

**WHOLESALE WATER SUPPLY AGREEMENT  
BETWEEN THE CITY OF LACEY AND PUBLIC UTILITY DISTRICT NO. 1 OF  
THURSTON COUNTY**

THIS AGREEMENT is made and entered into by and between the CITY OF LACEY, a municipal corporation of the State of Washington, hereinafter referred to as "City", and the PUBLIC UTILITY DISTRICT NO. 1 OF THURSTON COUNTY, a municipal corporation of the State of Washington, hereinafter referred to as "PUD" (individually, a "Party," collectively, the "Parties").

IT IS MUTUALLY AGREED AS FOLLOWS:

WHEREAS, the City and the PUD each own and operate water systems; and

WHEREAS, the PUD owns and operates the Covington 212 Group A public water supply system, identified by the State of Washington Department of Health ("DOH") ID #02050 (the "Covington Water System"), which water system currently has an arsenic level that exceeds the federal maximum daily allowable level and the PUD has been ordered by DOH to mitigate the problem by no later than October 2013; and

WHEREAS, the City owns and operates a municipal water supply system, identified by DOH ID #43500 (the "Lacey Water System"), which water system's service area is located immediately adjacent to the Covington Water System; and

WHEREAS, the City owns sufficient water rights and authorization to supply water to the PUD and the Covington Water System from the Lacey Water System; and

WHEREAS, the City can provide and is willing to provide and sell wholesale water on a permanent basis to the PUD to serve the Covington Water System and its customers, upon the terms and conditions set forth herein; and

WHEREAS, the PUD is willing to pay the City for the wholesale supply of water necessary to serve the Covington Water System and its customers, upon the terms and conditions set forth herein; and

WHEREAS, the DOH Office of Drinking Water has directed that an intertie agreement be made prior to the City providing water necessary for the aforementioned purpose, and

NOW, THEREFORE, IT IS MUTUALLY AGREED as follows:

1. The City agrees to sell to the PUD and the PUD agrees to purchase from the City wholesale water supply, and the Parties agree to establish an intertie between their respective water systems, in accordance with the terms and conditions of this Agreement.

2. The City hereby grants to the PUD the right to connect to the City's water meter at the corner of Covington Ct. NE and Mark St. NE, and the City shall supply water to the PUD's Covington Water System, in accordance with the terms and conditions of this Agreement. The PUD shall purchase, install and maintain ownership of a double check backflow device installed after the meter and related appurtenances (the "Intertie"). The PUD shall also demonstrate to the satisfaction of the City that the PUD well, which previously served the Covington Water System, has been disconnected from that system. The PUD shall keep that well, and any other wells, disconnected from the Covington Water System for as long as the PUD receives water from the City.

3. The PUD shall comply with all City policies and rules relating to connection to the Lacey Water System including, but not limited to, the City's written approval of plans and specifications for the connection prior to construction.

4. The Intertie described herein will include a water meter for the purpose of metering consumption by the PUD under this Agreement. All water provided by the City to the PUD shall be metered through a meter owned by the City. The City shall maintain and read the meter for billing purposes under this Agreement. Both Parties shall have access to the meter for reading purposes and the PUD shall have access to the City's meter maintenance records, upon request.

5. This Agreement authorizes and permits the PUD to take water from the Intertie connection for the use of residential consumption for the Covington Water System.

6. The quality of water supplied by the City to the PUD under this Agreement shall meet or exceed all applicable federal and state laws, rules, and regulations governing potable water supply for Group A water systems.

7. For all water supplied by the City to the PUD under this Agreement, the PUD shall pay to the City on a monthly basis based on the City's residential out-of-city rate schedule (LMC 13.32.030 (B)), times the number of active connections the PUD is serving. See Attachment A for the 2013 – 2017 rate schedules.

