolution. The District agrees to take no action to protest or challenge the assumption of the District following the term of this agreement or any extension thereof. By its execution of this Agreement below the District grants to the City a limited power of attorney to execute a joint petition to Superior Court for dissolution of the District pursuant to RCW 35.13A.080 when authorized by the City Council following the term of this Agreement provided the City is not in breach of this Agreement including terms that survive the term of the Agreement

Section 5. Mutual Responsibilities. In satisfaction of the intent of the parties, the City and District shall have the following responsibilities:

5.1 Common Goals and Interests. The parties shall agree to identify potentially desirable common activities and projects of mutual interest and benefit, which shall include, but not be limited to the following:

5.1.1 Common Vehicle and equipment storage facilities

5.1.2 Common vehicle and equipment maintenance

5.1.3 Emergency/after hours call center

5.1.4 Combined permitting/licensing offices

5.1.5 Joint but separate communications - emergency radio/telephone

5.1.6 Creation of a joint committee to discuss, evaluate and select cost-effective common programs relating to:

- i. Energy management
- ii. Equipment sharing
- iii. Information technology
- iv. Staff training, where possible
- v. Joint insurance programs

5.2 Inter-Agency Communications. A committee consisting of the City's City Manager and Public Work's Director, and the District's General Manager and Maintenance Manager will meet annually to evaluate projects which may be agreed upon to have a mutual benefit, and which may be jointly undertaken.

5.3 Capital Improvement Plan: Each of the Parties shall provide the other with a copy of their respective present Capital Improvement Plan to better facilitate the use of the streets, sidewalks and rights of way and the areas under them.

5.4 Coordination of City and District's Comprehensive Plans. The City's Manager and District's General Manager shall meet annually to coordinate activities related to their respective Comprehensive Plans and their respective Capital Improvement Plans. The parties shall address revisions to their respective Comprehensive Plans at the earliest opportunity to reflect the transition of wastewater service delivery by the City at the end of this Agreement.

5.5 Information and Document Exchange. The Parties shall exchange information and documents relating to the location of the facilities which they each operate within the affected rights of way.

5.6 Assumption Transition. No later than 24 months prior to the end of the term of this Agreement, the City and District shall negotiate in good faith the terms of final transition. Transition terms shall include plans that the City and the District agree to implement to ensure a smooth transition from District to City operations. These plans would include operational issues, financial issues, and employee transition issues. Transition terms shall include but not be limited to the following:

5.6.1 Defeasance or call of all bonded debt principal outstanding and interest owed if required by bond covenants.

5.6.2 Assumption of all indebtedness and other liabilities subject to the terms and conditions of related agreements and contracts.

5.6.3 Terms for application and future use of any cash reserves at the time of the transfer of the system then restricted as to use for system rehabilitation and replacement per District Resolution

5.6.4 District agrees to maintain its reserve funds in the same manner as current policy, and shall maintain adequate reserve levels subject to periodic review by the District's Board of Commissioners in establishing policies related to the financial needs of the District.

Section 6. Termination. In addition to all other rights and powers to remedy default including specific performance, both Parties reserve the right to revoke and terminate

this Agreement in the event of a substantial violation or breach of its terms and conditions.

Section 7. Indemnification. The parties shall indemnify and hold harmless each other and their respective officers, agents, and employees from all costs, claims or liabilities of any nature, including attorneys' fees, costs and expenses for or on account of injuries or damage by any persons or property resulting from the negligent activities or omissions of that Party or their respective agents or employees arising from the performance of this agreement.

Section 8. Definitions. The terms used in this Agreement, if not defined herein, shall have their meanings as defined in any other documents executed contemporaneously or in conjunction with this Agreement.

Section 9. Remedies. In addition to the remedies provided by law, this Agreement shall be specifically enforceable by any Party.

Section 10. Venues. In the event of litigation pertaining to this Agreement, the exclusive venues and places of jurisdiction shall be in King County, Washington.

Section 11. Alternative Dispute Resolution-Arbitration. Except as otherwise provided under applicable state law, any dispute, controversy or claim arising out of or in connection with, or relating to, this Agreement or any breach or alleged breach of this Agreement, shall be submitted to, and settled by, arbitration to be held in King County, Washington in accordance with the provisions of Chapter 7.04 of the Revised Code of Washington, as amended, and with respect to matters not covered in such statute, by the rules of the American Arbitration Association; provided, however, that in the event of any conflict between such statute and such rules, the provisions of the statute shall control; and provided further, that notwithstanding anything in such statute or rules to the contrary: (a) the arbitrator's decision and award shall be made according to the terms and provisions of this Agreement and the applicable law, and such award shall set forth findings of fact and conclusions of law of the arbitrator upon which the award is based in the same manner as is required in a trial before a judge of the Superior Court of the State of Washington; (b) the arbitrator shall award attorney's fees to the prevailing party; and (c) in any such arbitration, there shall be a single arbitrator and any decision made shall be final, binding and conclusive on the parties. The fees of the arbitrator shall be borne equally by the parties except that, in the discretion of the arbitrator, any award may include a party's share of such fee if the arbitrator determines that the dispute, controversy or claim was submitted to arbitration as a dilatory tactic.

Section 12. Binding. This Agreement shall inure to the benefit of and be binding upon the Parties, their successors and assigns.

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Section 13. Enforceability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

Section 14. Applicable Law: This Agreement shall be construed under the laws of the State of Washington.

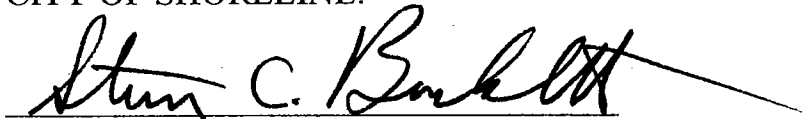
Section 15. Attorneys Fees. If either party employs an attorney to enforce any rights arising out of or relating to this Agreement, the prevailing party shall in such dispute be entitled to recover its reasonable attorneys' fees.

Section 16. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to its subject matter. It shall not be modified except by a written agreement signed by both parties. None of the provisions of this Agreement shall be deemed to have been waived by any act of acquiescence on the part of either Party, its agents, or employees, but only by an instrument in writing signed by an authorized officer of the Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision(s) or of the same provisions on another occasion.

Section 17. Survival. All of the provisions, conditions and requirements of Sections 3.7, 3.8, 4.7, 4.8, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 shall survive the fifteen (15) year term of this Agreement.

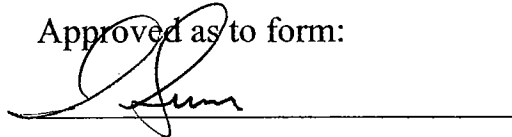
Section 18. Effective Date and Term of Contract. This agreement shall be in full force and effect and binding upon the parties hereto upon the execution of the Agreement and shall continue in full force and effect fifteen (15) years from the effective date.

CITY OF SHORELINE:



Steven C. Burkett, City Manager

Approved as to form:



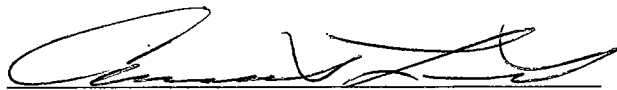
Ian R. Sievers, City Attorney

RONALD WASTEWATER DISTRICT:



President, Board of Commissioners

Attest:

A handwritten signature in black ink, appearing to be "C. Smith", written over a horizontal line.

Secretary, Board of Commissioners

ACORD™**CERTIFICATE OF LIABILITY INSURANCE**

DATE (MM/DD/YYYY)

06/11/04

PRODUCER USI Northwest of Washington 1001 Fourth Avenue, Suite 1800 Seattle, WA 98154 206 695-3100	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED Ronald Wastewater District P.O. Box 33490 Shoreline, WA 98133	INSURERS AFFORDING COVERAGE INSURER A: American Casualty Company of Reading INSURER B: INSURER C: INSURER D: INSURER E:	NAIC # 20427

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR PD Ded:5,000 GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	2048417840	01/01/04	01/01/05	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$300,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000
A		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	2048417790	01/01/04	01/01/05	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	2048417840 WA STOP GAP ONLY	01/01/04	01/01/05	<input type="checkbox"/> WC STATU-TORY LIMITS <input checked="" type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Covering "All Operations" of the named insured, subject to all policy conditions, limitations and exclusions.

