

**Appendix C**  
**Proposed Satellite System Management Program**

**SATELLITE MANAGEMENT NOTICE OF INTENT**

Applicant Name  
(Name of entity/organization): City of Tumwater

Address of Applicant: 555 Israel Road SW  
Tumwater, WA 98501

Name of Contact Person: Dan Smith

Title of Contact Person: Water Resources Program Manager

Phone Number of Contact  
Person: 360-754-4140

County(ies) for whom the  
applicant is seeking approval: Thurston

Submittal Date: August 09, 2010



Signature

City of Tumwater

# Proposed Satellite System Management Program

December 2009 Update

Dan Smith, Water Resources Program Manager  
December 15, 2009

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## SATELLITE SYSTEM MANAGEMENT

### INTRODUCTION

The City of Tumwater in Thurston County currently does not function as a regional Satellite Management Agency (SMA). The City would like to develop a satellite system program, which, through either ownership or contracting for a variety of services, would provide for operation and maintenance of small and large water systems. By operating multiple water systems, economies of scale make it possible to (1) employ qualified personnel, (2) provide good system management and operation, and (3) meet stringent standards required by the Safe Drinking Water Act.

Driven by expanding state and federal requirements, the regulations and liability associated with providing adequate water service are becoming too complex, restrictive, and expensive to be fulfilled by many communities, homeowners associations and individually owned systems. Small private water systems are often unable to develop and sustain a revenue base that will finance needed capital improvements and operational/maintenance activities in a manner that is affordable to their customers. As a result of these concerns, in 1995, the Washington State Legislature passed Engrossed Second Substitute Senate Bill 5448 (E2SSB 5448).

The bill stated that no new water system may be approved or created unless either:

1. It is owned or operated by a SMA established under RCW 70.116.134, or
2. An SMA is not available and it is determined that the new system has sufficient management and financial resources to provide safe and reliable service.

Further, the bill stated that any new system that is not owned by an SMA shall be conditioned upon either:

1. Future management or ownership by an SMA, or
2. Upon periodic review of system operations by DOH.

The Satellite Management program will enable an existing system to negotiate a level of service that will best accommodate their particular needs. Proposed new water systems within the Tumwater UGA will either 1) be owned and operated by the City, 2) enter into an agreement for Operations and Management with the City, or 3) be allowed to form a new separate water system. The choice of which option is selected is determined through the North Thurston County UGA Coordinated Water System Plan process. As areas annex to the City, the City shall approach existing water systems in those areas to discuss the feasibility of a satellite ownership or arrangement by the City.

In addition, the City's eligibility for state and federal funding assistance (Centennial Clean Water Fund, State Revolving Funds, Public Works Trust Fund, Community Development Block Grant (CDBG), Toxics Grants), and its ability to issue bonds help to assure reliable and high quality service at minimum cost for City owned systems. The City also has experience and authority in assessing connection fees and surcharges. If necessary, a Utility Local Improvement District (ULID) may be formed to finance system improvements.

Thurston County currently has seven (7) authorized Satellite Management Agencies. The City currently is not a Satellite Management Agency, and as such does not own and operate any separate water systems.

## AUTHORITY

Statutory authority for the development of regulated satellite management programs arises from Chapter 70.116 RCW and Chapter 246-293 WAC (Public Water System Coordination Act of 1977 and regulations adopted pursuant to it). Chapter 246-295 WAC is the satellite management regulation.

Thurston County formally adopted an area-wide Supplement implementing the Public Water Supply Coordination Act (Chapter 70.116 RCW) in January 1986. The Supplement was approved by the Washington State Department of Social and Health Services effective January 29, 1986.

An update of the Supplement was adopted by Thurston County and the cities of Lacey, Olympia and Tumwater in 1996.

The City is not identified currently as a Satellite System Management Agency by Thurston County. The City is likewise not on the current DOH approved Satellite Management Agency list dated June 2009.

The 1995 Legislature passed Engrossed Second Substitute Senate Bill 5448 (E2SSB 5448). The bill requires all new systems to be owned and/or operated by DOH 'approved' SMA's.

**The City seeks Satellite Management Agency approval based on the proposed program described below.**

## SATELLITE SYSTEM MANAGEMENT PROGRAM SERVICES

### OVERVIEW

The proposed Satellite Management Program provides three primary options of operation and assistance services for water systems:

1. Ownership – complete ownership and operation by the City.
2. Management and Operations – day to day system operation and maintenance, water quality monitoring, troubleshooting, emergency response, and other routine tasks for systems not owned by the district. Satellite management and operations does not include addressing legal issues, financing or rate setting.
3. Contract Services – a written agreement (contract) for specific needs of a water system not owned by the City. Types of contract services may include water quality monitoring, billing, emergency response, record keeping, meter reading, etc.

These three service options are designed to respond to differing water systems and to support a comprehensive program of water system management and assured reliability throughout the City. Decisions on establishing a level of service will depend on individual system needs, plans for improvement, and growth pressures, as well as the ability of the City to provide desired service in a cost effective manner. Each situation will be carefully examined by the City and the applicant interested in satellite system service.

Transferring an existing system to City ownership may entail specific financial or regulatory liabilities for systems that transfer ownership. The interests of all City water system ratepayers, therefore, must be considered for any proposed action. The City will take ownership or perform management and operations service only for systems that comply with its minimum health, safety, and security standards. Systems failing to meet minimum standards must be brought up to standards in accordance with City Satellite

Management policy. Systems which will be transferred to City ownership (Ownership) must also meet minimum construction and reliability standards. Different criteria will be applied for Group A and B systems as appropriate.

The City recognizes that there are costs associated with any of these options, and that the circumstances will vary depending on the system. It is the intent of the City to be flexible in allocating responsibility and identifying financing mechanisms for those costs, in order to maximize the benefits to the City and the applicant system. For that reason, all of these issues will be negotiable so long as the City's authorities' interests and responsibilities are met.

The City will provide assistance only to those systems that can permit unrestricted access by City staff to system facilities. All system facilities must be located on rights-of-way or easements, or have the appropriate legal authority needed to conduct service in an unencumbered fashion.

The attached Flow Chart for SMA Decision-making presents a diagram of service application and review procedures, described below, which the City uses in evaluating requests for implementing any of the three service options. There are some common steps involved in the process regardless of which service is being requested. They are as follows:

- Initial contact between the applicant and the City: During initial contact, applicants can discuss needs with the City and receive a copy of specific policies and procedures which pertain to their requests.
- The applicant's written letter of request will initiate the City's formal evaluation of system needs, capabilities, and deficiencies.
- The City will then request specific data or background information (Water System Data Request) needed to survey the water system and evaluate the City's ability to implement one of the three service options.

For new systems, the Coordinated Water System Plan (CWSP) process will be utilized to determine which option will be selected. Those new systems that the City agrees to own or provide operations and maintenance will submit all planning and permitting actions through the County, if they are in the County; or if they are within its political boundaries, through the City.

## OWNERSHIP

Ownership requires the transfer of system ownership and operational responsibilities from either an existing or new system to the City. The Ownership option enables the City to assume complete responsibility for water systems at any location throughout its Coordinated Water Supply Service Area (CWSSA) and is the preferred option for the City. Water systems within the CWSSA will be approached by the City regarding the feasibility of a satellite ownership or management arrangement. Under the Ownership option, the applicant and system customers are subject to the General Terms, Conditions, and Policies; the Technical Standard and Specifications; and the Extension Policies of the City. Acquisition may be by purchase, sale or by other arrangement acceptable to the parties. Connection charges, water rates and other standard charges may be imposed in accordance with the city's most current schedule of charges and fees. Depending on the amount of system upgrade work and other expenses associated with system transfer to the City, an additional

assessment may be levied or the applicant may be required to undertake improvements as directed by the City, prior to provision of service by the City.