8. The City's supply of water to the PUD through the Intertie under this Agreement may be temporarily interrupted for purposes of making repairs, or doing other necessary work. Except in the case of emergencies, before interrupting the use of water, the City shall provide the PUD two weeks advance written notice. In the event of an emergency, the City shall notify the PUD of the need for immediate supply interruption as soon as reasonably practicable. The City shall make a good faith effort to perform routine maintenance when system usage is at its lowest. Neither party shall be responsible for any damages resulting from the reasonable interruption of the water supply, and the City or PUD

each agree to save and hold harmless each other from any loss, damages, or suits to or by its customers resulting from the interruption of water supply provided by this Agreement, except for any loss, damages, or suits arising out of their own respective negligence.

9. Payment of written invoices, as applicable, will become due and payable in full within twenty five (25) calendar days of their receipt of same. Failure to pay within the time period shall result in the billing being deemed delinquent, and the City may add a 7.5 percent penalty to delinquent accounts. If the City imposes the penalty, it shall mail a notice of penalty to the PUD. If payment of all delinquent utility charges and penalties is not received by the city within nineteen days after the due date, water services to the premises shall be discontinued. After water services have been shut off because of a delinquency in paying utility charges, service shall not be resumed until all charges, penalties and service fees have been paid. Service fees shall include a fee for each service trip which has been made to the premises relative to the delinquent charges at rates established by resolution of the city council.

10. Notices. Any notices required to be given by the Parties shall be delivered at the addresses set forth below. Any notices may be delivered personally to the addressee of the notice or may be deposited in the United States mail, postage prepaid, to the address set forth below. Any notice so posted in the United States mail shall be deemed received three (3) days after the date of mailing.

To the Public Utility District No. 1 of Thurston County:

Public Utility District No. 1 of Thurston County  
Attn: General Manager  
921 Lakeridge Way SW, Suite 301  
Olympia, WA 98502

To the City of Lacey:

Contract Administrator for the City of Lacey  
Attn: Water Resources Manager  
P.O. Box 3400  
Lacey, WA 98509-3400

11. Effective Date and Termination. This Agreement shall become effective as of the date of mutual execution, and shall run for a term of approximately ten (10) years, through December 31, 2023, and shall be automatically renewable without notice for successive five (5) year terms thereafter, unless earlier terminated by agreement of the Parties or in accordance with the terms of this paragraph. The PUD shall have the right to terminate this Agreement upon the provision of one-year advance written notice to the City. Following the termination of the original 10-year term, the City shall have the right to terminate this Agreement by providing two-year advance written notice of intent to discontinue service.

12. Indemnification. Each of the Parties shall indemnify, defend, and hold the other Party harmless from any loss, claim, damages, or liability, arising out of the negligent or tortuous actions or omissions of the indemnifying Party, or its elected officials, officers, employees, or agents, including the reasonable costs of defense counsel of the indemnified party's own choosing. Liability shall be apportioned among the Parties and other third parties in accordance with the laws of the State of Washington. This Section 12 shall survive expiration or termination of this Agreement.

13. Full Force and Effect; Severability. Any provision of this Agreement that is declared invalid or illegal shall in no way affect or invalidate any other provision hereof and such other provisions shall remain in full force and effect. Further, if it should appear that any provision hereof is in conflict with any statutory provision of the State of Washington, the provision appears to conflict therewith shall be deemed inoperative and null and void insofar as it may be in conflict therewith, and shall be deemed modified to conform to such statutory provision.

14. Dispute Resolution. In the event of a dispute arising out of or related to this Agreement, or the breach or alleged breach hereof, which dispute cannot be resolved through negotiations between the Parties, the Parties agree that the dispute shall initially be submitted to mediation. The Parties shall mutually agree on a mediator. In the event they are unable to do so, a mediator shall be chosen by the Thurston County Superior Court Presiding Judge. Either Party may make the initial submission. Each Party shall pay its own costs (including, if applicable, its attorney and expert witness costs) and one-half of the charge levied by the mediator. If any dispute is not resolved through mediation, the resort shall then be to litigation, and jurisdiction and venue shall be in the Superior Court of Thurston County, State of Washington. Jurisdiction and venue as set forth shall be exclusive.