CERTIFICATE HOLDER

City of Shoreline
 Attn: Debbie Tarry
 17544 Midvale Ave. N.
 Shoreline, WA 98133-4921

RECEIVED
JUN 14 2004
FINANCE

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Debbie R. Henderson

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



FAX

DATE: July 14, 2004

NUMBER OF PAGES (including cover sheet): 3

FROM: Beau Sinkler, Administrative Assistant III for Debbie Tarry, Finance Director
City of Shoreline Finance Department
17544 Midvale Ave N., Shoreline, WA 98133-4921
Phone # (206) 546-0790 Fax # (206) 546-7870

TO: ATTENTION: **KATHY** 425-277-7242

Dear Kathy:

Per your phone conversation with Debbie, attached is the Certificate of Liability for the Ronald Wastewater District.

If you have any questions, please call Debbie at 206-546-0787.
Thanks!

Beau Sinkler
Finance Department, City of Shoreline
206 546 0790
fax: 206-546-7870

ebs0400

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO	2169	
CONNECTION TEL		914252777242
SUBADDRESS		
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FAX

DATE: July 14, 2004

NUMBER OF PAGES (including cover sheet): **3**

FROM: Beau Sinkler, Administrative Assistant III for Debbie Tarry, Finance Director
City of Shoreline Finance Department
17544 Midvale Ave N., Shoreline, WA 98133-4921
Phone # (206) 546-0790 Fax # (206) 546-7870

TO: **ATTENTION: KATHY** 425-277-7242

Dear Kathy:

Per your phone conversation with Debbie, attached is the Certificate of Liability for the Ronald Wastewater District.

If you have any questions, please call Debbie at 206-546-0787.

Thanks!

Beau Sinkler

8b-19

ACORD™ CERTIFICATE OF LIABILITY INSURANCEDATE (MM/DD/YY)
05/24/02

PRODUCER

USI Northwest
20415 NW 72d Ave. South Suite 300
Kent, WA 98032

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED

~~Ronald Wastewater District~~
P.O. Box 33490
Shoreline, WA 98133

INSURER A: Transcontinental Insurance Company

INSURER B: Continental Casualty Co

INSURER C:

INSURER D:

INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Per Project Agg <input checked="" type="checkbox"/> Stop Gap GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	248417840	01/01/02	01/01/03	EACH OCCURRENCE \$1,000,000 FIRE DAMAGE (Any one fire) \$300,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	248417790	01/01/02	01/01/03	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
	OTHER				

RECEIVED
MAY 28 2002
FINANCE

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

The certificate holder is added as primary & non-contributory additional insured as respects work performed by the named insured on behalf of the certificate holder per attached form G-17957-F.

CERTIFICATE HOLDER

ADDITIONAL INSURED; INSURER LETTER:

CANCELLATION

City of Shoreline
17544 Midvale Ave N.
Shoreline, WA 98133-4921

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Diana L. Phillips

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
CONTRACTOR'S BLANKET ADDITIONAL INSURED ENDORSEMENT

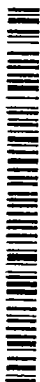
This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. WHO IS AN INSURED (Section II)** is amended to include as an insured any person or organization (called additional insured) whom you are required to add as an additional insured on this policy under:
1. A written contract or agreement; or
 2. An oral contract or agreement where a certificate of insurance showing that person or organization as an additional insured has been issued; but
the written or oral contract or agreement must be:
 1. Currently in effect or becoming effective during the term of this policy; and
 2. Executed prior to the "bodily injury," "property damage," "personal injury" or "advertising injury."
- B. The insurance provided to the additional insured is limited as follows:**
1. That person or organization is only an additional insured with respect to liability arising out of:
 - a. Your premises;
 - b. "Your work" for that additional insured; or
 - c. Acts or omissions of the additional insured in connection with the general supervision of "your work."
 2. The Limits of Insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever is less. These Limits of Insurance are inclusive and not in addition to the Limits of Insurance shown in the Declarations.
 3. Except when required by contract or agreement, the coverage provided to the additional insured by this endorsement does not apply to:
 - a. "Bodily injury" or "property damage" occurring after:
 - (1) All work on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured at the site of the covered operations has been completed; or
 - (2) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as part of the same project.
 - b. "Bodily injury" or "property damage" arising out of acts or omissions of the additional Insured other than in connection with the general supervision of "your work."
 4. The insurance provided to the additional insured does not apply to "bodily injury," "property damage," "personal injury," or "advertising injury" arising out of an architect's, engineer's, or surveyor's rendering of or failure to render any professional services including:
 - a. The preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
 - b. Supervisory, or inspection activities performed as part of any related architectural or engineering activities.
- C. As respects the coverage provided under this endorsement, Paragraph 4.b. SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS is amended with the addition of the following:**
- 4. Other Insurance**
- b. Excess Insurance
This insurance is excess over:

Any other valid and collectible insurance available to the additional insured whether primary, excess, contingent or on any other basis unless a contract specifically requires that this insurance be either primary or primary and noncontributing. Where required by contract, we will consider any other insurance maintained by the additional insured for injury or damage covered by this endorsement to be excess and noncontributing with this insurance.

5002074894050030002826714701





FAX

DATE: June 11, 2004

NUMBER OF PAGES (including cover sheet): 3

FROM: Beau Sinkler, Administrative Assistant III for Debbie Tarry, Finance Director
City of Shoreline Finance Department
17544 Midvale Ave N., Shoreline, WA 98133-4921
Phone # (206) 546-0790 Fax # (206) 546-7870

TO: **ATTENTION:** **AL**
Phone #: Fax #: 206-546-8110

Dear Al,

Per your phone conversation with Debbie this morning, attached is your last year's Certificate of Liability for the Ronald Wastewater District. We look forward to receiving your current certificate soon!

Many thanks!

Beau Sinkler
Finance Department, City of Shoreline
206 546 0790
fax: 206-546-7870

ebs0400

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO 2124
CONNECTION TEL 92065468110
SUBADDRESS
CONNECTION ID
ST. TIME 06/11 09:18
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PGS. SENT 3
RESULT OK



FAX

DATE: June 11, 2004

NUMBER OF PAGES (including cover sheet): 3

FROM: Beau Sinkler, Administrative Assistant III for Debbie Tarry, Finance Director
City of Shoreline Finance Department
17544 Midvale Ave N., Shoreline, WA 98133-4921
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TO: **ATTENTION:** **AL**
Phone #: Fax #: 206-546-8110

Dear Al,

Per your phone conversation with Debbie this morning, attached is your last year's Certificate of Liability for the Ronald Wastewater District. We look forward to receiving your current certificate soon!

Many thanks!

8b-23

Beau Sinkler

Received Date: Friday, July 5, 2013

Received Time: 11:35 a.m.

Accepted by: Scott Passey

City of Shoreline

Summons & Complaint Number: SC-13-003

Plaintiffs: Ronald Wastewater District and Arthur Wadekamper

- **Summons**
 - **Complaint for Declaratory Judgment**
 - **Order Setting Civil Case Schedule**
-

Emailed Friday, July 6, 2013 to:

- * Ian Sievers, City Attorney
- * Robert Hartwig, Finance Director
- * WCIA

Email copied to:

- * Darcy Greenleaf
- * Sharon Oshima
- * Flannary Collins

RECEIVED

JUL 01 2013

CITY CLERK
CITY OF SHORELINESP
11:35am

**SUPERIOR COURT OF THE STATE OF WASHINGTON
FOR KING COUNTY**

RONALD WASTEWATER DISTRICT and
ARTHUR WADEKAMPER,

Plaintiffs,

No.

SUMMONS [20 DAYS]

v.

CITY OF SHORELINE, , a Washington municipal
corporation,

Defendant.

TO THE DEFENDANT: A lawsuit has been started against you in the above entitled court by Ronald Wastewater District and Arthur Wadekamper, plaintiffs. Plaintiffs' claim is stated in the written complaint, a copy of which is served upon you with this summons.

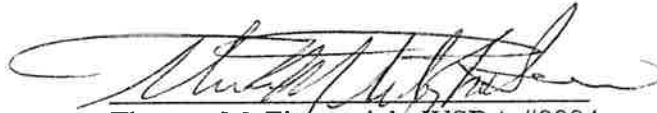
In order to defend against this lawsuit, you must respond to the complaint by stating your defense in writing, and by serving a copy upon the person signing this summons within 20 days after the service of this summons, excluding the day of service, or a default judgment may be entered against you without notice. A default judgment is one where the plaintiffs are entitled to what they ask for because you have not responded. If you serve a notice of appearance on the undersigned person, you are entitled to notice before a default judgment may be entered.