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## POLICY AND PROCEDURES

The policy and procedures for implementing the Ownership option are as follows:

1. Ownership can be provided for both Group A and B Systems.
2. Systems that are certified at the time of application to meet City, Thurston County Health District, and Washington Department of Health (DOH) standards during construction will not be subjected to the survey and upgrade process. Systems that may desire Ownership from the City at some point in the future will meet the following requirements during design and construction:
  - Group A The system must be designed and constructed in accordance with the Technical Standards and Specifications of the City.
  - Group B The system must be designed and constructed in accordance with standards contained in the Group B Water System Work Book published by the Department of Health.
  - For both Group A and Group B systems, systems may be required to make improvements, at their cost, to meet City standards, prior to service being provided by the City. The design and monitoring of construction of either new system must be coordinated with the City.
  - Prior to transfer of ownership of a new system to the City, a licensed engineer who is the designer of the system must certify that it has been built in accordance with a City-approved design.
3. For systems that are not currently certified as being constructed in accordance with City standards, a survey and engineering evaluation will be conducted and a schedule will be developed to accomplish system upgrades which are required to meet applicable city, local, state, and federal standards. Certain improvements, especially deficiencies related to water quality, safety and system reliability, will be required to be completed prior to or in conjunction with system transfer to or service by the City.
4. Capital improvements will be financed by the applicant/customers of the system to be transferred, through rate surcharges, customer assessments, and system development charges. City support for financing options may be available, including co-signing for state and federal grants, cash contributions, ULID bonds, or similar financing arrangements. However, existing City ratepayers will not pay for system upgrades required to bring the system up to City standards. A special rate for customers of the system may be established to allow for pay-back of improvements over a period of time.
5. Major system improvements may require the formation of a ULID or similar financing arrangement.
6. An estimate of the cost and a mechanism for financing of required capital improvements will be provided to and agreed upon by the existing customers of the system to be transferred, before the City assumes ownership or operational responsibilities. All systems not installed under the certification process outlined above will be handled on a case-by-case basis to determine charges for the preliminary survey and engineering evaluation.

7. The City attorney will establish the appropriate authorization and legal instruments required for the transfer of system ownership to the City.

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## REVIEW AND APPROVAL PROCEDURES

1. The City will participate in initial meetings with the applicant, and will conduct a preliminary site visit free of charge. The City may require a deposit for preliminary survey and engineering work associated with establishing direct service for a water system, before it will start the complete evaluation and upgrade process. The preliminary survey will establish the system's capabilities, deficiencies, and regulatory and operational needs. The survey will also determine the estimated costs of needed system improvements, and anticipated operation and maintenance expenses. A Preliminary Survey Checklist is attached.
2. A meeting or other agreed upon communications will be used to review the survey results and preliminary cost estimates with the applicant and/or customers of the system to be transferred. The applicant may either withdraw the request for Ownership or continue the process by authorizing the City to prepare an engineering evaluation to more accurately determine the work and costs required to bring the system up to required standards.
3. The City engineering evaluation may include detailed analysis of the system's operation, required capital improvements, and projected cost of operation and maintenance. It will also contain a preliminary financing plan for improvements and proposed rate structure based on:
  - Minimum improvements required to meet quality, safety and reliability standards.
  - Improvements required to upgrade the system to the Technical Standards and Specifications of the City.
  - Source, storage, metering, fire flow and other desired improvements.
  - Ability of system to meet state financial viability test requirements.
4. If substantial costs may be incurred in the engineering review process, the City may charge for those costs, as negotiated with the applicant. If engineering review will exceed a nominal cost, as determined by the Public Works Director, staff will bring the item forward for discussion at Public Works Committee.
5. After a review of the engineering evaluation is conducted with the applicant and/or customers, the applicant may withdraw the request for service; however, if the applicant withdraws at this point (i.e., after the City engineering evaluations), the City may require that applicants reimburse the City for actual costs. This reimbursement would be deducted from the initial deposit, if any has been made (See Item (1) above); any balance remaining from the initial deposit would be refunded to the applicant.
6. Improvements required to upgrade the system to City standards (particularly those associated with quality, safety and reliability), will be completed prior to or in conjunction with system transfer. If the City and the applicant agree, some improvements may be deferred until normal repair or replacement occurs. This agreement shall be incorporated in writing into overall contracts for services or transfer agreements by the parties.
7. When capital costs for necessary improvements can be financed within a reasonable time period by applicant and/or customers of the system to be transferred, then the transfer of ownership may be

completed by written instruments. A list of items to accomplish a transfer of ownership may include but is not limited to:

- Bill of Sale
  - Title Report and Property Deeds
  - Assignment of Easement and Franchises
  - New Easements, if required
  - Assignment of Water Right applications or Permits
  - Water Right Transfer or Change Agreement
  - Hold Harmless Agreement
  - List of Owners, Customers and Addresses
  - Maps, Records, Equipment Manuals and Data, and Other Information
8. The transfer must be approved by a majority of persons who will be ratepayers under the new arrangements to support the capital improvement needed.
  9. If necessary and found to be feasible, the City Council or county commissioners may form ULID in accordance with Chapter 54 RCW. Once a ULID is formed, ownership of specified facilities, equipment and data will be transferred to City ownership.
  10. New systems whose initial design, construction and approval have been conducted in accordance with the City's design standards and inspection requirements may not require a preliminary survey or engineering evaluation. The transfer of ownership can occur either contractually or by ULID formation as described in paragraphs (6) and (7) above, respectively. The system must be certified in accordance with WAC 248-54 to verify that it was built and approved in accordance with the requirements of the Washington State Department of Health (DOH), Thurston County Health Department and the City prior to transfer of ownership.

## MANAGEMENT AND OPERATIONS PROGRAM

Major limitations on proper operation of any utility are the availability of funds and access to qualified professionals. The Management and Operations program enables the City to provide professional support to existing or new systems at a cost-effective level to improve system operation, reliability and compliance with state and federal requirements. Qualified City staff can provide a variety of services throughout the Critical Water Supply Service Area (CWSSA) to either individual or community systems.

In conducting satellite management and operations, the City will be responsible for all day-to-day responsibilities of a water system. Management responsibilities include planning and policy decision making. Operational responsibilities include normal day-to-day operations, preventative maintenance, water quality monitoring, troubleshooting, emergency response, response to complaints, public/press contact and record keeping. Responsibilities do not include addressing legal issues, financing or rate setting.

As part of the agreement of operate the system, the City may require that it be given right of first refusal or option to purchase the system in the future.

A Management and Operations contract (sample attached) will be utilized to establish the City's and the water system owner's responsibilities.

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## POLICY CONSIDERATIONS

Listed below are the major policy and procedural considerations for City Management and Operations

1. System improvements may be required to eliminate deficiencies associated with system reliability, safety and water quality. Improvements required by the City will be completed prior to the City initiating service unless the City agrees to accomplish improvements as a part of the contract.
2. Management and Operation services will be limited to systems where such services are cost effective for the City.
3. Financing for system improvements is the applicant's responsibility although, the City may provide assistance where authorized and appropriate.
4. The City will only provide services to systems where facilities are located on public rights-of-ways, utility easements, or where authorization for unrestricted access to all facilities that may require servicing, maintenance, repair or replacement can be obtained.
5. If the applicant intends to expand the system's service area, the City must approve of the expansion and/or be given the option to discontinue contract services.
6. The applicant must designate a reasonably available individual to be an official contact with the City.
7. The City must receive, as appropriate, the legal authority from the applicant to contract, assess costs and be held harmless from liability, for service activities during the normal course of operations.
8. The City may require that the applicant agree to a right of first refusal or option to purchase in favor of the City, as a condition.