15. General Provisions.

- A. No separate legal entity is created by this Agreement.
- B. No joint organization whatsoever is created.
- C. No common budget is to be established.
- D. No personal or real property is to be jointly acquired or held.
- E. This Agreement may be recorded with the Thurston County Auditor's Office.
- F. Each Party shall be responsible for its own finances and for its own personal and real property.
- G. PUD will retain responsibility for management, maintenance and repairs of infrastructure on their side of the meter, including water use

efficiency requirements and all water system monitoring requirements within the Covington Water System (water system #02050). The City will not perform distribution system testing for coliforms, THMs, or lead and copper in the Covington Water System.

H. The PUD and the City will coordinate on sampling protocol as needed to comply with the Groundwater Rule. Specifically, if the PUD has a failing water sample in the Covington Water System, the PUD must promptly notify the City so, it can perform the required source sampling on its system.

I. The City makes no representation as to the adequacy of this service arrangement for fire flows. It is the responsibility of the PUD to assure that any fire suppression criteria for the Covington Water System are met.

16. Captions. The respective captions of the Sections of this Agreement are inserted for convenience of reference only and shall not be deemed to modify or otherwise affect any of the provisions of this Agreement.

17. Equal Opportunity to Draft. The Parties have participated and had an equal opportunity to participate in the drafting of this Agreement, and the Exhibits, if any, attached. No ambiguity shall be construed against any Party upon a claim that that party drafted the ambiguous language.

18. Authority. Each individual executing this Agreement on behalf of the City and the PUD represents and warrants that such individuals are duly authorized to execute and deliver this Agreement on behalf of the City and the PUD.

IN WITNESS WHEREOF, the authorized representatives of the Parties have duly executed this Agreement as of the date(s) set forth below.

CITY OF LACEY

PUBLIC UTILITY DISTRICT NO. 1 OF  
THURSTON COUNTY

By: \_\_\_\_\_

  
Scott Spence, City Manager

By: \_\_\_\_\_

  
John Weidenfeller, General Manager

Date: \_\_\_\_\_

10/10/2013

Date: \_\_\_\_\_

10/23/13





Attachment A

The monthly base rate and monthly consumption rate for each one hundred cubic feet of water consumed by the Thurston PUD customers in Covington during the years 2013 through 2017 shall be as follows:

<b>Out-of-City Rates x 15 connections</b>	<b>2013 Rates</b>	<b>2014 Rates</b>	<b>2015 Rates</b>	<b>2016 Rates</b>	<b>2017 Rates</b>
Base Rate	\$212.85	\$226.65	\$241.35	\$257.10	\$273.75
1st 9,000 c.f.	\$1.18	\$1.26	\$1.34	\$1.43	\$1.52
9,001 – 18,000 c.f.	\$2.77	\$2.95	\$3.14	\$3.35	\$3.57
18,001 – 36,000 c.f.	\$3.54	\$3.77	\$4.02	\$4.28	\$4.56
Over 36,000 c.f.	\$4.73	\$5.04	\$5.37	\$5.71	\$6.09





**LACEY CITY COUNCIL MEETING**  
**October 10, 2013**

**SUBJECT:** Wholesale Water Agreement with Thurston PUD.

---

**RECOMMENDATION:** City Council authorizes the City Manager to sign the Wholesale Water Agreement with Thurston PUD.

---

**STAFF CONTACT:** Scott Spence, City Manager  
Scott Egger, Public Works Director  
Peter Brooks, Water Resources Manager

**ATTACHMENTS:** Wholesale Water Supply Agreement between the City of Lacey and Public Utility District no. 1 of Thurston County

**BUDGET IMPACT/  
SOURCE OF FUNDS:** This agreement would provide a small source of additional revenue to the Water Utility.