1 You may demand that the plaintiffs file this lawsuit with the court. If you do so, the demand
2 must be in writing and must be served upon the person signing this summons. Within 14 days after
3 you serve the demand, the plaintiffs must file this lawsuit with the court, or the service on you of this
4 summons and complaint will be void.

5 If you wish to seek the advice of an attorney in this matter, you should do so promptly so that
6 your written response, if any, may be served on time.

7 This summons is issued pursuant to rule 4 of the Superior Court Civil Rules of the State of
8 Washington.
9

10 DATED this 27th day of June, 2013.

11
12 

13 Thomas M. Fitzpatrick, WSBA #8894
14 Philip A. Talmadge, WSBA #6973
15 Talmadge/Fitzpatrick
16 18010 Southcenter Parkway
17 Tukwila, WA 98188
18 (206) 574-6661

19 Joseph P. Bennett, WSBA #20893
20 Matthew R. Hendricks, WSBA #20824
21 Hendricks-Bennett, PLLC
22 402 5th Avenue South
23 Edmonds, WA 98020
24 (425) 775-2751
25 Attorneys for Plaintiff
26

RECEIVED

JUL 03 2013

CITY CLERK
CITY OF SHORELINESP
11:35 am

**SUPERIOR COURT OF THE STATE OF WASHINGTON
FOR KING COUNTY**

RONALD WASTEWATER DISTRICT and
ARTHUR WADEKAMPER,

Plaintiffs,

v.

CITY OF SHORELINE, a Washington
municipal corporation,

Defendant.

No.

COMPLAINT FOR DECLARATORY
JUDGMENT

Plaintiffs hereby seek declaratory relief pursuant to the Declaratory Judgment Act,
Chapter 7.24 RCW, as follows:

I. PARTIES

1.1 Plaintiff Ronald Wastewater District ("District") is a special purpose sewer
district formed and organized pursuant to Title 57 RCW and other laws of the State of
Washington, with its principal place of business at 17505 Linden Avenue North, Shoreline, King
County, Washington.

1.2 Plaintiff Arthur Wadekamper is a Commissioner and President of the Board of
Commissioners of the District. Mr. Wadekamper resides within the District's corporate
boundaries as well as within the city limits of the City of Shoreline.

COMPLAINT FOR DECLARATORY JUDGMENT -1

Talmadge/Fitzpatrick
18010 Southcenter Parkway
Tukwila, Washington 98188
(206) 574-6661 (206) 575-1397 Fax

1.3 Defendant City of Shoreline ("City") is a municipal corporation organized under the laws of the State of Washington, with its principal place of business at 17500 Midvale Avenue North, Shoreline, King County, Washington.

II. JURISDICTION AND VENUE

2.1 The Court has jurisdiction over this matter and the parties thereto pursuant to Chapter 7.24 RCW and all parties reside or do business in this county.

2.2 Venue is proper in this Court pursuant to RCW 4.12.020.

III. STATEMENT OF FACTS

3.1 In 1951, the District was formed by public vote to provide sewer service to areas of unincorporated northwest King County. The District currently provides sewer service to areas within the City as well as portions of the Town of Woodway. In addition, the District receives sewer flows from portions of unincorporated Snohomish County, the City of Mountlake Terrace, and the Highlands Sewer District.

3.2 In 1995, the City was formed by a public vote and organized as a non-charter code city under Title 35A RCW and other applicable Washington statutes.

3.3 The City does not own or operate a sewer utility system and has never owned or operated such a utility at any time since its inception in 1995.

3.4 RCW 35.92.070 requires that when a city's governing body deems it advisable to acquire a public utility, it shall provide for such acquisition by ordinance. The ordinance must specify the system or plan proposed, and declare the estimated cost thereof. The ordinance must be submitted for ratification or rejection by a majority vote of the voters of the city at a general or special election.

1 3.5 The City drafted an Interlocal Operating Agreement between the City and the
2 District relating to sanitary sewer services within the City limits ("IOA"), pursuant to RCW
3 39.34 and RCW 35.17A.070. The City and the District entered into the IOA effective October
4 22, 2002. A true and correct copy of the IOA is attached to this Complaint as Exhibit 1 and is
5 incorporated herein by reference.

6 3.6 The City acknowledged in the IOA's preamble that it "does not own or operate a
7 sanitary sewer system," that the District has provided sanitary sewer service for over 42 years
8 and "has the skills, assets, willingness, and ability to provide the entire City with sanitary sewer
9 service."

10 3.7 The IOA is a forbearance agreement, whereby the City agreed not to assume the
11 District for 15 years (§ 3.2) and granted the District a "non-exclusive franchise" to use City right
12 of way for the District sewer system. (§ 3.1) The City could extend the IOA at its option for an
13 additional five years. (§ 3.6) In exchange, the District agreed to ever increasing annual
14 payments to the City, which were termed "interlocal operating fees. (§§ 4.1 and 4.2)

15 3.8 Section 4.5 of the IOA provides:

16 Agreement to Annex. The District shall exercise its legislative authority to seek
17 annexation of those areas which it serves which are not yet within the its
18 corporate boundaries and those areas which are within the City's corporate
19 boundaries except areas served by Highland Sewer District. The District shall
20 proceed with the annexation process as soon as the City of Lake Forest Park
21 exercises its right to annex those areas within its corporate boundaries, and which
22 are presently served by the District's Sanitary Sewer System.

23 3.9 If the City decides to assume the District at some future date, the IOA purports to
24 prevent a future board of commissioners from protesting or challenging the assumption. The
25 IOA also includes a delegation of the District's power to dissolve itself to the City upon

1 authorization of the City Council only, without need of authorization from the District's board of
2 commissioners at that time. Section 4.8 provides:

3 Cooperation with Assumption and Dissolution. The District agrees to take no
4 action to protest or challenge the assumption of the District following the term of
5 this agreement or any extension thereof. By its execution of this Agreement
6 between the District grants to the City a limited power of attorney to execute a
7 joint petition to Superior Court for dissolution of the District pursuant to RCW
35.13A.080 when authorized by the City Council following the term of this
Agreement provided the City is not in breach of this Agreement including terms
that survive the term of the Agreement.

8 3.10 The IOA further requires the District to negotiate the final terms of assumption
9 transition no later than 24 months prior to the end of the term of the agreement. (§ 5.6)

10 3.11 Section 13 of the IOA states: "If any provision of this Agreement shall be held by
11 a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions
12 shall remain in full force and effect."

13 3.12 The District has fully complied with the IOA and has paid the City over \$7
14 million in interlocal operating fees since 2002.

15 3.13 In 2012, the District communicated to its ratepayers about the possible
16 assumption of the District by the City. The District's communication stated that the IOA is an
17 agreement by the City not to assume the District for 15 years, and the City cannot assume the
18 District without a public vote.

19 3.14 On May 11, 2012, the City responded that the District's communication violated §
20 4.8 of the IOA because it protested or challenged the City's assumption of the District. The City
21 further stated that pursuant to § 4.8, the District has "already given its authorization for the City
22 to petition for dissolution of the District if authorized by the City Council at the end of the
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1 agreement.” The City demanded that the District remove its communication to the ratepayers
2 from the District website.

3 3.15 In May of 2013, the District received a proposal from the Town of Woodway to
4 sell District assets located in Snohomish County. On May 14, the City wrote to the District’s
5 board of commissioners demanding that the District “cease discussion” of the Woodway
6 proposal and threatened that the proposal to sell District assets in Snohomish County violated
7 § 4.5 of the IOA.

8 3.16 The District replied on May 20, denying that there was any violation of § 4.5,
9 rejecting the City’s demand that the commissioners “cease discussion,” and welcoming the City
10 to discuss the issue with the District.
11

12 3.17 On May 22, 2013, the City Council held a special meeting with a single agenda
13 item—authorizing the City Manager to file suit against the District to enforce the IOA. City staff
14 recommended filing suit. After public comment that was unanimously against filing suit, the
15 City Council took no action. Instead the Council deferred any legal action pending discussions
16 between the City Manager and the District General Manager.

