

## POULSBO AGREEMENT DISTRIBUTION SCHEDULE

SUBJECT: **Memorandum of Understanding – Public Utility District No. 1 of Kitsap County for Potential Future Water Supply and Service**

### CONFORM AS TO DATES & SIGNATURES

- (X) Passed by the City Council: 08/20/2008
- (X) Effective: 08/20/2008
- (X) Completion: 08/20/2009
- ( ) Recorded:

### DISTRIBUTE CONFORMED COPIES AS FOLLOWS: email all re library drive

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- ( ) Public Works/Engineering: Terri Coe

  
\_\_\_\_\_  
City Clerk

  
\_\_\_\_\_  
Date

**MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**THE CITY OF POULSBO**

**AND**

**PUBLIC UTILITY DISTRICT NO. 1 OF KITSAP COUNTY FOR**

**POTENTIAL FUTURE WATER SUPPLY AND SERVICE TO AREAS OF THE CITY**

**THIS MEMORANDUM** is made and entered into this 20<sup>th</sup> day of August , 2008, by and between the City of Poulsbo, a municipal corporation, hereinafter referred to as "City" and Public Utility District No. 1 of Kitsap County, hereinafter referred to as "PUD".

**WHEREAS**, PUD has developed a regional supply of water and has the authority to sell and distribute same to other municipal corporations within or without its limits; and

**WHEREAS**, the City has a need to acquire additional domestic water supplies and storage in order to meet the needs of the community and its existing and future customers; and

**WHEREAS**, PUD has a surplus of domestic water supply and storage; and,

**WHEREAS**, the City limits and the PUD water service areas overlap in certain areas; and

**WHEREAS**, the City and PUD distribution facilities are intertwined; and

**WHEREAS**, the City and PUD recognize that cooperative utility operations are in the best interests of the citizens of the City of Poulsbo and the surrounding area; and

**WHEREAS**, the City and the PUD desire to document their mutual understanding of the approach whereby the City and PUD will formalize any future agreements concerning domestic water supply and/or storage ;

**NOW, THEREFORE, THE CITY AND THE PUD AGREE AS FOLLOWS:**

- 1. SCOPE:** Subject to the terms and conditions of this Memorandum, the City and PUD agree to the continuation of discussions regarding the coordination of domestic water supplies, storage, and service areas with the ultimate goal being formalized agreement(s) that are mutually beneficial.



**2. SCENARIOS:** The City and PUD both acknowledge that there are different approaches that could result in satisfying their shared and individual needs. These scenarios are not mutually exclusive, and it is recognized that any future agreement(s) may include elements of each. These scenarios are briefly described as follows:

**Scenario 1:** Wholesale purchase of enough water from PUD for the City to meet its future needs.

**Scenario 2a:** A smaller service area boundary adjustment (i.e., Areas within the City limits and Poulsbo Urban Growth Area (UGA) north and west of Urdahl Road) in combination with a smaller wholesale purchase of water from PUD to meet the City's future needs.

**Scenario 2b:** Larger boundary adjustment (i.e., City limits and UGA west of State Highway 3) without the need for a wholesale purchase arrangement.

**3. SERVICE AREA BOUNDARY ADJUSTMENT:** For the purposes of moving forward with near-term development proposals, Scenario 2a is agreed to as the baseline for future agreements. PUD's current service area encompasses part of this area, and they have infrastructure in this area, while the City currently has none. This area is more clearly defined as all parcels within the West ¼ of Section 10 Township 26N Range 1E North of Finn Hill Road (**see attached map**). This service area adjustment will be done in accordance with procedures set forth in the Kitsap County Coordinated Water System Plan, Regional Supplement, 2005 Revision.

**4. DOMESTIC WATER STORAGE:** As made feasible by the current intertie arrangement between the City and PUD, and in consideration of the adjustment of service area boundaries discussed above, the City will receive storage credit from PUD's Vinland water system. This will address the City's West High Pressure Zone storage existing deficiency identified in the 2007 Water System Plan of 336,000 gallons and projected deficiency of 998,000 gallons by 2026.

**5. BASE SUPPLY:** For a period of 12 months following the signing of this MOU, PUD will grant the City first right-of-refusal for purchased domestic water supply for areas served by the City within the current City limits and UGA. The reserved quantity shall be a maximum of 500 acre feet of water per year and maximum peaking at 300 gallons per minute daily domestic flow. If the City elects to exercise this right, a quantity of water – up to the amounts set forth above – will be negotiated between the PUD and the City. These quantities will ensure sufficient supplies of domestic water for the City through the year 2026 according to the 2007 Water System Plan.

**6. CAPITAL COSTS:** PUD has already made the capital investments necessary to provide the water supply quantities to the City as specified in this memorandum. Any future

capital contributions from the City will be based on fair share of those investments based upon specified quantities in any final agreements.

**7. WATER SERVICE RATES:** Rates for water service to any areas of the City that are agreed to be served by the PUD by service area boundary adjustments will be specified in subsequent agreement(s).

**8. WHOLESALE WATER CHARGE:** Charges for supply of any wholesale water from PUD to the City will be specified in subsequent agreement(s).

**9. EXECUTION OF DOCUMENTS:** This memorandum shall be executed in two counterparts, either of which shall be regarded for all purposes as one original. The parties agree that they will execute any and all deeds, instruments, documents and resolutions or ordinances necessary to give effect to the terms of this memorandum.