**PRIOR COUNCIL/  
COMMISSION/  
COMMITTEE REVIEW** Utilities Committee 10/4/13

---

**BACKGROUND:**

A few years ago the maximum contaminant level for arsenic in drinking water was reduced by the United States Environmental Protection Agency (EPA). The water from the well serving the Covington neighborhood, located off of 22 Avenue NE, exceeds the revised EPA contaminant levels for arsenic. As a result, the Thurston PUD, which provides water service to the Covington neighborhood, had to either add treatment to the well supplying water to the neighborhood or find another water source.

The PUD's initial effort was to have Lacey provide water through an intertie authorized under a water supply agreement. Lacey's Resolution 917, however, was in effect at that time of request, which limited the approval of water connections outside city limits without additional water rights. Without the ability to find another water source, the PUD initiated the design of a water treatment facility. The Washington State Department of Health Office of Drinking Water (DOH) granted the PUD additional time under a compliance agreement. DOH specified a September 30, 2013, deadline for the completion of the treatment facility.

In May of this year, the Lacey City Council rescinded resolution 917 thus providing an opportunity for the PUD to negotiate a water supply agreement and saving the cost of constructing the treatment facility, which had been designed.

The attached agreement provides for water supply to the PUD via a master meter and charges the PUD the same rates that would be charged to a comparable number of Lacey out-of city

**UTILITIES COMMITTEE  
OCTOBER 4, 2013  
4:00 - 4:50 P.M.**

**COUNCIL PRESENT:** Chair, Jeff Gadman, Andy Ryder, Lenny Greenstein

**STAFF PRESENT:** Scott Spence, Troy Woo, Peter Brooks, David Schneider, Rick Walk, Tom Palmateer, Carol Litten

Scott Spence, City Manager, requested the Committee amend the agenda to include two items for discussion of a utility billing brochure, and an update on the formation of ULID 22.

**COUNCILMEMBER RYDER MOVED TO APPROVE THE AMENDED AGENDA. COUNCILMEMBER GREENSTEIN SECONDED. MOTION CARRIED.**

**UTILITY BILLING BROCHURE**

Erin Keith, Water Resources Specialist, presented the Committee with an informational brochure that will be distributed to Lacey water customers. The purpose of the brochure is to answer questions about utility billing. A brief overview provides information on water, wastewater and stormwater rates, and an explanation of charges found on the City's utility bill. Clarification is provided about the LOTT wastewater treatment fee, which is often confused with the City's sewer charge.

The brochures will be distributed at the Utilities counter and the information is also available on the City's website. The Committee recommended including a LOTT contact number in future editions of the brochure for customers who want additional information about this service.

**WHOLESALE WATER SUPPLY AGREEMENT WITH THURSTON PUD**

Peter Brooks, Water Resources Manager, stated the water from the well serving the Covington neighborhood, located off of 22 Avenue NE, exceeds the revised EPA contaminant levels for arsenic. As a result, the Thurston Public Utility District No. 1, which provides water service to the Covington neighborhood, had to either add treatment to the well supplying water to the neighborhood or find another water source.

The PUD's initial effort was to have Lacey provide water through an intertie authorized under a water supply agreement. Lacey's Resolution 917, however, was in effect at that time of request, which limited the approval of water connections outside city limits without additional water rights. Without the ability to find another water source, the PUD initiated the design of a water treatment facility. The Washington State Department of Health Office of Drinking Water (DOH) granted the PUD additional time under a

Dave Schneider, Assistant City Attorney, stated Council does not have to take action the same evening as the public hearing. If the Council ultimately votes to form the ULID, the residents can appeal. If the Council votes to not form the ULID, it could jeopardize the formation of a ULID for Tanglewilde East (3-B). However, it is possible that a latecomer agreement could be used to finance the ULID.