17 3.18 On June 12, 2013, the District wrote to the City to initiate discussion on the
18 pending issues. The District reiterated its position that considering the Town of Woodway’s
19 proposal did not violate § 4.5 of the IOA. The District also requested discussion of two other
20 issues: (a) the public’s right to vote on any assumption of the District as required by
21 RCW 35.92.070; and (b) that § 4.8 of the IOA is invalid and unenforceable because it
22 compromises the governmental powers of the District’s current board of commissioners.
23
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1 3.19 On June 20, 2013, the City responded to the District's invitation to discuss the
2 issues. The City's response (a) acknowledged that "there is a clear distinction between the
3 District's interpretation and the City's regarding the intent of the IOA, how it is to be executed,
4 and the State law supporting the assumption of the District;" (b) explained the City's view that it
5 does not need a public vote to assume the District; and (c) stated the City Council's intent to
6 accelerate assumption transition discussions required by § 5.6 of the IOA.

7 3.20 The District has suffered harm, and will continue to suffer harm as a result of the
8 City's insistence that no public vote is necessary to assume the District, that § 4.8 of the
9 Agreement validly allows the City to prevent the District from questioning, protesting or
10 challenging assumption; and that § 4.5 prohibits the District from selling or even discussing a
11 proposal to sell assets in Snohomish County. Specifically, the City has threatened the District
12 with legal action, demanded the District's board of commissioners to cease discussion and be
13 silent, and attempted to accelerate assumption transition more than two years earlier than called
14 for in the IOA. This uncertainty about the District's future and its right to question the wisdom
15 of assumption has frustrated the District's efforts to enter into a joint billing agreement with
16 Shoreline Water District, and impacted the District's ability to engage in long range planning.

17 3.21 The District and its commissioners are entitled to the right of free speech as
18 guaranteed under the United States Constitution, Amendment I and the Washington Constitution,
19 Article I, § 5. In addition, the District's commissioners are entitled to freedom of debate under
20 Washington Constitution, Article II, § 17.

21 3.22 On its face, § 4.8 of the IOA is an unconstitutional infringement upon the free
22 speech rights of the District and the free speech and free debate rights of the District's
23
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25

1 commissioners by purporting to prohibit their right to challenge or protest the assumption of the
2 District following the term of the IOA.

3 3.23 Despite the fact that § 4.8 of the IOA does not apply to any protest or challenge of
4 the assumption of the District until after the term of the IOA expires in 2017 or 2022, the City's
5 application of § 4.8 is an unconstitutional infringement upon the free speech rights of the District
6 and the free speech and free debate rights of the District's commissioners.

7 **IV. FIRST CLAIM FOR DECLARATORY RELIEF: RCW 35.92.070**

8 4.1 Plaintiffs re-allege and incorporate paragraphs 1.1 through 3.23.

9
10 4.2 The City does not own or operate a sewer system. RCW 35.92.070 provides that
11 when a city deems it advisable to "purchase, acquire or construct" a public utility, including a
12 sewer system, the city shall provide therefore by ordinance and the "ordinance shall be submitted
13 for ratification or rejection by majority vote of the voters of the city or town at a general or
14 special election."

15 4.3 There are three statutory exceptions to the election requirement contained in
16 RCW 35.92.070, none of which apply to the City.

17 4.4 A question exists whether the City may assume and dissolve the District under the
18 provisions of Chapter 35.13A RCW without prior voter approval as required by RCW 35.92.070.

19
20 4.5 RCW 7.24.020 permits an interested party whose rights, status or other legal
21 relations are affected by a "statute, municipal ordinance, contract or franchise, may have
22 determined any question of construction or validity arising under the instrument, statute,
23 ordinance, contract or franchise and obtain a declaration of rights, status and other legal relations
24 thereunder."

1 4.6 RCW 7.24.030 states that a “contract may be construed either before or after there
2 has been a breach thereof.”

3 4.7 The District is an interested party under the provisions of RCW 7.24.020 and
4 requests a judgment declaring that the IOA and the City’s rights to assume under Chapter 35.13A
5 RCW are subject to the public vote requirement set forth in RCW 35.92.070.

6 **V. SECOND CLAIM FOR DECLARATORY RELIEF:**
7 **INTERLOCAL OPERATING AGREEMENT**

8 5.1 Plaintiffs re-allege and incorporate paragraphs 1.1 through 4.7.

9 5.2 A question exists whether § 4.8 of the IOA is unconstitutional on its face and as
10 applied by the City to silence the District and its commissioners and stifle free debate about
11 assumption.

12 5.3 A question exists whether § 4.8 of the IOA is invalid and unenforceable because
13 the District’s board of commissioners that approved the IOA in 2002 circumscribed the
14 legislative authority of future boards of commissioners by contractually binding the District to
15 take no action to protest or challenge the City’s future assumption of the District.
16

17 5.4 A question exists whether § 4.8 of the IOA is invalid and unenforceable because
18 the District’s board of commissioners that approved the IOA in 2002 circumscribed the
19 legislative authority of future boards of commissioners by granting the City a power of attorney
20 to dissolve the District when the IOA expires in 2017 or 2022.

21 5.5 A question exists whether § 4.8 of the IOA applies to or prohibits the District or
22 its commissioners from protesting or challenging assumption prior to the end of the term of the
23 IOA.
24

1 5.6 A question exists whether § 5.6 of the IOA is invalid and unenforceable because
2 the District's board of commissioners that approved the IOA in 2002 circumscribed the
3 legislative authority of future boards of commissioners by contractually binding the District to
4 negotiate the final terms of assumption transition with the City no later than 24 months before
5 the IOA expires.

6 5.7 A question exists whether § 4.5 of the IOA prohibits the District from selling, or
7 even negotiating the possible sale of, District assets located outside of the City limits.

8 5.8 RCW 7.24.020 permits an interested party whose rights, status or other legal
9 relations are affected by a "statute, municipal ordinance, contract or franchise, may have
10 determined any question of construction or validity arising under the instrument, statute,
11 ordinance, contract or franchise and obtain a declaration of rights, status and other legal relations
12 thereunder."

13 5.9 RCW 7.24.030 states that a "contract may be construed either before or after there
14 has been a breach thereof."

15 5.10 The District is an interested party under the provisions of RCW 7.24.020 and
16 requests a judgment declaring that (a) § 4.8 of the IOA is unconstitutional on its face and
17 unconstitutional as applied by the City; (b) § 4.8 of the IOA is invalid and unenforceable; (c)
18 § 4.8 of the IOA does not apply to or prohibit the District or its commissioners from protesting
19 or challenging assumption prior to the end of the term of the IOA; (d) § 5.6 of the IOA is invalid
20 and unenforceable; and (e) § 4.5 of the IOA does not prohibit the District from selling or
21 negotiating the sale of District assets located outside of the City limits.
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VI. REQUEST FOR RELIEF

Plaintiffs request the following relief:

1. That a judgment be entered declaring that the City has no authority or jurisdiction to proceed with assumption and dissolution of the District under Chapter 35.13A RCW until after the City submits an ordinance authorizing such assumption and dissolution for ratification or rejection by a majority vote of the voters of the City at a general or special election as required by RCW 35.92.070.

2. That a judgment be entered declaring § 4.8 of the IOA to be unconstitutional on its face and as applied by the City.

3. That a judgment be entered declaring § 4.8 of the IOA to be invalid and unenforceable.

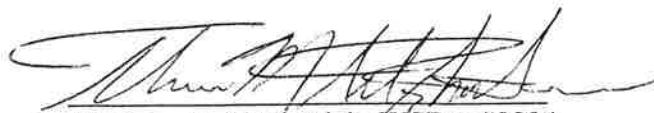
4. That judgment be entered declaring that § 4.8 of the IOA does not apply to or prohibit the District or its commissioners from protesting or challenging assumption prior to the end of the term of the IOA.

5. That judgment be entered declaring that § 5.6 of the IOA to be invalid and unenforceable.

6. That a judgment be entered declaring that § 4.5 of the IOA does not prohibit the District from selling or negotiating the sale of District assets located outside of the City limits.