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## REVIEW AND APPROVAL PROCEDURES

1. Once applicants have requested Management and Operations assistance, they may be required to pay a fee to the City for the cost of conducting a preliminary system survey. If required, the City should receive this survey fee and all requested system data before the City will conduct a preliminary survey of the system. The survey is designed to identify all existing material defects, public health deficiencies and operational problems.
2. The City will provide the applicant with a planning level assessment of all required improvements, with an estimate of the costs associated with those improvements.
3. After reviewing the survey results and evaluating the cost estimates, the applicant may either withdraw the request for Management and Operations Service or authorize the City to establish firm costs for the particular category of requested service. When determined, firm costs will be reviewed with the applicant and/or customers of the system seeking services.
4. If the costs are acceptable, the applicant will complete specified system improvements and enter into a contract with the City which specifies the details, frequency, duration and costs of the service program (sample attached).
5. System improvements will be the responsibility of the applicant through the term of the contract except as agreed to by the parties on a case-by-case basis.

## CONTRACT SERVICES PROGRAM

The Contract Services Program provides for general assistance for improving water utility service within the Critical Water Supply Service Area. Primarily the program is designed to support and assist smaller water utilities. Services are provided by the City to water systems through a written agreement (contract) for specific tasks.

Contract Services vary with the specific needs of the water system. Types of contract services may include water quality monitoring, billing, emergency response, record keeping, meter reading, operator training, information system support and purchase of equipment and supplies on a cooperative basis. Volume buying can reduce many of the costs of operating a small water utility.

There are several categories of services which the City can provide on a one-time basis. Cost associated with providing these services can be established on a time and materials basis or through a lump-sum contract. Examples of services might include:

- Loan equipment or supplies to a system to handle a special circumstance.
- Provide engineering and/or technical expertise to a system that lacks necessary staff for certain tasks
- Provide financial management/grant procurement assistance.
- Develop water system maps.

In addition, there are several categories of continuous service that the City may provide including, but not limited to:

- Administration of programs for joint purchasing of equipment and supplies to achieve economies of scale for smaller utilities.
- Technical support programs for operator training.
- Conduct water quality compliance or engineering sampling.

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## CONTRACT SERVICES PROGRAM POLICY CONSIDERATIONS

The contract service program relationship is one that will not affect a utility's wish to remain autonomous and operate at existing expenditure levels. The City is willing to evaluate any form of assistance to help utilities improve their level of service inside the UGA.

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## REVIEW AND APPROVAL PROCEDURES

1. The City and the applicant will execute either a formal contract or written agreement which will specify the exact responsibilities, staff, equipment and other details required of the City in providing assistance.
2. A service contract is utilized to establish the frequency, duration, cost and specific responsibilities of the City in performing services. Services can be contracted on a continuous basis to provide routine system operation and maintenance, periodic well performance monitoring, required water quality

monitoring, periodic equipment maintenance, scheduled repair activities, on-call emergency assistance, water rate billing services and/or other tasks.

3. Once the services are decided on, a contract (agreement) is written and signed (sample attached).

## POLICY DIRECTIONS TO SUPPORT RATIONAL WATER SYSTEM DEVELOPMENT IN THE CWSSA

### RESERVATION OF WATER SUPPLIES

The Reservation of Water for Future Public Supply (WAC 173-591) provides that it is the policy of the State of Washington to reserve water for future public water supplies. The reservation serves as a policy link between water supply, water rights and long-term growth. The Reservation was last updated in 1988. The City may wish to consider requesting that Thurston County take the lead in working with DOE, to revise the reservation regulation to re-allocate approved withdrawals of groundwater to areas that are likely to produce developable quantities of water. Specifically the NE Wellfield area, and the S.W. Urban Growth Area, where the City faces significant challenges in providing water to serve a growing community, could be targeted for increased withdrawals, while other locations could be targeted for reductions.

### COORDINATED WATER SYSTEM PLAN

In the Critical Water Supply Service Area, according to the Regional Coordinated Water System Plan (revised 1996) any new water system after 1985 must meet urban level water system development standards so that, “as the land develops, the residents and businesses in the North Thurston area can be assured of a high quality of water service and fire protection”. (1996 Coordinated Water System Plan, page 17). These standards are for the most part fire and engineering related.

Without water rights, the engineering requirements for pipes and fire hydrants will not be sufficient to serve growth. The City should request that Thurston County reconvene the Public Water Supply Coordination Group to add provisions relating to water rights. These provisions would establish a requirement that applicants for new water system approval in the UGA shall agree to transfer valid vested and inchoate water rights to the City at the time that the City is ready to serve. This requirement would be a development standard for water systems in the Critical Water Supply Service Area.

Approval of new water systems would be contingent on the new water system’s agreement (at the time of development) to transfer water rights when it receives service from the City.

### WATER RIGHT TRANSFERS

The City has established a policy asking that existing Group A and Group B water systems requesting water service from the City transfer water rights to the City. In consideration for this transfer at the time of hookup to the City system, the City may provide a reduction in water system connection charges commensurate with the valid right which has been approved for transfer by the Department of Ecology. An example of letter agreement memorializing this arrangement is attached.

### WATER CONSERVATION

A part of the evaluation of any system will be an assessment of improvements necessary to achieve acceptable system losses (at or below 10%) in the range of 10% or less.

A record of any conservation-related communications with customers by the system seeking City services, and the results of those communications, either quantitative (demand reduction) or qualitative (behavioral changes of customers), will be provided to the City.

Water conservation elements shall be incorporated into any agreement transferring a water system to the City or any agreement by the City to serve. The City shall incorporate conservation messages and target conservation programs to customers served by the satellite system. The City shall track production and consumption figures for each satellite system, identify conservation results, and tailor future programs to specific needs as feasible.

This provision does not apply where limited contract services are involved, unless the contract services call for the City to provide water conservation program services.

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#### TIME FRAME FOR SERVICE

Systems seeking service from the City of Tumwater will need to provide information and or the City will need to conduct surveys establishing the suitability of the transfer; agreements will need to be drafted and negotiated, and improvements made, prior to service being provided.

Decisions as to when to serve shall be made on a case-by-case basis. Special attention to quick turnaround may be called for where the system is in receivership and both parties agree to a shorter time frame; or where the Washington State Department of Health or Thurston County Health Department request quicker turn-around, and both parties to the agreement agree on a shorter timeframe.

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#### SHORT-TERM OPPORTUNITIES FOR SATELLITE MANAGEMENT OR TIE-IN

Short-term, the City should focus on two types of systems:

- 1) Systems in the immediate vicinity of the current water service area which provide easy access for operations staff and offer easy integration into water system management routines; and
- 2) Systems likely to expand to serve adjacent growth. Opportunities may include:
  - Deschutes Cove
  - Monaco Court
  - Lazy Court
  - Shalom Drive
  - Holiday Court
  - Prine Villa
  - SunCrest

Some of these systems may not be approved for operation due to system deficiencies, Department of Health funding may be available to assist in addressing these problems; financing options should be discussed with DOH prior to acquisition of systems needing substantial improvements.

Systems such as Pederson Place, which is currently operated by another satellite manager, may seek service from the City due to the economic disincentive that satellite managers from outside the UGA experience in

operating systems from a distance. They do not have the incentive, as the City does, of incorporating systems into a larger water system. The City is in a position to consolidate its service area and distribute programmatic costs, such as water quality, and to some degree, capital costs such as water storage, over a larger rate base. Costs which are solely attributable to satellite service obligations will be borne by ratepayers in those systems.

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#### SIX YEAR PROGRAM

It is recommended that the City approach one or two close-in systems over the next six years to determine whether a viable relationship, beneficial to both parties, may be developed.

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#### DATA MANAGEMENT

In preparation for entering into satellite system agreements, the City should identify suitable cost tracking software and operations/scheduling software, and set up separate tracking systems and schedules for each system.