**MINUTES OF A REGULAR MEETING OF THE  
LACEY CITY COUNCIL HELD THURSDAY,  
OCTOBER 10, 2013, IN LACEY COUNCIL  
CHAMBERS.**

**CALL TO ORDER:** Mayor Clarkson called the meeting to order at 7:00 p.m.

**PLEDGE OF ALLEGIANCE:** Mayor Clarkson led the pledge of allegiance.

**COUNCIL PRESENT:** V. Clarkson, J. Hearn, C. Pratt, J. Gadman, R. Lawson, L. Greenstein, A. Ryder

**STAFF PRESENT:** S. Spence, T. Woo, Ken Ahlf , R. Walk, S. Egger, L. Gotelli, D. Pierpoint, L. Flemm, P. Edmonds

**APPROVAL OF AGENDA AND CONSENT AGENDA:** Consent Agenda Items:  
(a) Worksession Minutes of September 10, 2013  
(b) Council Minutes of September 26, 2013

**COUNCILMEMBER GADMAN MOVED TO APPROVE THE CONSENT AGENDA AND AGENDA. COUNCILMEMBER GREENSTEIN SECONDED. MOTION CARRIED.**

**PUBLIC COMMENT:** Laura Worf, Executive Officer of Olympia Master Builders (OMB), introduced OMB's new Government Affairs Director, Adam Frank.

Mayor Clarkson recognized Sandra Romero, Thurston County Commissioner, and Mike Beehler, Planning Commissioner.

**PUBLIC HEARING:** Peter Brooks, Water Resources Manager, introduced Art Starry, Environmental Health Director with Thurston County Public Health. Mr. Starry provided regulatory information related to septic systems, and

background information on the septic systems in Tanglewilde.

Mr. Brooks provided a briefing on the formation of ULID 22 in Tanglewilde East (3-B) and Skokomish Way for the construction of wastewater facilities. The estimated cost of the project, if all properties in the district fully connect to the wastewater system, is \$3,776,411. The property owners along Skokomish Way will have the option to fully connect to the system, but will not be required to connect at this time.

A resolution was passed by the Lacey City Council on September 12, 2013, declaring its intent to form a ULID and setting a public hearing date for October 10, 2013. The purpose of the hearing will be to receive input from property owners as to whether the District should be formed allowing the project to proceed.

Recently, City staff held a pre-hearing public meeting for interested residents regarding the formation of ULID 22, and was surprised by the opposition to forming a ULID from residents on Skokomish Way.

City staff explained to those attending the meeting, that it is not the City's intent to require residents to form a ULID. Under the ULID residents may decline to hookup to sewer from their home to the street at this time, however they would still be responsible for paying for the pipe and lateral estimated at about \$14,000 per home.

Mayor Clarkson opened the public hearing at 8:13 p.m. to consider comments from property owners within the proposed ULID 22 regarding the formation of a Utilities Local Improvement District for the construction of wastewater facilities.

Public comment was received from a number of residents who live on Skokomish Way, and who are opposed to forming the ULID. (See attached public hearing sign-in sheet.) They expressed concern over the high cost of the ULID, little information received about possible alternatives, confusion over the survey

that was mailed to residents, and calculations of the Equivalent Residential Units (ERUs).

One comment was received from a duplex owner, who noted that the septic systems will fail eventually, and will cost more if they wait.

Mayor Clarkson closed the hearing at 9:30 p.m.

**COUNCILMEMBER GADMAN MOVED TO TABLE ORDINANCE 1420 TO FORM ULID 22 FOR THE CONSTRUCTION OF WASTEWATER FACILITIES UNTIL THE OCTOBER 17 WORKSESSION. COUNCILMEMBER RYDER SECONDED.**

**COUNCILMEMBER GADMAN WITHDREW HIS ORIGINAL MOTION. COUNCILMEMBER RYDER WITHDREW HIS SECOND.**

**COUNCILMEMBER GREENSTEIN MOVED NOT TO APPROVE ORDINANCE 1420 TO FORM ULID 22 FOR THE CONSTRUCTION OF WASTEWATER FACILITIES, AND POSTPONE FURTHER DISCUSSION UNTIL THE OCTOBER 17, 2013, WORKSESSION. COUNCILMEMBER GADMAN SECONDED. MOTION CARRIED.**

Mayor Clarkson called for a 5-minute recess at 9:45 p.m., and reconvened the meeting at 9:50 p.m.