7. That Plaintiffs be awarded their costs and attorneys' fees as allowed by law.

1 DATED this 27th day of June, 2013.

2
3 

4 Thomas M. Fitzpatrick, WSBA #8894

5 Philip A. Talmadge, WSBA #6973

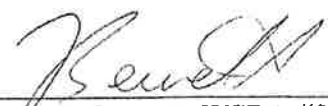
6 Talmadge/Fitzpatrick

7 18010 Southcenter Parkway

8 Tukwila, WA 98188

9 (206) 574-6661

HENDRICKS – BENNETT, PLLC

By: 
Joseph P. Bennett, WSBA #20893
Matthew R. Hendricks, WSBA #20824
Attorneys for Plaintiff

COMPLAINT FOR DECLARATORY JUDGMENT –12

Talmadge/Fitzpatrick
18010 Southcenter Parkway
Tukwila, Washington 98188
(206) 574-6661 (206) 575-1397 Fax

EXHIBIT 1

ORIGINAL

CITY OF SHORELINE	
Clerk's Receiving	
No:	1956
Date:	10/22/02

Exhibit 1

**INTERLOCAL OPERATING AGREEMENT BETWEEN THE CITY OF
SHORELINE AND RONALD WASTEWATER DISTRICT RELATING TO
SANITARY SEWER SERVICES WITHIN SHORELINE'S CITY LIMITS**

THIS AGREEMENT is made and entered into this 22nd day of October, 2002, by and between the city of Shoreline, a Washington Non-Charter Optional Municipal Code City (the "City") and Ronald Wastewater District, a Special Purpose Municipal Corporation (the "District").

WHEREAS, the City is the local government with authority and jurisdiction with respect to the territory within its corporate boundaries; and

WHEREAS, the District provides sanitary sewer service to properties located in the District and properties lying in the City's corporate boundaries and also to properties not located in the District or the City; and

WHEREAS, the City does not own or operate a sanitary sewer system; and

WHEREAS, the District and the City agree that the District has provided its service area, including the area now located within the City of Shoreline, with sanitary sewer service for over 42 years and that the District has the skills, assets, willingness and ability to provide the entire City with sanitary sewer service; and

WHEREAS, the City desires to assure its residents of continued unified sanitary sewer service which will comply with federal, state and local law, which will protect the public's health, safety, and welfare, and will provide uniform standards of service; and

WHEREAS, the City and the District have separately negotiated a 15 year Franchise Agreement to establish the terms and conditions under which the District is granted the authority to maintain its sanitary sewer system within the City's Rights of Way to be simultaneously executed and

WHEREAS, the City and District are authorized under chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 35.13A.070 to contract for the coordinated exercise of powers and sharing of resources for the efficient delivery of services to their residents, and the governing bodies of both parties have passed resolutions approving the execution of this Agreement;

NOW THEREFORE, in consideration of the terms and provisions contained herein, and the Franchise Agreement executed contemporaneously by the parties, the City and the District agree as follows:

Section 1. Purpose. It is the purpose of this Agreement to guide the activities, resources and efforts of the City and the District to provide the citizens of the entire City and the ratepayers served by the District with an efficient, high quality and well maintained sanitary sewerage wastewater system at a reasonable cost and to provide an orderly and predictable transition of the wastewater utility from District to City ownership.

Section 2. Term of Agreement. The term of this Interlocal Operating Agreement shall be fifteen (15) years from the date of its execution.

Section 3. City Responsibilities:

3.1 Franchise Grant to the District. The City shall grant a non-exclusive franchise to the District in the form attached hereto as Exhibit "A" for a concurrent term of 15 years and terminating on the termination date of this Agreement.

3.2 Assumption by the City. The City agrees that in consideration of the "Interlocal Operating Agreement Fee" to be paid by the District to the City as set forth herein in section 4 of this Agreement, and the other terms and conditions of this Agreement, it shall not, during the 15 year term of this Agreement and the concurrent Franchise Agreement granted to the District, attempt to exercise its statutory authority (RCW chapter 35.13A, as currently in effect or amended in the future) to assume jurisdiction over the District or any District responsibilities, property, facilities or equipment within the City's corporate limits, including future annexed areas.

3.3 Fees and Charges. The City shall not, during the term of this Agreement impose any new fees on the District for City costs and services addressed and compensated for in the Franchise Agreement or this Interlocal Operating Agreement, as herein below described.

3.4 Future Statute Authorizing a City Utility Tax on the District. In the event that the State of Washington Legislature should in the future authorize a City to impose a Utility Tax upon a District based upon the District's revenues, or upon any other basis, the payments hereinbelow provided as the District's contractual consideration for this Agreement shall be credited against such Utility Tax as the City may impose and the District shall be obligated to pay only the statutorily supported tax liability in excess thereof; provided however, this section shall not allow a credit against consideration of this Agreement for

ORIGINAL

generally applicable regulatory fees or revenue-generating charges or taxes that may be authorized by law as applicable to the District and adopted by the City during the term of this Agreement other than a utility tax. For purposes of this section "utility tax" refers a city tax on business activities subject to the tax imposed by chapter 82.16 RCW.

3.4.1 Pass Through of Excess Utility Tax. In the event a Utility Tax on the District by the City is in the future authorized by law, the District shall pay such additional monies and may pass such additional tax liability on to the District's ratepayers as a separate billing item.

3.5 Requirement to Connect to Sanitary Sewer. The City shall, within the first year of this Agreement, study the adoption of rules and regulations related to the requirement that residences and other buildings or improvements located within the City not receiving sanitary sewer service (those using septic tanks or other on site systems), shall, under certain terms and conditions, be required to connect the sewer facilities located in or on such properties to the District's Sanitary Sewer System.

3.5.1. The City shall enforce such rules and regulations if adopted.

3.5.2 The District shall cooperate with the City in such enforcement action.

3.6 City's Option to Extend this Agreement The City, at its sole option, may no less than twelve (12) calendar months prior to the end of the term of this Agreement inform the District, in writing, of its desire to extend this Agreement for an additional five (5) years under terms and conditions as may be mutually agreed to by the Parties.

3.6.1 Should the City give such notice to the District and the District be interested in such a proposal, the Parties shall enter into Good Faith Negotiations to complete and execute a mutually acceptable extension Agreement, within six (6) months from the City's Notice.

3.7 Protection of District Employees upon Assumption by the City. The Parties agree that a fair and equitable transition of the employees of the District at the time of assumption by the City is critical to maintain the efficient operations of the wastewater services. The employees at the District represent a valuable asset to the City as they assume operations of the District. Therefore, in addition to compliance with RCW 35.13A.090, the City agrees to the following protections for employees of the District at the time of the transfer of the utility system:

3.7.1 All full-time regular non-probationary employees of the District at the time of assumption shall be offered the same or equivalent positions in the City's job classification system, which are consistent with the knowledge, skills, abilities, experience, and technical requirements of the District's employees.

3.7.2 The City agrees not to reduce the salary of a District transferred employee. However, the City reserves the right to freeze a District transferred employee's rate of compensation within a job classification until the City's rate of compensation is equal to or exceeds the transferred employee's rate of compensation.

3.7.3 City agrees it shall not lay off a transferred District employee for at least one year following the date of the transfer to City employment, however, the City reserves the right to terminate District transferred employee for cause.

3.7.4 Service credit for City purposes will be calculated based upon the initial full-time employment date of the transferred employee with Ronald Wastewater District.

3.7.5 Transferred employees will continue participation with the appropriate public employees' retirement system as provided for in RCW35.13A.090 (1).

3.7.6 The City currently allows employees retiring under the PERS Retirement System to purchase health insurance. The transferred employees will be able to participate in that benefit so long as this is still a benefit offered to City employees at the time of assumption of the District.

3.7.7 The City agrees to abide by the Washington Wastewater Collection Personnel Association certification requirements or equivalent for all sewer maintenance workers.

3.7.8 District agrees that an employment agreement for any employee shall not be extended beyond the City assumption date without review and approval of the City Manager.

3.7.9 The Parties recognize that all agreements with bargaining units will terminate upon transfer to the City.

ORIGINAL

3.7.10 District agrees that at the time of transfer it shall pay off any accrued sick leave owed to transferred District employees, based on District sick leave policy then in effect.

3.7.11 The Parties agree that District employees transferred to the city shall not carry over more vacation accrual than allowed by City vacation leave policy then in effect, and the District shall pay off vacation in excess of the City's accrual limit upon transfer.

3.8 Obligations On Assumption:

3.8.1 City shall assume all liabilities and contractual obligations of the District or pay those obligations in full where required by contract, bond covenant or other agreements. The District will negotiate all new contracts and loan agreements during the term of this agreement including any mutually agreed upon extension so that the obligations of the District may be assumed by the City upon assumption of the District without cost or penalty. It is agreed that the district's Parity Revenue Bond covenants, as now written, can not, and will not change during this Agreement, therefore, any such Parity Revenue bond obligations of the District will require full defeasance or transfer of the obligation of the District according to the bond covenants at the time of the transfer of assets.

