

INTERLOCAL AGREEMENT
Between Alderwood Water and Wastewater District and
Cross Valley Water District
For
Temporary Water Service To The Phillips Property

THIS AGREEMENT is entered into by and between Alderwood Water and Wastewater District ("AWWD") and Cross Valley Water District ("CVWD"), hereinafter jointly referred to as the "parties." The parties make and enter into this interlocal agreement ("Agreement") effective this 20th day of March, 2007, for the purposes and under the terms contained herein.

RECITALS

WHEREAS, AWWD constructed a water transmission pipe line through CVWD for the purposes of providing water to the southeast area of AWWD; and

WHEREAS, the construction of the water transmission pipe line required the method of construction known as micro-tunneling through environmentally sensitive areas; and

WHEREAS, it was necessary to construct through and near certain parcels of private property; and

WHEREAS, the construction utilizing the method of micro tunneling near property owned by the Phillips, being located at 5425 West Interurban Boulevard, tax parcel number 27051000201900, is alleged to have negatively affected the private water well used by the Phillips; and

WHEREAS, AWWD participated in a settlement with the Phillips; and

WHEREAS, the Phillips' property is located within the service area boundary of CVWD and will be a future water customer of CVWD; and

WHEREAS, CVWD currently does not have infrastructure available to the Phillips' property to provide publicly-owned water service to the Phillips' property; and

WHEREAS, AWWD has the ability to provide a publicly-owned water service to the Phillips' property; and

WHEREAS, it may be necessary for AWWD to make available a water service to the Phillips' property as part of a settlement agreement; and

WHEREAS, AWWD and CVWD are authorized pursuant to Chapter 39.34 RCW and RCW 57.08.044 to enter into interlocal agreements for cooperative and joint actions.

TERMS AND CONDITIONS

THEREFORE, in consideration of the above, the following is hereby agreed:

1. Temporary Service by AWWD

CVWD will allow AWWD to provide water service to the Phillips' property, described in attached exhibit "A", on a temporary basis, until CVWD has extended its water system infrastructure to or by the Phillips' property ("temporary period").

2. Indemnification

AWWD agrees to defend, hold harmless and indemnify CVWD and its elected and appointed officials, agents and employees from and against any and all third party claims, costs, demands and obligations for property damage or injury arising out of or by reason of AWWD's providing publicly-owned water service to the Phillips' property including any act or omissions of AWWD, its employees, agents, contractors or elected or appointed officials, whether attributable to the negligence of AWWD or otherwise.

CVWD agrees to defend, hold harmless and indemnify AWWD and its elected and appointed officials, agents and employees from and against any and all third party claims, costs, demands and obligations of for property damage or injury arising out of or by reason of CVWD's future connection the Phillips' property to CVWD's water system, including any act or omissions of CVWD, its employees, agents, contractors or elected or appointed officials, whether attributable to the negligence of CVWD or otherwise.

AWWD and CVWD hereby specifically and expressly waive, at to each other only, any and all immunity under industrial insurance, Title 51 of the Revised Code of Washington, and agree that the foregoing waiver was mutually negotiated by the parties. Further, the indemnification obligations of the parties under this Agreement shall not be limited in any way by insurance or any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under workers' compensation acts, disability benefits acts or other employee benefits acts; provided, however, that the parties' waiver of immunity by the provisions of this section extends only to claims against one party by employees of the other party.

3. Future Service by CVWD and Fees

AWWD shall pay CVWD the sum of \$36,485.00 for future water service to the property for a one-inch meter. Included in this sum is one-half the estimated cost of extending CVWD's water system across the Phillips' property and CVWD's connection charge for a one-inch meter.

Upon written notice by CVWD to AWWD that CVWD has extended its water system infrastructure to such an extent that it can service the Phillips' property, the parties agree that within thirty (30) days of the date of that notice, CVWD will use its best efforts to connect the Phillips' property to its water system. CVWD shall also coordinate with AWWD to schedule the connection of the Phillips' property to CVWD's water system so as to not cause any disruption of water service to the Phillips' property.

4. Entire Agreement

This Agreement shall constitute the entire agreement of the parties regarding the provision of interim water service to the property as described in exhibit "A." Any amendment to this Agreement shall be by written agreement of the parties.

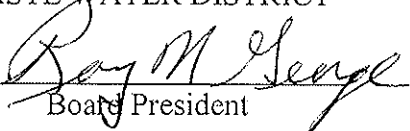
5. Dispute Resolution

It is the parties' intent to resolve any disputes relating to the interpretation or application of this Agreement informally through discussions at staff level. In the event disputes cannot be resolved informally at staff level, or at Official/Officer level within thirty (30) days, then the parties agree to submit the dispute to non-binding mediation/dispute resolution. Venue for any action relating to the interpretation or enforcement of this Agreement shall be in Snohomish County Superior Court.

IN WITNESS WHEREOF, the parties have executed this agreement on the date first shown above.

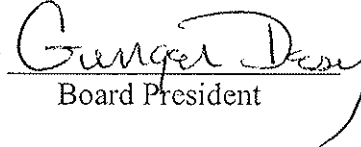
ALDERWOOD WATER AND
WASTE WATER DISTRICT

By


Board President

CROSS VALLEY WATER
DISTRICT

By


Board President