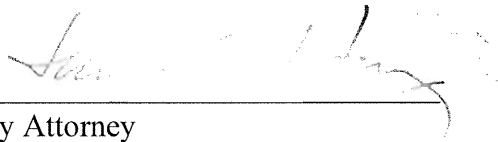
Dated: 08-20-2008

**City of Poulsbo**

  
Authorized Signature


  
Title

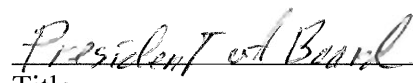
Approved to Form:

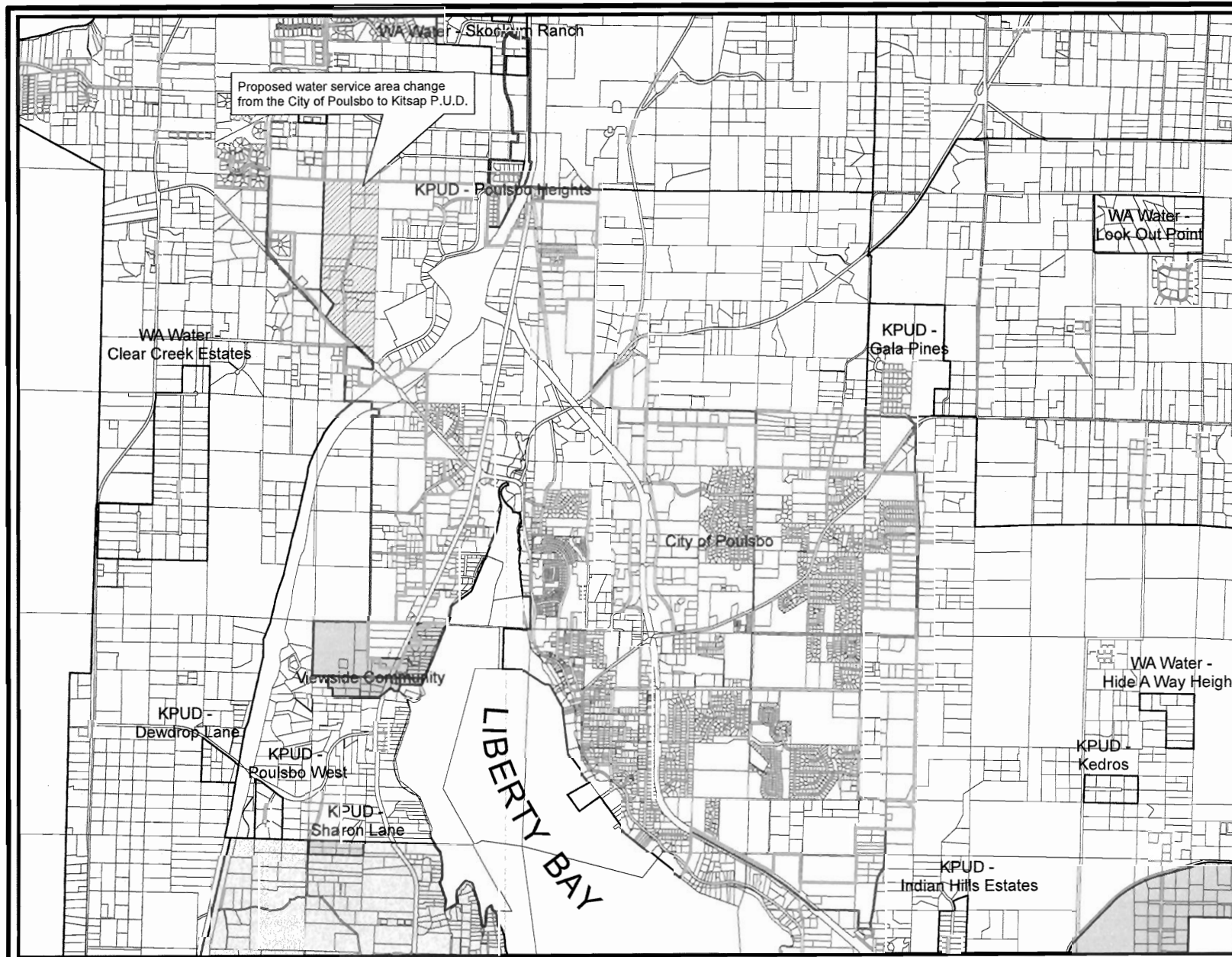
  
City Attorney

Dated: September 9, 2008

**Public Utility District No. 1 of Kitsap County**

  
Authorized Signature

  
Title



# KITSAP COUNTY WASHINGTON

## Coordinated Water System Plan City of Poulsbo Water Service Area

### Legend

Proposed Water Service Area Change

### City Limits Drawing

#### Layer

City Limits (2/5/2007)

Urban Growth Area

### CWSP Service Areas 2005

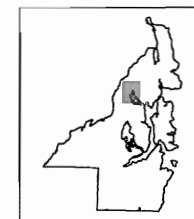
#### Water Service Area Type

- City
- Federal - Navy / Tribal
- Kitsap PUD
- Northwest Water Systems
- Other Private
- Uncontested Overlap
- Washington Water Service Company
- Water District
- Satellite Management Areas

C.W.S.P. Adopted May 9, 2005  
Map Created May 7, 2007  
Lambert Conformal Conic Projection  
North American Datum 1983  
Spheroid: GRS82  
State Plane Coordinate System  
FIPS Zone 4801  
Washington North

0 375 750 1500 2250 3000 Feet

General Location of View  
Within Kitsap County



### PUBLIC UTILITY DISTRICT

Kitsap Public Utility District  
P.O. Box 1989, Poulsbo, Washington 98370  
(360) 779-7656 \* FAX (360) 779-3284  
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