**SATELLITE MANAGEMENT NOTICE OF INTENT**

Applicant Name  
(Name of entity/organization): City of Tumwater

Address of Applicant: 555 Israel Road SW  
Tumwater, WA 98501

Name of Contact Person: Dan Smith

Title of Contact Person: Water Resources Program Manager

Phone Number of Contact  
Person: 360-754-4140

County(ies) for whom the  
applicant is seeking approval: Thurston

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

\_\_\_\_\_  
Signature

**ISSUES TO CONSIDER IN DETERMINING WHAT TYPE OF SMA TO BECOME**

Issues	Type of SMA		
	Ownership	Operations	Contract Services
Complete control of the water system	•		
Limited control of the water system		•	•
Must meet requirements of WAC 246-295-050	•		
Must meet requirements of WAC 246-295-060		•	
Does not require SMA approval			•
SMA placed on county referral list	•	•	
Must prepare a water system plan	•		
Possible access to public financing (public entities	•		
Distribution of costs (Economies of Scale)	•	•	•
Possible reduction in DOH annual operating permit fee	•		
Entity may limit the types of services it chooses to provide			•
Contracts may be developed on a case by case basis			•

## RECEIVERSHIP (CHAPTER 7.60 RCS AND CHAPTER 43.70 RCW)

During receivership actions, DOH will meet with water system owners and users to discuss restructuring options. Satellite management may be identified as a viable option open to the water system. If voluntary restructuring options do not occur and receivership is pursued, SMAs may be contacted to determine if they are interested in serving as the water system's receiver. Court actions will determine receivership.

## FEES (WAC 246-290-990)

Review fees for SMA plans will be broken into three categories:

- a. SMA plan for ownership (new and updated)
- b. SMA approval amendment
- c. SMA plan for operation only (new and updated)

***See WAC 246-290-990 for the current fee schedule.***

## WATER WORKS OPERATOR CERTIFICATION (CHAPTER 246-292 WAC)

Each 'approved' SMA is required to employ a WDM 2 at a minimum. The certification requirement may be higher depending upon certification requirements.

## INFORMATION SHOULD BE SUBMITTED TO THE FOLLOWING:

County Potential Lists (WAC 246-295-030)

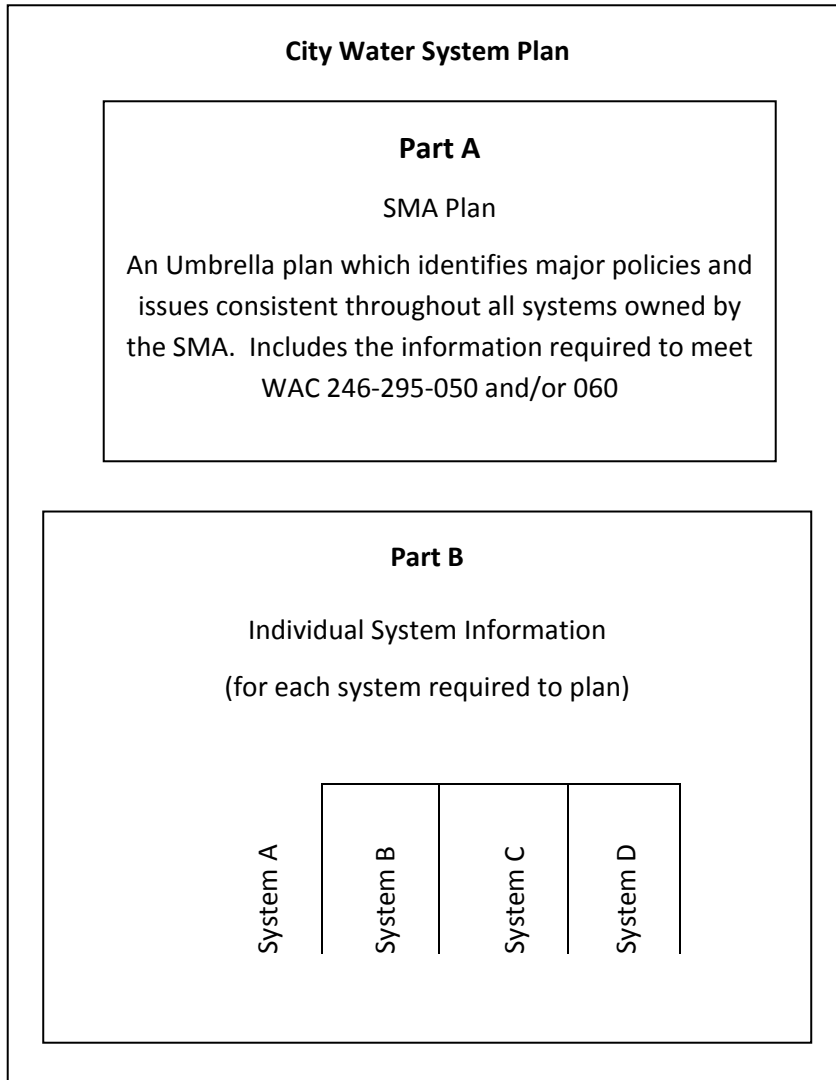
Notice of Intent (WAC 246-295-040)

Department of Health  
Drinking Water Program  
Planning Section  
P.O. Box 47822  
Olympia, WA 98504

SMA Plans and Water System Plans (WAC 246-295-040)

Regional Office  
Southwest Regional Office  
Department of Health  
Drinking Water Program  
P. O. Box 47823  
Olympia, WA 98504-7823