3.8.2 All District assets, personal, real and intangible property will be transferred to the City.

Section 4. The District Responsibilities. In consideration of the City's commitments above and the concomitant Franchise Agreement, the District shall:

4.1 Interlocal Operating Agreement Fee. In consideration of and compensation for the City's forbearance of its rights to assume the District under RCW 35.13A, as it now exists or may be amended, and the rights granted the District under this Agreement to operate its existing and future sewer facilities within the City's corporate limits, including any future annexed areas, the District agrees to pay the City an "Interlocal Operating Fee" pursuant to the payment schedule set forth herein.

4.2 Schedule of Payments. The schedule of payments shall be as follows:

Year	Amount
2002	\$500,000*
2003	\$550,000

63192

2004	\$600,000
2005	\$618,000
2006	\$637,000
2007	\$656,000
2008	\$676,000
2009	\$696,000
2010	\$717,000
2011	\$739,000
2012	\$761,000
2013	\$784,000
2014	\$808,000
2015	\$832,000
2016	\$857,000
2017	\$883,000

*In the year 2002, the \$500,000 Interlocal Agreement Fee will be paid in full by Ronald Wastewater District prior to December 31, 2002, less any previously paid fees paid during the year 2002 under the Seattle Public Utilities Franchise Agreement assumed by the District.

In all years subsequent to 2002 through 2016, the Interlocal Agreement Fee will be paid by the District to the City with quarterly payments being made on or before March 15, June 15, September 15, and December 15 of each year.

In the final year, 2017, the District's payment to the City will be pro-rated to the date of the Contract Termination.

The fee paid by the District under this section is a business expense that will not be separately identified on customer billings.

4.3 Storm Water and Water Supply System. The District shall not provide a storm water system or a water supply system within the City without the approval of the City being first obtained.

ORIGINAL

4.4 Standard Sewer Billing Rate Structure. It shall be the goal of the District to perform a Comprehensive Sewer Rate and Cost of Service Analysis in order to develop a uniform rate schedule following the District's acquisition of the Seattle Public Utilities/Lake City Sewer District Sanitary Sewer System which study shall include but not be limited to the following:

4.4.1 The impact of the overall rate revenue requirements, which analysis shall reflect the impact of diverting the costs and revenue of sewer system customers within the City of Lake Forest Park, if and when service to those customers is taken over by the City of Lake Forest Park.

4.4.2 An evaluation of reasonable options and impacts of phasing in a blending of sewer rates, revising the sewer rates and costs of maintenance and operation, both pre and post Seattle Public Utilities/Lake City Sewer District acquisition of customer segments.

4.4.3 Develop a strategy to expedite a blending of sewer rates to a single set of rate structures that will have the least negative impact on all District ratepayers, now and in the future.

4.4.4 Attempt to create a level billing rate structure for each class of customer throughout the District and the City unless the level of service provided any segment of those properties served requires a "special benefit" surcharge.

4.5 Agreement to Annex. The District shall exercise its legislative authority to seek annexation of those areas which it serves which are not yet within its corporate boundaries and those areas which are within the City's corporate boundaries except areas served by the Highland Sewer District. The District shall proceed with the annexation process as soon as the City of Lake Forest Park exercises its right to annex those areas within its corporate boundaries, and which are presently served by the District's Sanitary Sewer System.

4.5.1 City's Cooperation With Annexation. The City shall promote, cooperate with, and use its best efforts to assist the District in the annexation process articulated in Section _____ of this agreement.

4.6 Seattle Public Utilities Service System Reliability. The District shall prepare plans to upgrade the systems acquired from Seattle Public Utilities to conform to the District's overall operational and maintenance standards.

4.7 Advisory Board. Members of the Board of Commissioners of the District in office at the time of this Agreement who wish to do so, may at their

option, sit as an advisory Board to the Shoreline City Council for a three (3) year period beyond the term of this Agreement.

- 4.8 Cooperation with Assumption and Dissolution. The District agrees to take no action to protest or challenge the assumption of the District following the term of this agreement or any extension thereof. By its execution of this Agreement below the District grants to the City a limited power of attorney to execute a joint petition to Superior Court for dissolution of the District pursuant to RCW 35.13A.080 when authorized by the City Council following the term of this Agreement provided the City is not in breach of this Agreement including terms that survive the term of the Agreement

Section 5. Mutual Responsibilities. In satisfaction of the intent of the parties, the City and District shall have the following responsibilities:

5.1 Common Goals and Interests. The parties shall agree to identify potentially desirable common activities and projects of mutual interest and benefit, which shall include, but not be limited to the following:

- 5.1.1 Common Vehicle and equipment storage facilities
- 5.1.2 Common vehicle and equipment maintenance
- 5.1.3 Emergency/after hours call center
- 5.1.4 Combined permitting/licensing offices
- 5.1.5 Joint but separate communications - emergency radio/telephone
- 5.1.6 Creation of a joint committee to discuss, evaluate and select cost-effective common programs relating to:
 - i. Energy management
 - ii. Equipment sharing
 - iii. Information technology
 - iv. Staff training, where possible
 - v. Joint insurance programs

5.2 Inter-Agency Communications. A committee consisting of the City's City Manager and Public Work's Director, and the District's General Manager and Maintenance Manager will meet annually to evaluate projects which may be agreed upon to have a mutual benefit, and which may be jointly undertaken.

ORIGINAL

5.3 Capital Improvement Plan: Each of the Parties shall provide the other with a copy of their respective present Capital Improvement Plan to better facilitate the use of the streets, sidewalks and rights of way and the areas under them.

5.4 Coordination of City and District's Comprehensive Plans. The City's Manager and District's General Manager shall meet annually to coordinate activities related to their respective Comprehensive Plans and their respective Capital Improvement Plans. The parties shall address revisions to their respective Comprehensive Plans at the earliest opportunity to reflect the transition of wastewater service delivery by the City at the end of this Agreement.

5.5 Information and Document Exchange. The Parties shall exchange information and documents relating to the location of the facilities which they each operate within the affected rights of way.

5.6 Assumption Transition. No later than 24 months prior to the end of the term of this Agreement, the City and District shall negotiate in good faith the terms of final transition. Transition terms shall include plans that the City and the District agree to implement to ensure a smooth transition from District to City operations. These plans would include operational issues, financial issues, and employee transition issues. Transition terms shall include but not be limited to the following:

5.6.1 Defeasance or call of all bonded debt principal outstanding and interest owed if required by bond covenants.

5.6.2 Assumption of all indebtedness and other liabilities subject to the terms and conditions of related agreements and contracts.

5.6.3 Terms for application and future use of any cash reserves at the time of the transfer of the system then restricted as to use for system rehabilitation and replacement per District Resolution

5.6.4 District agrees to maintain its reserve funds in the same manner as current policy, and shall maintain adequate reserve levels subject to periodic review by the District's Board of Commissioners in establishing policies related to the financial needs of the District.

Section 6. Termination. In addition to all other rights and powers to remedy default including specific performance, both Parties reserve the right to revoke and terminate

this Agreement in the event of a substantial violation or breach of its terms and conditions.

Section 7. Indemnification. The parties shall indemnify and hold harmless each other and their respective officers, agents, and employees from all costs, claims or liabilities of any nature, including attorneys' fees, costs and expenses for or on account of injuries or damage by any persons or property resulting from the negligent activities or omissions of that Party or their respective agents or employees arising from the performance of this agreement.

Section 8. Definitions. The terms used in this Agreement, if not defined herein, shall have their meanings as defined in any other documents executed contemporaneously or in conjunction with this Agreement.

Section 9. Remedies. In addition to the remedies provided by law, this Agreement shall be specifically enforceable by any Party.

Section 10. Venues. In the event of litigation pertaining to this Agreement, the exclusive venues and places of jurisdiction shall be in King County, Washington.

