

MEMORANDUM OF UNDERSTANDING
BETWEEN
Olga Water Users, Inc. (OWUI)
AND
Doe Bay Water Users Association (DBWUA)

A. PURPOSE

The purpose of this MOU is to develop a framework for cooperation between OWUI and DBWUA (the systems) for the purpose of sharing labor and equipment.

B. PROBLEM

Water systems need qualified, stable, and committed personnel to operate their systems. These personnel need to be certified by the state and require a significant amount of time on the job in order to learn the individual characteristics of a water system's treatment and distribution systems. Smaller water systems on Orcas have a difficult time engaging these personnel because of the competition for the limited amount of qualified personnel.

C. SCOPE

This MOU specifies a process for the joint hiring of personnel and reimbursement for their labor, privately owned vehicles (POV) (Appendix B) and ordinary tools (hand tools) owned by the personnel (Appendices A and B). This MOU also discusses the purchase and use of water works tools owned by the systems (Appendix C).

D. STATEMENT OF MUTUAL INTERESTS AND BENEFITS

The physical proximity of the two systems, their common treatment process (slow sand filters), their relatively equal size, and their similar method of governance suggests an opportunity to achieve stability in the employment of personnel and cost-reduction benefits.

- The combined hours available to the employees should be able to attract a greater number of qualified applicants with the expectation of being able to retain them longer thus benefiting from their ever growing knowledge and experience.
- The shared transit time, training/certification costs, and shared tool costs will provide some monetary benefits for the water systems.

E. UNDERSTANDINGS

- 1) The systems will agree by Board resolution (Appendix D) to enter into this MOU.
- 2) The systems will jointly agree on the individual(s) to be hired and the timing of their hiring. The hiring will be done by Board resolutions after consideration of a recommendation from the steering committee.
- 3) The systems will then separately hire the individuals as employees of their individual organizations and be responsible for all insurance coverage, mandated state labor taxes, etc. for the hours worked for the specific system.
- 4) The systems will be solely and separately liable for the actions of these employees in performing duties for the respective systems. In the event of a claim by any third party against either association for damage to property or death or injury to persons, arising out of the performance of duties by any shared employee, each system shall be responsible for the defense and indemnity for any such claim, to the extent of its own

negligence or that of its employees while performing services within the scope of his/her employment.

- 5) The amount of hours and the conditions of employment will be established by each organization without a need for consistency with the following exceptions:
 - a) Hourly rate will be the same.
 - b) Benefits paid will be the same.
 - c) The basis for reimbursement of POVs and required hand tools (Appendix A) will be the same.
 - d) The systems will develop and use the same criteria for evaluating employee performance.
- 6) These exceptions are detailed in Appendix B and are expected to be updated from time to time by Board action. This Board action on Appendix B will not require the reauthorization of this MOU.
- 7) Hired employees will sign a statement recognizing that they are being hired by joint action of the systems and will serve as individual employees of each organization.
- 8) Each of the systems will assign a single Board member to serve on a steering committee to resolve issues and to maintain communication between the systems. The term of office on the steering committee will be reviewed annually by the respective systems. The steering committee will have authority to take actions related to this MOU that do not change the sense or intent of the MOU. For example, the steering committee can amend the required hand tools as outlined in Appendix A as experience dictates. Otherwise, the steering committee will make recommendations to the Boards of the systems including employment decisions.
- 9) Each of the systems will pay the required employee remuneration from their own funds.
- 10) Employees will submit such time sheets, work logs, work orders, travel logs, etc. as required by each of the systems.
- 11) Each of the systems will assign a single supervisor to the employee while that employee is performing work for that respective party.
- 12) Certain specialized waterworks tools (Appendix C) will be purchased jointly by the systems on an equal share basis and owned jointly by the systems. These tools will be appropriately labeled. Many of these waterworks tools are expected to be carried on the employees POVs. If this MOU expires, these waterworks tools will be split between the systems and/or purchased by the systems at the depreciated price.
- 13) This MOU must be amended or modified only in writing and as approved by the respective Boards of the systems prior to any changes being performed.

F. PARTICIPATION IN SIMILAR ACTIVITIES

This instrument in no way restricts the systems from participating in similar activities with other agencies, organizations, and individuals or hiring non-shared employees.

G. APPLICABLE LAW

This MOU shall be governed by the laws of the State of Washington. All actions and decisions of the parties pursuant to this MOU shall be carried out and made in accordance with prudent utility practice (standards of the industry) with due regard to federal and state statutory and regulatory requirements which may be in existence now or in the future regarding water systems of comparable class, size, and complexity.

H. EXECUTION OF THIS MOU AND ATTACHEMENTS

All actions required by this MOU including its execution and the execution of the specified attachments shall be accomplished by the systems in accordance with controlling law and the bylaws of the respective organizations. Either organization may request and shall be provided proof that all instruments have been properly executed and that all actions have been properly authorized.

H. DISPUTES

Any controversy or claim arising out of or related to this MOU, or the breach thereof, shall be settled by arbitration in accordance with the commercial arbitration rules of the American Arbitration Association and judgments upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof and in accordance with the Uniform Arbitration Act as it may have been adopted in the State of Washington. Arbitration shall be before a single arbitrator. Said arbitrator shall resolve any dispute in accordance with prudent utility practice (standards of the industry) and as developed in the common law. The substantially prevailing party in any arbitration shall be entitled to an award of all cost of the arbitration and all of its' reasonable attorneys' fees. The foregoing notwithstanding, the parties agree as a condition to arbitration to first attempt to negotiate or mediate any disputes before submitting said disputes to arbitration.

I. EXPIRATION

This MOU expires one year from the date of the execution by both parties.

J. TERMINATION

Either of the systems, in writing, may terminate this MOU in whole or in part at any time before the date of expiration.

K. MUTUAL AID

Nothing in this MOU prevents the systems from assisting each other during emergencies, nor is such assistance bound or limited by this MOU.

Dated:
Olga Water Users Association

Dated:
Doe Bay Water Users Association

By:

By:

Its:

Its:

SCHEDULE OF APPENDICES

Appendix A: Required hand tools

Appendix B: Common reimbursement rates

Appendix C: Specialized water works tools, date of purchase, and cost

Appendix D: Authorizing Board Resolutions