**RELATIONSHIP BETWEEN THE WATER SYSTEM PLAN AND THE SMA PLAN**

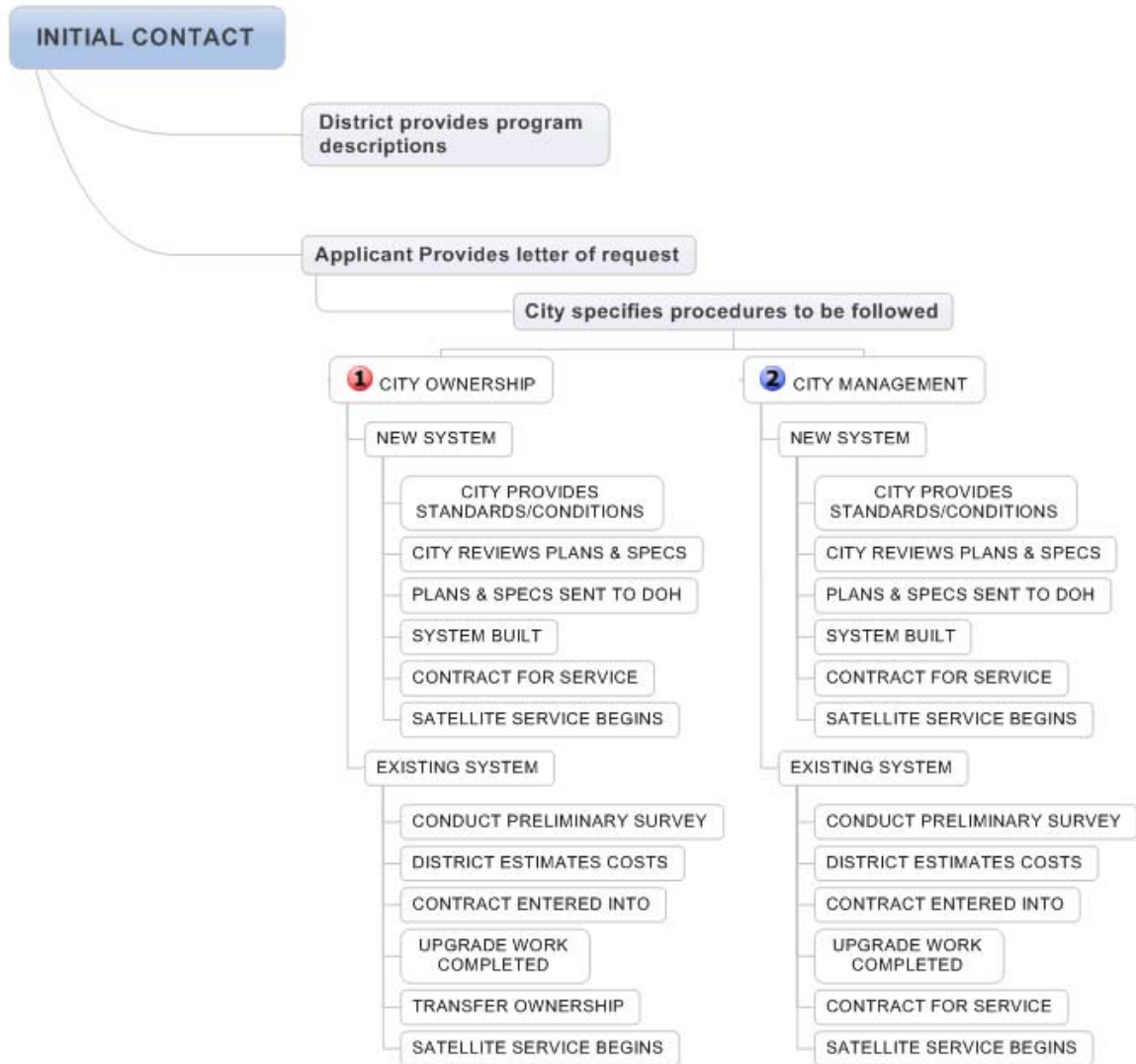


## DOH APPROVED SATELLITE MANAGEMENT AGENCIES

SMA's approved by DOH for operation in Thurston County as of June 10, 2009.

Clearwater Utility Services LLC (SMA #146) 219 Little Street SW Tumwater, WA 98512	<i>Management &amp; Operations only</i> Contact: Tim Tayne (360) 357-5537
H & R Waterworks, Inc. (SMA #123) PO Box 3 East Olympia, WA 98540	<i>Ownership, Management &amp; Operations</i> Contact: Stephen Harrington, President (360) 357-3277
H2O Management Services (SMA #140) 151 E Leisure Lane Grapeview, WA 98546	<i>Management &amp; Operations only</i> Contact: Drew Noble (360) 427-0654
Northbay Water Utility Corporation (SMA #113) 1286 NW Maryland Chehalis, WA 98532	<i>Ownership only</i> Contact: Jennifer Dickinson (360) 748-3805
Northwest Water Systems (SMA #119) PO Box 123 Port Orchard, WA 98366	<i>Management and Operations only</i> Contact: Reg Hearn, President (360) 876-0958
Pacific Water Systems, Inc. (SMA #125) 333 N Prairie Road Chehalis, WA 98532	<i>Management &amp; Operations only</i> Contact: Victoria Lantau (360) 262-9580
Thurston County (SMA # 134) 921 Lakeridge Drive SW, Building 4, Room 100 Olympia, WA 98502	<i>Ownership, Management &amp; Operations</i> Contact: Richard Blinn, P.E., Director (360) 357-2491
Thurston Public Utility District (SMA #147) 210 Union Street, Suite G Olympia, WA 98501	<i>Ownership, Management &amp; Operations</i> Contact: Kim Gubbe (360) 357-8783
Tri-County Water (SMA # 138) 1286 NW Maryland Chehalis, WA 98532	<i>Management &amp; Operations only</i> Contact: Jennifer Dickinson (360) 748-3805
Washington Water Service Company (SMA #114) 6800 Meridian Road SE Olympia, WA 98513-6302	<i>Ownership, Management &amp; Operations</i> Contact: Paul Robischon (360) 491-3760

# FLOW CHART FOR SMA DECISION-MAKING



**SMA APPLICATION CHECKLIST**

**WATER SYSTEM DATA REQUEST**

REQUESTED	RECEIVED	SOURCE	
<input type="checkbox"/>	<input type="checkbox"/>	Construction	As-Built Plans
<input type="checkbox"/>	<input type="checkbox"/>		Well Log
<input type="checkbox"/>	<input type="checkbox"/>	Water Quantity	Pump Test Results
<input type="checkbox"/>	<input type="checkbox"/>		Hydrogeologic Reports
<input type="checkbox"/>	<input type="checkbox"/>		Water Rights (Applications, Permits, Certificates, Claims)
<input type="checkbox"/>	<input type="checkbox"/>	Water Quality	Deed or Easement for 100 ft
<input type="checkbox"/>	<input type="checkbox"/>		Sanitary Control Radius
<input type="checkbox"/>	<input type="checkbox"/>		Bacteriological Test Results – including total coliform for last 3 years
<input type="checkbox"/>	<input type="checkbox"/>		Inorganic Chemical Test Results Primary and Secondary, for last 6 years
<input type="checkbox"/>	<input type="checkbox"/>		Organic Chemical Test Results – for last 3 yrs
<input type="checkbox"/>	<input type="checkbox"/>		Volatile Organic Chemical Test Results – for last 3 years
<input type="checkbox"/>	<input type="checkbox"/>		Synthetic Organic Chemical Test Results – for last 3 years
<input type="checkbox"/>	<input type="checkbox"/>		Radiological and Turbidity Test Results – for last 4 years
<input type="checkbox"/>	<input type="checkbox"/>		Type of Treatment – if any

REQUESTED	RECEIVED	PUMPS	
<input type="checkbox"/>	<input type="checkbox"/>	Equipment	Location and Use
<input type="checkbox"/>	<input type="checkbox"/>		Horsepower and Capacity
<input type="checkbox"/>	<input type="checkbox"/>		Pump Curves
<input type="checkbox"/>	<input type="checkbox"/>		Method of Control

<input type="checkbox"/>	<input type="checkbox"/>	Installation	Meters – Flow/Hour
<input type="checkbox"/>	<input type="checkbox"/>		Pump house Facilities
<input type="checkbox"/>	<input type="checkbox"/>		As-Built Plans

REQUESTED	RECEIVED	STORAGE	
<input type="checkbox"/>	<input type="checkbox"/>	Gravity	As-Built Plans
<input type="checkbox"/>	<input type="checkbox"/>		Location and Service Area
<input type="checkbox"/>	<input type="checkbox"/>		Overflow Elevation
<input type="checkbox"/>	<input type="checkbox"/>		Capacity
<input type="checkbox"/>	<input type="checkbox"/>		Type of Construction
<input type="checkbox"/>	<input type="checkbox"/>		Assessable/Secure
<input type="checkbox"/>	<input type="checkbox"/>	Hydropneumatic Equipment	As-Built Plans
<input type="checkbox"/>	<input type="checkbox"/>		ASME Approved Certification
<input type="checkbox"/>	<input type="checkbox"/>		Relief Valve Data
<input type="checkbox"/>	<input type="checkbox"/>		Method of Air Make-Up
<input type="checkbox"/>	<input type="checkbox"/>		Control Equipment

REQUESTED	RECEIVED	DISTRIBUTION SYSTEM	
<input type="checkbox"/>	<input type="checkbox"/>	Construction	As-Built Plans
<input type="checkbox"/>	<input type="checkbox"/>		Lineal Feet of Pipe by Type & Size
<input type="checkbox"/>	<input type="checkbox"/>		No., Type, Size of Fire Hydrants
<input type="checkbox"/>	<input type="checkbox"/>		Depth of Burial
<input type="checkbox"/>	<input type="checkbox"/>		Valves – Placement and Type
<input type="checkbox"/>	<input type="checkbox"/>		No. of Pressure Zones - Elevations
<input type="checkbox"/>	<input type="checkbox"/>		No. of Pressure Reducing Valves
<input type="checkbox"/>	<input type="checkbox"/>		No. of Booster Stations or Individual Service Boosters
<input type="checkbox"/>	<input type="checkbox"/>		Conditions of Franchise