Section 11. Alternative Dispute Resolution-Arbitration. Except as otherwise provided under applicable state law, any dispute, controversy or claim arising out of or in connection with, or relating to, this Agreement or any breach or alleged breach of this Agreement, shall be submitted to, and settled by, arbitration to be held in King County, Washington in accordance with the provisions of Chapter 7.04 of the Revised Code of Washington, as amended, and with respect to matters not covered in such statute, by the rules of the American Arbitration Association; provided, however, that in the event of any conflict between such statute and such rules, the provisions of the statute shall control; and provided further, that notwithstanding anything in such statute or rules to the contrary: (a) the arbitrator's decision and award shall be made according to the terms and provisions of this Agreement and the applicable law, and such award shall set forth findings of fact and conclusions of law of the arbitrator upon which the award is based in the same manner as is required in a trial before a judge of the Superior Court of the State of Washington; (b) the arbitrator shall award attorney's fees to the prevailing party; and (c) in any such arbitration, there shall be a single arbitrator and any decision made shall be final, binding and conclusive on the parties. The fees of the arbitrator shall be borne equally by the parties except that, in the discretion of the arbitrator, any award may include a party's share of such fee if the arbitrator determines that the dispute, controversy or claim was submitted to arbitration as a dilatory tactic.

Section 12. Binding. This Agreement shall inure to the benefit of and be binding upon the Parties, their successors and assigns.

ORIGINAL

Section 13. Enforceability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

Section 14. Applicable Law: This Agreement shall be construed under the laws of the State of Washington.


Section 15. Attorneys Fees. If either party employs an attorney to enforce any rights arising out of or relating to this Agreement, the prevailing party shall in such dispute be entitled to recover its reasonable attorneys' fees.

Section 16. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to its subject matter. It shall not be modified except by a written agreement signed by both parties. None of the provisions of this Agreement shall be deemed to have been waived by any act of acquiescence on the part of either Party, its agents, or employees, but only by an instrument in writing signed by an authorized officer of the Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision(s) or of the same provisions on another occasion.

Section 17. Survival. All of the provisions, conditions and requirements of Sections 3.7, 3.8, 4.7, 4.8, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 shall survive the fifteen (15) year term of this Agreement.

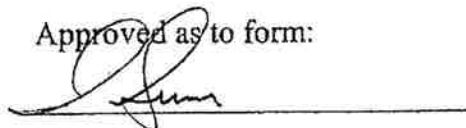
Section 18. Effective Date and Term of Contract. This agreement shall be in full force and effect and binding upon the parties hereto upon the execution of the Agreement and shall continue in full force and effect fifteen (15) years from the effective date.

CITY OF SHORELINE:



Steven C. Burkett, City Manager

Approved as to form:



Ian R. Sievers, City Attorney

RONALD WASTEWATER DISTRICT:



President, Board of Commissioners

Attest:

A handwritten signature in black ink, appearing to be "C. Smith", written over a horizontal line.

Secretary, Board of Commissioners

RECEIVED

JUL 01 2013

CITY CLERK
CITY OF SHORELINESP
11:35am

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON

Ronald Wastewater Dist.

Plaintiff(s),

vs.

City of Shoreline

Respondent(s)

NO. 13-2-24208-7 SEA

ORDER SETTING CIVIL CASE SCHEDULE

ASSIGNED JUDGE: Linde, Barbara, Dept. 6

FILED DATE: 6/27/2013

TRIAL DATE: 9/22/2014

SCOMIS CODE: *ORSCS

A civil case has been filed in the King County Superior Court and will be managed by the Case Schedule on Page 3 as ordered by the King County Superior Court Presiding Judge.

I. NOTICES

NOTICE TO PLAINTIFF: The Plaintiff may serve a copy of this **Order Setting Case Schedule (Schedule)** on the Defendant(s) along with the **Summons and Complaint/Petition**. Otherwise, the Plaintiff shall serve the **Schedule** on the Defendant(s) within 10 days after the later of: (1) the filing of the **Summons and Complaint/Petition** or (2) service of the Defendant's first response to the **Complaint/Petition**, whether that response is a **Notice of Appearance**, a response, or a Civil Rule 12 (CR 12) motion. The **Schedule** may be served by regular mail, with proof of mailing to be filed promptly in the form required by Civil Rule 5 (CR 5).

"I understand that I am required to give a copy of these documents to all parties in this case."

PRINT NAME

SIGN NAME

I. NOTICES (continued)

NOTICE TO ALL PARTIES:

All attorneys and parties should make themselves familiar with the King County Local Rules [KCLCR] -- especially those referred to in this *Schedule*. In order to comply with the *Schedule*, it will be necessary for attorneys and parties to pursue their cases vigorously from the day the case is filed. For example, discovery must be undertaken promptly in order to comply with the deadlines for joining additional parties, claims, and defenses, for disclosing possible witnesses [See KCLCR 26], and for meeting the discovery cutoff date [See KCLCR 37(g)].

CROSSCLAIMS, COUNTERCLAIMS AND THIRD PARTY COMPLAINTS:

A filing fee of \$240 must be paid when any answer that includes additional claims is filed in an existing case.

KCLCR 4.2(a)(2)

A Confirmation of Joinder, Claims and Defenses or a Statement of Arbitrability must be filed by the deadline in the schedule. The court will review the confirmation of joinder document to determine if a hearing is required. If a Show Cause order is issued, all parties cited in the order must appear before their Chief Civil Judge.

PENDING DUE DATES CANCELED BY FILING PAPERS THAT RESOLVE THE CASE:

When a final decree, judgment, or order of dismissal of all parties and claims is filed with the Superior Court Clerk's Office, and a courtesy copy delivered to the assigned judge, all pending due dates in this *Schedule* are automatically canceled, including the scheduled Trial Date. It is the responsibility of the parties to 1) file such dispositive documents within 45 days of the resolution of the case, and 2) strike any pending motions by notifying the bailiff to the assigned judge.

Parties may also authorize the Superior Court to strike all pending due dates and the Trial Date by filing a *Notice of Settlement* pursuant to KCLCR 41, and forwarding a courtesy copy to the assigned judge. If a final decree, judgment or order of dismissal of all parties and claims is not filed by 45 days after a *Notice of Settlement*, the case may be dismissed with notice.

If you miss your scheduled Trial Date, the Superior Court Clerk is authorized by KCLCR 41(b)(2)(A) to present an *Order of Dismissal*, without notice, for failure to appear at the scheduled Trial Date.

NOTICES OF APPEARANCE OR WITHDRAWAL AND ADDRESS CHANGES:

All parties to this action must keep the court informed of their addresses. When a Notice of Appearance/Withdrawal or Notice of Change of Address is filed with the Superior Court Clerk's Office, parties must provide the assigned judge with a courtesy copy.

ARBITRATION FILING AND TRIAL DE NOVO POST ARBITRATION FEE:

A Statement of Arbitrability must be filed by the deadline on the schedule **if the case is subject to mandatory arbitration** and service of the original complaint and all answers to claims, counterclaims and cross-claims have been filed. If mandatory arbitration is required after the deadline, parties must obtain an order from the assigned judge transferring the case to arbitration. **Any party filing a Statement must pay a \$220 arbitration fee.** If a party seeks a trial de novo when an arbitration award is appealed, a fee of \$250 and the request for trial de novo must be filed with the Clerk's Office Cashiers.

NOTICE OF NON-COMPLIANCE FEES:

All parties will be assessed a fee authorized by King County Code 4A.630.020 whenever the Superior Court Clerk must send notice of non-compliance of schedule requirements and/or Local Civil Rule 41.

King County Local Rules are available for viewing at www.kingcounty.gov/courts/clerk.

II. CASE SCHEDULE

✓	CASE EVENTS	DATE
	Case Filed and Schedule Issued.	6/27/2013
✓	Last Day for Filing Statement of Arbitrability without a Showing of Good Cause for Late Filing [See KCLMAR 2.1(a) and Notices on Page 2]. \$220 arbitration fee must be paid	12/5/2013
✓	DEADLINE to file Confirmation of Joinder if not subject to Arbitration. [See KCLCR 4.2(a) and Notices on Page 2].	12/5/2013
	DEADLINE for Hearing Motions to Change Case Assignment Area. [See KCLCR 82(e)]	12/19/2013
	DEADLINE for Disclosure of Possible Primary Witnesses [See KCLCR 26(b)].	4/21/2014
	DEADLINE for Disclosure of Possible Additional Witnesses [See KCLCR 26(b)].	6/2/2014
	DEADLINE for Jury Demand [See KCLCR 38(b)(2)].	6/16/2014
	DEADLINE for Setting Motion for a Change in Trial Date [See KCLCR 40(e)(2)].	6/16/2014
	DEADLINE for Discovery Cutoff [See KCLCR 37(g)].	8/4/2014
	DEADLINE for Engaging in Alternative Dispute Resolution [See KCLCR 16(b)].	8/25/2014
	DEADLINE for Exchange Witness & Exhibit Lists & Documentary Exhibits [See KCLCR 4(j)].	9/2/2014
✓	DEADLINE to file Joint Confirmation of Trial Readiness [See KCLCR 16(a)(2)].	9/2/2014
	DEADLINE for Hearing Dispositive Pretrial Motions [See KCLCR 56; CR 56].	9/8/2014
✓	Joint Statement of Evidence [KCLCR 4(K)]	9/15/2014
	DEADLINE for filing Trial Briefs, Proposed Findings of Fact and Conclusions of Law and Jury Instructions (Do not file Proposed Findings of Fact and Conclusions of Law with the Clerk).	9/15/2014
	Trial Date [See KCLCR 40].	9/22/2014

The ✓ indicates a document that must be filed with the Superior Court Clerk's Office by the date shown.