**REFERRAL FROM  
HEARINGS EXAMINER:**

Ryan Andrews, Associate Planner, presented Council with a request to approve the Wood's Glen Preliminary Subdivision Application and PRD; Project No. 11-177.

South Puget Sound Habitat for Humanity submitted a preliminary planned residential development and preliminary subdivision application to subdivide a 4.85 acre parcel zoned Moderate Density Residential into a 33 cottage housing community. The site is located at 4405 37<sup>th</sup> Avenue SE.

The public hearing was conducted on September 17, 2013. No members attended and no written public

comments were received. The Hearings Examiner recommended approval based on conditions of approval as suggested by staff.

**COUNCILMEMBER RYDER MOVED TO APPROVE THE WOOD'S GLEN PRELIMINARY SUBDIVISION APPLICATION AND PRD: PROJECT NO. 11-177. COUNCILMEMBER LAWSON SECONDED. MOTION CARRIED.**

**CITY MANAGER'S REPORT:**

Lori Flemm, Parks & Recreation Director, presented Council with a request to amend LMC 2.44 related to Parks Rules and Regulations.

The City Council has reviewed the proposed modifications to the Rules and Regulation of the Board of Parks Commissioners and finds the proposed modifications appropriate.

**COUNCILMEMBER PRATT MOVED TO APPROVE THE AMENDMENTS TO LMC 2.44 RELATED TO PARKS RULES AND REGULATIONS. COUNCILMEMBER LAWSON SECONDED. MOTION CARRIED.**

Councilmember Ryder asked for clarification on Rule #22, which prohibits skateboards, in-line skates, roller skates, scooters, or bicycles on any parking lot.

Ms. Flemm said the intent of Rule 22 is to allow the use in parking lots in order to access recreational facilities.

Councilmember Pratt withdrew her original motion.

**COUNCILMEMBER PRATT MOVED TO APPROVE THE AMENDMENTS TO LMC 2.44 RELATED TO PARKS RULES AND REGULATIONS, AND AMEND RULE #22 TO ALLOW THE USE IN PARKING LOTS IN ORDER TO ACCESS RECREATIONAL FACILITIES. COUNCILMEMBER GADMAN SECONDED. MOTION CARRIED.**

Peter Brooks, Water Resources Manager, requested Council to authorize the City Manager to execute an interlocal agreement allowing the City of Olympia to provide wastewater service to a designated portion of Lacey service area along Sleater-Kinney Rd. NE.

The Cities of Lacey and Olympia both operate similar but independent wastewater collection utilities with service areas generally defined by their respective city limits and urban growth areas. Both utilities utilize the LOTT Clean Water Alliance for wastewater treatment. Sleater-Kinney Rd. NE currently defines the dividing line between the two utilities north of 6<sup>th</sup> Ave. NE. In order to provide service to properties in their service area, the City of Olympia has recently constructed a new sewage pump station and associated mains along a portion of the Sleater-Kinney corridor.

Lacey currently has limited infrastructure in this area, which would require significant and costly infrastructure improvements for any property to make improvements needing access to a wastewater utility. While there are some properties in this area with development potential, the majorities of the properties are already developed with low density residential structures and are utilizing on-site septic systems for wastewater disposal. At present, the cost of infrastructure needed to serve this area would present a significant challenge to potential development/re-development, and would be simply cost prohibitive for an existing property owner wishing to convert from on-site septic to Lacey sewer.

With Olympia's recent addition of wastewater collection infrastructure in this area, engineering staff from the two cities have come to the mutual conclusion that there are several properties located in Lacey's wastewater service area that could benefit by connecting to Olympia's wastewater collection system. Lacey staff believes that it would be more efficient and cost-effective to both the utilities and individual property owners if they were allowed to connect to Olympia's wastewater system by eliminating the need to construct an additional Lacey-owned wastewater collection system along side



Olympia's existing collection system. The City of Olympia has sufficient capacity to serve this area.