<input type="checkbox"/>	<input type="checkbox"/>	Quality and Reliability	Bacteriological Results – for last 3 years
<input type="checkbox"/>	<input type="checkbox"/>		Number and Type
<input type="checkbox"/>	<input type="checkbox"/>		Cross Connection Control Device Information
<input type="checkbox"/>	<input type="checkbox"/>		List of Customer w/Individual Wells for Irrigation/Standby Use
<input type="checkbox"/>	<input type="checkbox"/>		Number of Blow-offs
<input type="checkbox"/>	<input type="checkbox"/>	Individual Services	Total number of service connections
<input type="checkbox"/>	<input type="checkbox"/>		Metered/Unmetered Service Data
<input type="checkbox"/>	<input type="checkbox"/>		Type & Size of Service Pipe
<input type="checkbox"/>	<input type="checkbox"/>		Type & Location of Service Valves
<input type="checkbox"/>	<input type="checkbox"/>		Parcel Numbers for Each Service Location
<input type="checkbox"/>	<input type="checkbox"/>		Meter Size for Each Service Location
<input type="checkbox"/>	<input type="checkbox"/>		No. Meter Yoke by Size & Type
<input type="checkbox"/>	<input type="checkbox"/>		No. Meter Vault by Size & Type

REQUESTED	RECEIVED	OPERATION & MAINTENANCE	
<input type="checkbox"/>	<input type="checkbox"/>	Records	System Maintenance Records
<input type="checkbox"/>	<input type="checkbox"/>		List of Equipment
<input type="checkbox"/>	<input type="checkbox"/>		Electrical Billing – last 3 years
<input type="checkbox"/>	<input type="checkbox"/>		Treatment/Chemical Expenses – last 3 years
<input type="checkbox"/>	<input type="checkbox"/>	Consumption	System Average Day Usage – last 3 years
<input type="checkbox"/>	<input type="checkbox"/>		System Peak Day Usage – last 3 years
<input type="checkbox"/>	<input type="checkbox"/>		Water Source Meter Readings – last 3 years
<input type="checkbox"/>	<input type="checkbox"/>		Water Production – Monthly & Annually – last 3 years
<input type="checkbox"/>	<input type="checkbox"/>		Water Usage – Monthly & Annually – last 3 years
<input type="checkbox"/>	<input type="checkbox"/>		Percentage of System Leakage

REQUESTED	RECEIVED	ADMINISTRATION	
<input type="checkbox"/>	<input type="checkbox"/>	Financial	Water Rates and Other Charges
<input type="checkbox"/>	<input type="checkbox"/>		Method of Collection
<input type="checkbox"/>	<input type="checkbox"/>		Utility Balance Sheet and Ledger of Accounts
<input type="checkbox"/>	<input type="checkbox"/>		Income Statement – last 3 years
<input type="checkbox"/>	<input type="checkbox"/>		Indebtedness Data for System
<input type="checkbox"/>	<input type="checkbox"/>		List of Service Trucks and Other Equipment
<input type="checkbox"/>	<input type="checkbox"/>		Delinquent Tax Status
<input type="checkbox"/>	<input type="checkbox"/>	Facilities	Deed or Proof of Ownership
<input type="checkbox"/>	<input type="checkbox"/>		Verification of Rights-of-Way/Easements for access to all facilities
<input type="checkbox"/>	<input type="checkbox"/>		Franchise Status/Documentation
<input type="checkbox"/>	<input type="checkbox"/>	Service Responsibilities	Number of Existing Customers – by Type
<input type="checkbox"/>	<input type="checkbox"/>		Number of Customers the System is obligated to Serve – by Type
<input type="checkbox"/>	<input type="checkbox"/>		Type of Service Agreement in Effect
<input type="checkbox"/>	<input type="checkbox"/>		*Condition of Plat
<input type="checkbox"/>	<input type="checkbox"/>		*Individual Requests
<input type="checkbox"/>	<input type="checkbox"/>		*Trade for Easement/Land

**SMA APPLICATION ATTACHMENT: PRELIMINARY SURVEY CHECKLIST**

**CITY OF TUMWATER  
WATER SYSTEM PRELIMINARY SURVEY CHECKLIST**

SYSTEM NAME: \_\_\_\_\_

Source: (fill out form for each well)

Well #/Name & Location \_\_\_\_\_

<b>CONSTRUCTION</b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>N/A</u></b>
1. Concrete slab around casing			
2. Casing extends 18 inches above floor			
3. Sanitary well seal installed			
4. Water level measuring device			
5. Electrical controls within specifications			
6. Source protected against freezing			
7. Control valves & electrical controls operating properly			
8. Well log available			
9. Surface seal at least 18' deep			
<b>QUANTITY</b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>N/A</u></b>
1. Pump test conducted			
2. Water rights equal or exceed pumping capacity			
3. Water rights in the owner's name			
4. Meter installed and operating properly			
5. Pumping capacity equal to peak day demand (0.55 gpm) x (# services) = peak day demand			

Pump Setting \_\_\_\_\_ Present Static Level \_\_\_\_\_

Normal Pumping Level \_\_\_\_\_ Seasonal Variation \_\_\_\_\_

SYSTEM NAME: \_\_\_\_\_

<b>QUALITY</b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>N/A</u></b>
1. Satisfactory sanitary control area at least 100 ft.			
2. Satisfactory bacteriological test results w/in last 3 yrs			
3. Satisfactory chemical test results within last 3 yrs			
4. Satisfactory turbidity or radionuclide test results within last 3 years			
5. Treatment equipment and procedures adequate			
6. Chlorination equipment (gas) in separate, vented room			
7. Adequate chlorine contact time			

Contaminants requiring treatment: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Possible source of contamination: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Improvements needed: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

SYSTEM NAME: \_\_\_\_\_

STORAGE Location / No. of Tank & capacity of each

<b>GRAVITY STORAGE</b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>N/A</u></b>
1. Capacity: _____ gallons (total)			
2. Screened ventilation provided			
3. Tank outlet through bottom			
4. Tank inlet and outlet separate			
5. Overflow pipe provided			
6. Tank drain through bottom			
7. Tank drain separate from inlet and outlet piping			
8. Watertight and lockable patch			
9. Exterior ladder usable and accessible			
10. Interior ladder provided			
11. Visual level gauges present and operating properly			
12. Roof watertight			
13. Any visible leaks			
14. Interior paint adequate			
15. Exterior paint adequate			
16. Liquid level controls operate adequately			
17. Low level alarm provided			
18. Site adequately fenced			
19. Top of ground level reservoir at least 24 inches above normal ground surface			
20. Does drain and overflow discharge in an acceptable location			
21. Valve to isolate reservoir from system			
22. Is altitude valve present and operating properly			

SYSTEM NAME: \_\_\_\_\_

<b>HYDROPNEUMATIC TANK SYSTEM</b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>N/A</u></b>
1. Tank Size _____ gallons			
a) a. ASME approved			
b) b. Manhole			
c) c. Water level gauge			
d) d. Pressure relief valve			
e) e. Protective coating adequate			
f) f. Bypass piping provided			
2. Air makeup adequate			

IMPROVEMENTS NEEDED: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

COMMENTS: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SYSTEM NAME: \_\_\_\_\_

DISTRIBUTION SYSTEM

PUMPS: No. / Location \_\_\_\_\_

<b>PUMPING EQUIPMENT</b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>N/A</u></b>
1. Operating properly			
2. Pump properly sized			
3. Pump rating: #1 – HP: _____ FLOW: _____ HEAD: _____ #2 – HP: _____ FLOW: _____ HEAD: _____ #3 – HP: _____ FLOW: _____ HEAD: _____			
4. Pump protection			
a. Handoff automatic switch			
b. Operation light present			
c. Pump operation timer			
d. Pump start/stop controls adequate			
e. Low liquid level shut-off			
f. Master water meter			
Total Volume Reading			
Flow Indicator			
5. Pump mounting adequate			
6. Equipped with auxiliary power			
7. Equipped with emergency power input circuitry			
8. Equipment with phase protection			
9. Any irregular noise or vibration from pump or motor			
10. Satisfactory amperage check for pump motor			
11. Have pump or motor ever been rebuilt? If so, when?			