III. ORDER

Pursuant to King County Local Rule 4 [KCLCR 4], IT IS ORDERED that the parties shall comply with the schedule listed above. Penalties, including but not limited to sanctions set forth in Local Rule 4(g) and Rule 37 of the Superior Court Civil Rules, may be imposed for non-compliance. It is FURTHER ORDERED that the party filing this action must serve this *Order Setting Civil Case Schedule* and attachment on all other parties.



DATED: 6/27/2013

PRESIDING JUDGE

IV. ORDER ON CIVIL PROCEEDINGS FOR ASSIGNMENT TO JUDGE

READ THIS ORDER BEFORE CONTACTING YOUR ASSIGNED JUDGE.

This case is assigned to the Superior Court Judge whose name appears in the caption of this case schedule. The assigned Superior Court Judge will preside over and manage this case for all pretrial matters.

COMPLEX LITIGATION: If you anticipate an unusually complex or lengthy trial, please notify the assigned court as soon as possible.

APPLICABLE RULES: Except as specifically modified below, all the provisions of King County Local Civil Rules 4 through 26 shall apply to the processing of civil cases before Superior Court Judges. The local civil rules can be found at <http://www.kingcounty.gov/courts/superiorcourt/civil.aspx>.

CASE SCHEDULE AND REQUIREMENTS: Deadlines are set by the case schedule, issued pursuant to Local Civil Rule 4.

THE PARTIES ARE RESPONSIBLE FOR KNOWING AND COMPLYING WITH ALL DEADLINES IMPOSED BY THE COURT'S LOCAL CIVIL RULES.

A. Joint Confirmation regarding Trial Readiness Report:

No later than twenty one (21) days before the trial date, parties shall complete and file (with a copy to the assigned judge) a joint confirmation report setting forth whether a jury demand has been filed, the expected duration of the trial, whether a settlement conference has been held, and special problems and needs (e.g. interpreters, equipment, etc.).

The form is available at <http://www.kingcounty.gov/courts/superiorcourt.aspx>. If parties wish to request a CR 16 conference, they must contact the assigned court. Plaintiff's/petitioner's counsel is responsible for contacting the other parties regarding said report.

B. Settlement/Mediation/ADR

a. Forty five (45) days before the trial date, counsel for plaintiff/petitioner shall submit a written settlement demand. Ten (10) days after receiving plaintiff's/petitioner's written demand, counsel for defendant/respondent shall respond (with a counter offer, if appropriate).

b. Twenty eight (28) days before the trial date, a Settlement/Mediation/ADR conference shall have been held. FAILURE TO COMPLY WITH THIS SETTLEMENT CONFERENCE REQUIREMENT MAY RESULT IN SANCTIONS.

C. Trial: Trial is scheduled for 9:00 a.m. on the date on the case schedule or as soon thereafter as convened by the court. The Friday before trial, the parties should access the King County Superior Court website <http://www.kingcounty.gov/courts/superiorcourt.aspx> to confirm trial judge assignment. Information can also be obtained by calling (206) 205-5984.

MOTIONS PROCEDURES

A. Noting of Motions

Dispositive Motions: All summary judgment or other dispositive motions will be heard with oral argument before the assigned judge. The moving party must arrange with the hearing judge a date and time for the hearing, consistent with the court rules. Local Civil Rule 7 and Local Civil Rule 56 govern procedures for summary judgment or other motions that dispose of the case in whole or in part. The local civil rules can be found at <http://www.kingcounty.gov/courts/superiorcourt/civil.aspx>.

Non-dispositive Motions: These motions, which include discovery motions, will be ruled on by the assigned judge without oral argument, unless otherwise ordered. All such motions must be noted for a date by which the ruling is requested; this date must likewise conform to the applicable notice requirements. Rather than noting a time of day, the Note for Motion should state "Without Oral Argument." Local Civil Rule 7 governs these motions, which include discovery motions. The local civil rules can be found at <http://www.kingcounty.gov/courts/superiorcourt/civil.aspx>.

Motions in Family Law Cases not involving children: Discovery motions to compel, motions in limine, motions relating to trial dates and motions to vacate judgments/dismissals shall be brought before the assigned judge. All other motions should be noted and heard on the Family Law Motions calendar. Local Civil Rule 7 and King County Family Law Local Rules govern these procedures. The local rules can be found at <http://www.kingcounty.gov/courts/superiorcourt/civil.aspx>.

Emergency Motions: Under the court's local civil rules, emergency motions will be allowed only upon entry of an Order Shortening Time. However, emergency discovery disputes may be addressed by telephone call and without written motion, if the judge approves.

B. Original Documents/Working Copies/ Filing of Documents: All original documents must be filed with the Clerk's Office. Please see information on the Clerk's Office website at www.kingcounty.gov/courts/clerk regarding the new requirement outlined in LGR 30 that attorneys must e-file documents in King County Superior Court. The exceptions to the e-filing requirement are also available on the Clerk's Office website.

The working copies of all documents in support or opposition must be marked on the upper right corner of the first page with the date of consideration or hearing and the name of the assigned judge. The assigned judge's working copies must be delivered to his/her courtroom or the Judges' mailroom. Working copies of motions to be heard on the Family Law Motions Calendar should be filed with the Family Law Motions Coordinator. On June 1, 2009 you will be able to submit working copies through the Clerk's office E-Filing application at www.kingcounty.gov/courts/clerk.

Service of documents: E-filed documents may be electronically served on parties who opt in to E-Service within the E-Filing application. The filer must still serve any others who are entitled to service but who have not opted in. E-Service generates a record of service document that can be e-filed. Please see information on the Clerk's office website at www.kingcounty.gov/courts/clerk regarding E-Service.

Original Proposed Order: Each of the parties must include an original proposed order granting requested relief with the working copy materials submitted on any motion. Do not file the original of the proposed order with the Clerk of the Court. Should any party desire a copy of the order as signed and filed by the judge, a pre-addressed, stamped envelope shall accompany the proposed order.

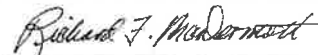
Presentation of Orders: All orders, agreed or otherwise, must be presented to the assigned judge. If that judge is absent, contact the assigned court for further instructions. If another judge enters an order on the case, counsel is responsible for providing the assigned judge with a copy.

Proposed orders finalizing settlement and/or dismissal by agreement of all parties shall be presented to the assigned judge or in the Ex Parte Department. Formal proof in Family Law cases must be scheduled before the assigned judge by contacting the bailiff, or formal proof may be entered in the Ex Parte Department. **If final order and/or formal proof are entered in the Ex Parte Department, counsel is responsible for providing the assigned judge with a copy.**

C. Form

Memoranda/briefs for matters heard by the assigned judge may not exceed twenty four (24) pages for dispositive motions and twelve (12) pages for non-dispositive motions, unless the assigned judge permits over-length memoranda/briefs in advance of filing. Over-length memoranda/briefs and motions supported by such memoranda/briefs may be stricken.

IT IS SO ORDERED. FAILURE TO COMPLY WITH THE PROVISIONS OF THIS ORDER MAY RESULT IN DISMISSAL OR OTHER SANCTIONS. PLAINTIFF/PEITITONER SHALL FORWARD A COPY OF THIS ORDER AS SOON AS PRACTICABLE TO ANY PARTY WHO HAS NOT RECEIVED THIS ORDER.



PRESIDING JUDGE