In order for the affected properties to connect to Olympia's wastewater utility an interlocal agreement is needed to formally amend each city's wastewater service area. The proposed change in service provider would be limited to only those 22 properties identified in the ILA and would have no expiration; this would be a permanent change to the service areas.

Additionally, this proposal would only affect the cities respective wastewater utilities, no other utilities or jurisdictional boundaries would be affected. As each property chooses to connect to sewer, they would become a City of Olympia sewer customer and would be responsible for paying connection fees and utility rates according to Olympia's adopted fee schedule at that time.

The Department of Ecology has approved the service area changes as proposed. The Olympia City Council has approved the interlocal agreement at their October 1, 2013, Council meeting.

**COUNCILMEMBER GADMAN MOVED TO AUTHORIZE THE CITY MANAGER TO EXECUTE AN INTERGOVERNMENTAL AGREEMENT ALLOWING THE CITY OF OLYMPIA TO PROVIDE WASTEWATER SERVICE TO A DESIGNATED PORTION OF LACEY SERVICE AREA ALONG SLEATER-KINNEY RD NE. COUNCILMEMBER GREENSTEIN SECONDED. MOTION CARRIED.**

Peter Brooks, Water Resources Manager, requested Council to authorize the City Manager to sign a Wholesale Water Agreement with Thurston Public Utility District (PUD).

A few years ago the maximum contaminant level for arsenic in drinking water was reduced by the United States Environmental Protection Agency (EPA). The water from the well serving the Covington neighborhood, located off of 22 Avenue NE, exceeds the revised EPA contaminant levels for arsenic. As a

result, the Thurston PUD, which provides water service to the Covington neighborhood, had to either add treatment to the well supplying water to the neighborhood or find another water source.

The PUD's initial effort was to have Lacey provide water through an intertie authorized under a water supply agreement. Lacey's Resolution 917, however, was in effect at that time of request, which limited the approval of water connections outside city limits without additional water rights. Without the ability to find another water source, the PUD initiated the design of a water treatment facility. The Washington State Department of Health Office of Drinking Water (DOH) granted the PUD additional time under a compliance agreement. DOH specified a September 30, 2013, deadline for the completion of the treatment facility.

In May of this year, the Lacey City Council rescinded resolution 917 thus providing an opportunity for the PUD to negotiate a water supply agreement and saving the cost of constructing the treatment facility, which had been designed.

The agreement provides for water supply to the PUD via a master meter and charges the PUD the same rates that would be charged to a comparable number of Lacey out-of city residential customers. Total water supplied under this agreement equates to 3.3 acre-feet per year to service 15 single-family homes.

On October 4, 2013, the Utilities Committee reviewed the proposal and recommended forwarding to full Council for approval.

**COUNCILMEMBER LAWSON MOVED TO AUTHORIZE THE CITY MANAGER TO SIGN A WHOLESALE WATER AGREEMENT WITH THURSTON PUBLIC UTILITY DISTRICT. COUNCILMEMBER GREENSTEIN SECONDED. MOTION CARRIED.**

Scott Spence, City Manager, announced that the "Envision Lacey" open house will be held on Tuesday,

October 15, at 5:30 p.m. in the Council Chambers. This is an opportunity for the public to learn about the project and provide feedback. Additional events will be held through the year-long community feedback process.

**COUNCILMEMBER LAWSON MOVED TO SUSPEND THE STANDING GENERAL COMMITTEES AND BOARDS AND COMMISSIONS REPORTS UNTIL THE OCTOBER 17, 2013, WORKSESSION. COUNCILMEMBER RYDER SECONDED. MOTION APPROVED.**

ADJOURNMENT: Mayor Clarkson adjourned the meeting at 10:20 p.m.

MAYOR: \_\_\_\_\_

ATTESTED BY CITY CLERK: \_\_\_\_\_

DATE APPROVED: \_\_\_\_\_

**Carol Litten**

---

**From:** Carol Litten  
**Sent:** Thursday, October 24, 2013 3:13 PM  
**To:** Peter Brooks  
**Cc:** Scott Egger; Michele Capestany; Troy Woo  
**Subject:** SIGNED WATER SUPPLY AGREEMENT WITH THURSTON PUD  
**Attachments:** Wholesale Water Supply Agreement - Thurston Public Utility District No. 1 10.23.13.pdf

Pete...

I'm sending you a signed copy of the Thurston PUD Wholesale Water Supply Agreement approved by Council October 10.

The original is filed in Central Records. Thanks.

*Carol Litten*

City Clerk  
City of Lacey  
420 College St SE  
Lacey Wa 98503  
360.438.2625  
[clitten@ci.lacey.wa.us](mailto:clitten@ci.lacey.wa.us)



Public Utility District No. 1  
of Thurston County

Commissioners

Linda Oosterman – District 1  
Russell E. Olsen – District 2  
Chris Stearns – District 3

October 23, 2013

Carol Litten, CMC  
City Clerk  
City of Lacey  
420 College Street NE  
Lacey, WA 98503

Subject: WHOLESAL WATER SUPPLY AGREEMENT EXECUTED CONTRACT

Dear Ms. Litten,

Thank you for your assistance in expediting this Wholesale Water Supply Agreement between the City and the PUD. Your help is greatly appreciated.

Enclosed, find a fully executed Wholesale Water Supply Agreement between the City of Lacey and Thurston PUD. The PUD's Board of Commissioners approved this agreement last night in Resolution 13-32.

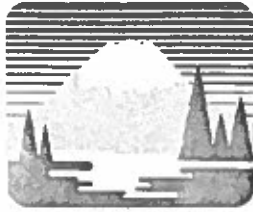
If you have any questions, don't hesitate to contact me at [jweidenfeller@thurstonpud.org](mailto:jweidenfeller@thurstonpud.org) or by phone at 357-8783. Again, we appreciate your help and the assistance of the City of Lacey in resolving this public health issue.

Sincerely,

A handwritten signature in blue ink that reads "John Weidenfeller". The signature is written in a cursive, flowing style.

John Weidenfeller  
General Manager

Enclosures: (1)



*Shaping  
our community  
together*

**CITY  
OF LACEY**

420 COLLEGE STREET SE  
LACEY, WA 98503-1238

**CITY COUNCIL**

VIRGIL CLARKSON  
*Mayor*  
JASON HEARN  
*Deputy Mayor*  
JEFF GADMAN  
LENNY GREENSTEIN  
RON LAWSON  
CYNTHIA PRATT  
ANDY RYDER

**CITY MANAGER**  
SCOTT H. SPENCE

October 10, 2013

John Weidenfeller, General Manager  
Public Utility District No. 1 of Thurston County  
921 Lakeridge Way SW, Ste 301  
Olympia WA 98502

RE: WHOLESALE WATER SUPPLY AGREEMENT

Enclosed please find two (2) partially executed copies of a Wholesale Water Supply Agreement between the City of Lacey and Thurston PUD to purchase from the City wholesale water supply. Once these documents have been executed by your office, please return one (1) fully executed copy to the City Clerk's office.

City of Lacey  
Carol Litten, City Clerk  
420 College St NE  
Lacey WA 98503

Thank you for your assistance. If you have questions, please contact me at 360.438.2625 or [clitten@ci.lacey.wa](mailto:clitten@ci.lacey.wa).

Best regards,

Carol Litten, CMC  
City Clerk

Enclosures (3)



TD11 Relay  
1-800-833-6388

City Council  
(360) 491-3214

City Manager  
(360) 491-3214

City Attorney  
(360) 491-1802

Community Development  
(360) 491-5642

Finance  
(360) 491-3212

Parks & Recreation  
(360) 491-0857

Police  
(360) 459-4333

Public Works  
(360) 491-5600

Fax #  
(360) 438-2669