SYSTEM NAME: \_\_\_\_\_

<b>PUMP HOUSE</b>	<u><b>YES</b></u>	<u><b>NO</b></u>	<u><b>N/A</b></u>
1. Concrete slab floor			
2. Adequate floor drain			
3. Well vented			
4. Heated			
5. Insulated			
6. Adequate lighting			
7. Free from electrical hazards			
8. Pump house locked			
9. Condition of pump house satisfactory			
10. Any leaks from piping			
11. Sampling ports			

<b>PIPING</b>	<u><b>YES</b></u>	<u><b>NO</b></u>	<u><b>N/A</b></u>
1. Type of Pipe: PVC _____ AC _____ Iron _____			
2. Adequate cover (min. depth _____ ft.)			
3. Is majority of pipe looped			
4. Is all pipe diameter 6" or larger (except service lines) smaller pipe: Pipe Dia. _____ Lineal Feet _____			
5. Adequate fire flows available?			
6. Are fire hydrants installed? Standpipes installed?			
7. Are max distances between fire hydrants met (____ ft)			
8. Isolation valves on all fire hydrants?			
9. 30 psi minimum pressure at all services			
10. Number of pressure zones Pressure zone _____ Elevation Range _____ to _____			
11. Are pressure reducing stations operating satisfactorily			
12. Are booster stations operating satisfactorily			
13. Are there any individual pressure reducing or booster systems? If so, who maintains them?			

SYSTEM NAME: \_\_\_\_\_

<b>QUALITY AND RELIABILITY</b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>N/A</u></b>
1. Satisfactory bacteriological results within last year			
2. Any customers with individual wells			
3. Adequate cross connection control			
4. Blow-off valves at dead-end lines and low points			
5. Adequate number of valves for repairs			
6. Any leaks			

<b>INDIVIDUAL SERVICES</b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>N/A</u></b>
1. Are all services metered			
2. Do all services have a corporation and curb stop			
3. Is meter installation satisfactory			
4. Are meters compatible with service requirements			
5. Type(s) of service pipe in use			

IMPROVEMENTS NEEDED: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

COMMENTS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT: SAMPLE CONTRACT FOR TRANSFER OF WATER SYSTEM OWNERSHIP**

**CITY OF TUMWATER**

**SAMPLE CONTRACT FOR TRANSFER OF WATER SYSTEM OWNERSHIP**

**CONTRACT # \_\_\_\_\_**

This is an agreement between the City of Tumwater, hereinafter called the City, and \_\_\_\_\_  
\_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Herein called the Applicant. This agreement is for the transfer of ownership of the \_\_\_\_\_  
\_\_\_\_\_ Water System from the applicant to the City.

**Section I: TRANSFER OF OWNERSHIP**

The terms of this contract are binding upon the owner(s) and all customers of the \_\_\_\_\_  
\_\_\_\_\_ Water System. Effective as of the date of this contract, the ownership and operation  
responsibility for the \_\_\_\_\_ Water System is transferred at \_\_\_\_\_ cost to the  
City of Tumwater, as provided in Exhibit \_\_\_\_\_, attached hereto and incorporated by reference herein.  
All existing and future customers will abide by the General Terms, Conditions and Policies of the City.  
The following documents appended to this contract and incorporated by reference herein:

1. Property Title
2. Easements/Right of Entry
3. Restrictive Covenants
4. Transfer of Water Rights
5. Bill of Sale
6. [Other]
7. Conditions

**Section II: OUTSTANDING LIENS OR LITIGATION**

The seller warrants that there are no liens or taxes or other purposes outstanding at the time of this  
purchase against the property of the said system or lawsuits pending against the said system.

**Section III: USER CHARGES**

The seller warrants that there have been no promises of any beneficial rates to any customer presently  
or in the future which may be served by this system.

**Section IV: AGREEMENT AND PARTIES**

The parties hereto agree that Exhibits \_\_\_\_\_ to \_\_\_\_\_, attached shall be incorporated as terms of this agreement and by reference are incorporated herein. The parties agree that all changes or modifications hereto shall be in writing. This Agreement constitutes the sole agreement of the parties, notwithstanding other promises or agreements by or of the parties, express or implied.

**CITY OF TUMWATER**

**APPLICANT**

Date \_\_\_\_\_

Date \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

EXHIBIT

SAMPLE SATELLITE MANAGEMENT MODEL CONTRACT

(FOR MANAGEMENT AND OPERATIONS)

It is agreed by and between City of Tumwater ("Satellite Management Agency") and \_\_\_\_\_  
\_\_\_\_\_ ("Water System") as follows:

Parties:

The City of Tumwater, whose address is 555 Israel Road, S.W., Tumwater, WA 98501, will henceforth be referred to as the Satellite Management System (SMA). The SMA is authorized to provide services to the Water System under \_\_\_\_\_

The \_\_\_\_\_ whose address is \_\_\_\_\_ will henceforth, be referred to as the Satellite Water System. The Satellite Water System is, collectively, the owners and persons provided water service by \_\_\_\_\_ a water source and distribution system which is independent of and unconnected \_\_\_\_\_ to another water system.

Effective Date: The effective date of this Contract shall be \_\_\_\_\_

Legal Description:

The property presently served by the Water System is located within Thurston County, Washington, and is legally described:

as attached (Attachment A)

as follows:

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The above property is  inside  outside the SMA's DOH approved service area as identified in the Coordinated Water System Plan and on file at Thurston County, and the City of Tumwater.

SMA Services: The SMA shall provide the following services to the Water System:

General Services:

The SMA shall become acquainted with the Water System including all physical facilities (transmission lines, valves, pumps, storage facilities, source(s), controls, treatment equipment and monitoring equipment, etc.) and operations and maintenance requirements.

Operations/Maintenance

Perform routine scheduled operation and maintenance of the Water System in accordance with accepted public health practices. Daily operations and maintenance includes but is not limited to: taking routine and follow-up water quality compliance samples, taking water quality engineering samples; meter readings; monitoring storage tank levels and pressure tank readings.

Implement schedule of periodic maintenance programs including but not limited to: inspect water system components for malfunctions and perform needed repair; prepare water meters for winter operation and subsequent cleanup in spring; exercise all valves and fire hydrants; inspect and test backflow prevention devices.

Record/report instrument readings and water quality results; determine sites and causes of malfunctions; adjust treatment processes or other water system components; insure that the proper records are maintained; and assist in determining remedial actions in emergencies.

Emergency repairs, within a reasonable time after the Satellite Water System has notified the SMA that repairs are needed.

Administrative

Prepare and file reports and other data (including water sample testing) required by other governmental bodies.

Meet public notification requirements.

Service connections/disconnections.

Ordering materials and parts for the operation and maintenance of the water system.

Planning and Technical Assistance

- Develop and implement a cross-connection control program.

- Develop and implement a coliform monitoring program.

- Design annual maintenance strategies.

Develop and implement equipment improvement programs.  
Identify design and implement capital improvement projects.  
Respond to informational requests from Satellite Water System customers.  
Manage consultant selection and project management for design and/or construction.  
Respond to press inquiries relevant to services provided.  
Develop and implement water resource education, outreach and technical assistance programs, such as conservation, wellhead protection and water quality reports.  
Perform construction management of private contractors.  
Keep up and maintain as-builts of the water system as required for new construction or other modifications to the existing Water System.  
Prepare the Water System's Water System Plan, when appropriate.  
Revise the Water System's WFI and submit to DOH.  
Other: \_\_\_\_\_

SMA Charges: The Water System agrees to pay the following to the SMA:

Service Charges. The SMA will charge for the above services on a time, materials and administrative overhead basis set forth in the SMA's rate schedule (Attachment B). The charges will be:

- Billed to the Water System at the following address: \_\_\_\_\_
- Billed directly to the customers of the Water System. All billings will be broken down as identified in Attachment\_\_\_\_\_, unless otherwise stated in this contract.

Connection Charge: All persons connecting to the SMA's water system are obligated to pay the SMA's Connection Charge (including the meter installation charge). These Connection Charges shall be paid:

- \$\_\_\_\_\_ in cash at the time of signing this Contract, for each water service connected to the Water System.
- As follows: \$ \_\_\_\_\_ in cash at the time of signing this Contract, and hereafter in \_\_\_\_\_monthly installments of \_\_\_\_\_.
- Persons seeking to connect to the Satellite Water System in the future are obligated to pay the SMA's then standard Connection Charge before connection to the Satellite Water System.
- Other: \_\_\_\_\_

Administrative Fee. The Water System  has paid  will pay within 30 days \$\_\_\_\_\_ to the SMA for the SMA's initial administrative and record keeping setup charges.

Reserve Account. The Water System and persons seeking connection to the Satellite Water System in the future shall pay the following amounts to the SMA to be held in reserve (security deposit) against payment for services provided to the Water System, as follows:

- The Water System shall pay \$\_\_\_\_\_ in cash at the time of signing this Contract and \_\_\_\_\_monthly installments of \$\_\_\_\_\_.
- Persons seeking to connect to the Water System in the future are obligated to pay the SMA \$\_\_\_\_\_ per connection, before connection to the Water System will be allowed. New connections will also be required to pay \_\_\_\_\_ monthly installments of \$\_\_\_\_\_.

The Water System is not entitled to interest on the reserve account, and the money in the account may be co-mingled with other SMA funds. If any of the SMA's charges to the Water System are so charged against the reserve account, then the SMA shall, with the approval of the Water System, increase the monthly charges to all customers to reimburse the reserve account for the amount charged against it. The amount and duration of such increased monthly charges shall be determined through agreement between the SMA and the Water System.

If at any time in the future, the reserve account is not adequate to pay the SMA's charge, the SMA may, in its sole discretion terminate this Contract or suspend SMA services hereunder.

The SMA may, in its sole discretion, increase or reduce the amount required in the reserve account and the monthly amounts billed therefore, based on the SMA's past charges, anticipated future charges, and the increased cost to the SMA to provide services hereunder.

Terms and Conditions. The Contract includes all of the terms and conditions in the SMA's \_\_\_\_\_and as amended in the future.

Without limiting the foregoing, it is agreed as follows:

The SMA does not own the Water System. They SMA's responsibility is limited to the services set forth above.

The SMA has no responsibility in the event that the Water System water source is interrupted, the volume thereof is reduced, or the water is contaminated.

The Water System hereby grants the SMA an irrevocable license to enter onto the well site and properties in performance of the SMA's responsibilities under this Contract, and to inspect the Water System. [Attach Easement//Right of Entry documents as appropriate]

The water system hereby grants the SMA a right of first refusal or option to purchase the system as follows: \_\_\_\_\_ [Attach documents]

Water System Repairs and Improvements. This Contract shall not become effective until repairs and improvements to the water system are:

- performed by the SMA after the Water System has deposited with the SMA sufficient funds to defray the cost thereof

- performed by the owners at their expense
- no repairs are required
- as follows: \_\_\_\_\_
- as described in Attachment \_\_\_\_\_

Duration. This Contract shall remain in force until terminated in writing by either party upon 60 days written notice to the other. The terminating party shall forward a copy of the contract termination notification to DOH. All expenses incurred up to the effective date of termination shall remain due and payable following termination of the agreement.

Assignment/Delegation. The rights and responsibilities, under this agreement may not be assigned or delegated without the express written agreement of both parties.

Integration. This Contract constitutes the entire agreement between the parties. There are no other verbal or written agreements or representations which modify or affect this Contract.

Amendments to this Contract shall be in writing and shall be signed by the responsible person from each party.

Indemnification. The Water System shall assume the risk, or be liable for, and pay all damages, loss, cost and expense of any party arising out of the performance of this Contract unless such damage, loss, cost or expense is caused solely by the negligence or willful misconduct of the company and its employees. The original owner shall indemnify and hold harmless from all claims, losses, suits, actions, costs, counsel fees, litigation, litigation costs, expenses, damages, judgments, or decrees by reason of damage to any property, or business and/or death, injury or disability to any person or party arising out of or suffered directly or indirectly by reason of or in connection with the performance of this Contract or any action, error or mission of the Water System, Water System’s employees, agents or subcontracts.

Disputes. [Mechanism to be determined]

City of Tumwater / Satellite Management Agency	Water System:
By:	By:
Title:	Title:
Date:	Date:

## EXHIBIT: SAMPLE SERVICES CONTRACT

CITY OF TUMWATER

CONTRACT #: \_\_\_\_\_

This is an agreement between the City of Tumwater hereinafter called the City, and \_\_\_\_\_ Water System, Washington, hereinafter called Applicant. This agreement is for the provision of Contract Services as prescribed in paragraph 1A below, and is effective for two years from date of signing, contingent upon system approval by the Thurston County Health Department.

### Section I: SERVICES

Scope of Services – On an annual basis or as required, a water sample will be taken and turned in to the Thurston County Health Department for bacteriological analysis. In addition, other water sampling will be taken as required by the Thurston County or Washington State Health Department for nitrates, inorganic, or synthetic inorganic to ensure the drinking water meets all standards.

On an annual basis, the static and pumping water level of the well will be checked and recorded.

During the year, random checks on the condition of the system may be made as City employees pass through the area.

In the event that City personnel find any problem with the water system during the checking, they will immediately contact the owners or designated representatives, and will not make or authorize any repairs without permission, except in a bona fide emergency. If the City is notified of an emergency (no water), due to a broken water line, well pump, or electrical problem, and the owner or designated representatives are not available to authorize repairs, the City, at its discretion, may make or authorize temporary repairs in order to provide water to the homeowners and will be reimbursed at cost plus 15 percent.

All maintenance and repair of system facilities is the responsibility of the owner, except as follows: Water meters of sufficient capacity will be installed at the well and at all services by the Applicant.

Compensation – All billings will be on an as required basis as described below.

Labor and professional hours will be billed based on the wage and benefit schedules as set forth by the City and in effect during the life of this agreement, and by reference are incorporated herein, plus fifteen (15) percent.

### Section II: AGREEMENT AND PARTIES

The parties hereto agree that all changes or modifications hereto shall be in writing. This Agreement is in lieu of all others expressed or implied.

Section III: RECORD OF CHANGE / MODIFICATION

Letter Date	Topic	Signatory Accepted by the City

(Copies of all letters of modification must be signed by the City and attached hereto and a copy returned to the Applicant.)

Section IV: STANDARD CLAUSES

IV(A): Situs: The parties hereto agree that the situs of this agreement and the law governing its interpretation is the State of Washington and the laws of that state.

IV(B): Other Professional, Paraprofessional and Secretarial Fees: The fees for service provided by the City, if any, other than those expressly stated in Section I, as additionally directed by the Applicant shall be based on the wage and benefit schedules as set and revised by the City, and by reference are incorporated herein, plus fifteen (15) percent for handling. All sums billed to Applicant under this clause shall be payable in full, thirty (30) days following receipt of billing.

IV(C): Travel Expense: Travel expenses associated with tasks covered under this contract will be billed on the basis of mileage rates set by the City.

IV(D): Past Due Billings: The applicant agrees that any sums billed, not disputed in written form setting forth specific exceptions and unpaid after thirty (30) days from the billing date, shall bear interest at 7% annual interest rate compounded monthly until collected in full, together with legal fees, court costs and administrative charges as necessary to effect collection.

Section V: LIABILITY

[Insert hold harmless clause]

Section VI: TERMINATION

Either party hereto may cancel this agreement by rendering written notice duly posted to the City or to the Applicant at the address noted hereon. Notice of termination must be received 60 days prior to the desired termination date. The duration of Contract Service will extend for 1 year renewable periods, unless other arrangements are agreed to in writing.

Section VII: EXHIBITS

Attachments Included by Reference in This Contract

<b>CITY OF TUMWATER</b>	<b>APPLICANT</b>
BY:	BY:
DATE:	DATE:

**ACCEPTANCE BY THURSTON COUNTY HEALTH DEPARTMENT**

BY:

DATE: