

**OPERATION & MAINTENANCE SERVICES AGREEMENT  
FOR  
PHASE 2 OF THE MEADOWS (FORMERLY OLYMPIC GREENS)  
COMMUNITY ON-SITE SEPTIC SYSTEM**

**THIS OPERATION & MAINTENANCE SERVICES AGREEMENT PHASE 2 OF THE MEADOWS (FORMERLY OLYMPIC GREENS) COMMUNITY ON-SITE SEPTIC SYSTEM** (this "Agreement") is made this   8th   day of   September  , 2021, by and between STO, LLC, a Washington limited liability company ("STO LLC"), and PUD No.1 of Jefferson County ("PUD").

**RECITALS**

1. STO LLC is the owner of all of the property described in the Binding Site Plan of Olympic Greens recorded under Jefferson County Auditor's File No. 402752 in Volume 1 of Binding Site Plans, Pages 24-27 (the "BSP").

2. STO LLC is proposing to create two condominiums on the BSP property called The Meadows No. 1, A Condominium ("The Meadows No. 1"), Auditor's File No. 629483, and The Meadows No. 2, A Condominium ("The Meadows No. 2"), Auditor's File No. 629485 (collectively, "The Meadows Condominiums").

3. STO LLC has recorded a Declaration of Easements and Maintenance Agreement with respect to the property in the BSP under Jefferson County Auditor's File No. 612302 (the "Easements and Maintenance Agreement") in order to provide for the management of The Meadows Common Areas (as defined therein) by the owners association for The Meadows No. 1 ("The Meadows No. 1 Association") for the benefit of owners in The Meadows Condominiums and to provide for payment or reimbursement of its costs associated with operation, maintenance, repair and replacement of the community septic sewer systems for the property in the BSP.

4. On-site Septic Systems were designed by Mark Stone, P.E. (designer), Stone On-site Septic Design PLLC, to serve Lots 11-13, 15-17, 20-22, 25-27, 33-34, 38-44 and 48-54 of the BSP (the "Phase 2 Meadows Community OSS" and the "Phase 1 Meadows Lots," respectively). The Phase 1 Meadow Lots will become units in The Meadows Condominiums and the Phase 2 Meadows Community OSS will be a common element of The Meadows No. 1.

5. The Phase 2 Meadows Community OSS is an extensive sewage collection, treatment and disposal system, which is described in the Operations and Maintenance Manual (the "O&M Manual"), Record Drawing and Inspection Report will be provided once construction of Phase 2 is completed and has been installed so that sewer service shall be available to dwellings on the Phase 1 Meadows Lots.

6. The Phase 2 Meadows Community OSS have been designed, approved and

constructed to meet current code requirements of Department of Health (DOH) (collectively, Department of Health permit number JEF039, Project 2017-050).

7. The construction inspections will be performed by the Designer and documented for DOH. DOH will perform the final inspection and issue the operating permit, which will be renewed annually. In addition to the annual renewal, a report will need to be filed with DOH during operation for the Phase 2 Meadows Community OSS.

8. The Phase 2 Meadows Community OSS does not include the required septic tank and pump chamber (where required) for connection of each individual lot. A septic (tank only) permit, issued by JCPH in compliance with the code at the time of application, is required for the connection of each individual lot to the Phase 2 Meadows Community OSS.

9. Jefferson County Code Section 8.15.100(2) states that the "management of community on-site sewage systems shall be by an entity approved by JCPH. If the lots are individually owned the management shall in all cases be provided by a public entity...." Therefore, the PUD No. 1 will be the management entity for The Meadows Community OSS.

10. PUD No.1 has accepted responsibility of being the management entity of the Phase 2 Meadows Community OSS, as described in the Operations and Maintenance Manual.

11. STO LLC will be responsible for meeting all federal, state and local requirements, and represents and warrants to the PUD that these recitals are true and correct.

12. The Phase 2 Meadows Community OSS shall be a common element of The Meadows No. 1 and all rights and obligations of STO LLC under this Agreement shall be assumed by The Meadows No. 1 Association, except STO LLC shall be responsible for assuring that the initial installation of septic tanks and pump chambers (if needed) on individual lots are done in compliance with current code.

## AGREEMENT

NOW THEREFORE, in consideration of the premises and the covenants hereafter set forth, the parties agree hereto, as follows:

1. Existing On-site Septic System. A sewage collection, treatment and disposal system together with appurtenant facilities, with capacity and design satisfactory to the JCPH for the Phase 1 Meadows Lots were constructed under previous septic permits in 1996. The Phase 2 Meadows LOSS was constructed under Department of Health permit number JEF039, Project 2017-050. The sewage collection, treatment and disposal system consist of a series of collection pipes, septic tanks, pump chambers, effluent transmission lines and drain fields together with the necessary controls for pump operation, monitoring and malfunction alarm(s) and is hereinafter referred to collectively as the Meadows Community OSS.

2. Septic Tank Permits. The systems constructed under SEP96-338, SEP96-339, SEP96-340, and SEP96-341 did not include installation of the required individual septic tanks and pump chambers (if needed) for every lot. Therefore, prior to obtaining a building permit for any lot an application and design shall be submitted for an onsite sewage permit for a septic



tank and pump chamber (if needed) in compliance with current code. The septic permit shall be issued prior to issuance of the associated building permit for a dwelling on that lot.

3. Right of Inspection. PUD No. 1 shall have the right to inspect the Phase 2 Meadows Community OSS during operation and maintenance and new construction; for new construction the inspection includes, but is not limited to, the connection of the individual lot effluent to the sewer main. The new construction inspection will be conducted in conjunction with the JCPH inspector and under the onsite sewage permit for a septic tank. The PUD No.1 cost for operation and maintenance are covered in the Fee section of this Agreement. For unsatisfactory work, repairs and or replacement work needed, the notification process between the PUD No.1 and The Meadows No.1 Association is outlined under the Notifications section of this Agreement.

4. Certification. PUD No.1 assumes no responsibility for any additions to or later phases of The Meadows Condominiums not in place at the time of this Agreement. Any additions to or later phases shall only be accepted by PUD No.1 after an amendment to this Operations and Maintenance Service Agreement has been mutually agreed to and executed in counter parts by each party to this Agreement.

5. Easements. STO LLC shall furnish PUD No.1 with easements running concurrent with this Agreement granting PUD No. 1 access to all necessary portions of the Phase 2 Meadows Community On-site Septic System (OSS) lying outside of dedicated public rights-of-way. STO LLC shall be responsible for recording all such easements in the land records of the Jefferson County Auditor.

6. Common Element. Upon creation of The Meadows Condominiums, the Phase 2 Meadows Community OSS shall be a common element of The Meadows No.1.

7. Warranty. Any upgrades or expansions to the Phase 2 Meadows Community OSS will be performed by STO LLC or its agent(s) and at the completion of the installation will provide a warranty (guarantee) of 20-percent of the project cost for a period of twelve (12) months from the date of acceptance. The warranty will be to the benefit of the managing entity and in an acceptable form to the PUD No. 1.

STO LLC furthermore warrants that the Phase 2 Meadows Community OSS at its design capacity will be adequate to serve the Phase 1 Meadows Lots as outlined in this agreement. STO LLC further represents and warrants that the Phase 2 Meadows Community OSS and all subsequent phases have been and will be consistent with Federal, State and local laws and regulations for similar community on-site septic system. Further, STO LLC or its successor shall maintain a reserve fund in a form acceptable to PUD No. 1 for the life of the system, refer to the Fee section of this Agreement.

8. Additions. No additional lots or service areas outside the Phase 2 Meadows Lots may be connected to the Phase 2 Meadows Community OSS without the express written

approval of DOH, JCPH, PUD No.1 and STO LLC. PUD No.1 may not unreasonably refuse connections of additional lots or service areas to the Phase 2 Meadows Community OSS if sufficient surplus capacity is available.

9. Acceptance. Once construction is completed, PUD No. 1 will inspect and accept the Phase 2 Meadows Community OSS. If upgrades or expansions are designed, approved and completed as outlined in this agreement then the PUD No. 1 will manage the addition. Upgrades and expansion work will be required to follow the warranty process as outlined in this agreement.

10. Notifications. For any property served by the Phase 2 Meadows Community OSS, the following notifications are required:

- a. When a septic issue is discovered, the lot owner or association shall call the PUD No. 1 to report an incident.
- b. PUD No.1 will investigate the incident and determine if the septic issue is caused by the individual lot septic system (private) or the Phase 2 Meadows Community OSS system;
- c. If private; PUD No. 1 will contact the property owner and the Meadows No. 1 Association;
- d. If associated with the Phase 2 Meadows Community OSS system, the PUD No. 1 will perform the repair or replacement and invoice the Meadows No.1 Association as outlined in the Fees Section of this Agreement.
- e. It is the Phase 1 Meadows No. 1 Associations responsibility to keep their contact information current with PUD No. 1

**PUD No. 1 Contact:**

Randy Calkins

Wastewater Manager

Address: 310 Four Corners Rd.

Port Townsend, WA 98368

Phone: 360-301-0249

Email: [rcalkins@jeffpud.org](mailto:rcalkins@jeffpud.org)

PUD No. 1 Customer Service No.:  
360-385-5800

**The Meadows No. 1 Association  
Contact:**

Name:

Affiliation:

Address:

Phone:

Email:

11. Operation and Maintenance. PUD No.1 will monitor, the operation and maintenance of the Phase 1 Meadows Community OSS. STO LLC will be responsible for installation, operation and maintenance of each subsequent phase of The Meadows

Community OSS until it is completed and accepted, as provided above. The individual lot owners are responsible for all such individual operation and maintenance of the onsite septic tank and pump chamber (if needed) per JCPH regulations, PUD No. 1 is not responsible for individual lot septic facilities. The PUD No. 1 is responsible for maintaining the Phase 2 Meadows Community OSS, which started at the individual lot connection to the sewer main.

12. Monitoring. PUD No.1 shall monitor the Phase 2 Meadows Community OSS monthly as per the operations and maintenance manual prepared by the Designer and per JCPH requirements.

13. Reporting. PUD No.1 will provide STO LLC and The Meadows No. 2 Association with any records upon request.

14. Financial Assurance Plan. The Meadows No. 1 Association, and STO LLC prior to the creation of The Meadows Condominiums, is entering into a Financial Assurance Plan per Jefferson County Code Chapter 8.15.100(3)(b) for Major Repairs with Jefferson County (the "FAP") in order to assure payment of the Owner's financial obligations under this Agreement, which will include establishing a Security Account to cover major repairs and replacements to the Phase 1 Meadows Community OSS, including replacement of the system. The security amount shall be placed into a Reserve Account which will be in the name of PUD No. 1; however, withdrawals, except for emergencies, require the approval of the board of The Meadows No. 1 Association.

15. Fees. STO LLC or, after creation of The Meadows Condominiums, The Meadows No. 1 Association shall be responsible for the payment of fees to PUD No.1 in accordance with the following schedule:

- a. Monthly fees for the operation and maintenance of the Phase 2 Meadows Community OSS will be billed per the fee(s) in the PUD's most current Schedule of Charges for Water and Sewer. Monthly costs shall include, but are not limited to, labor, including all fringe benefits, mileage and inspection reporting fees. Monthly fees may change, subject to approved rates, changes in labor costs, all as approved by the Board of Commissioners of PUD No. 1. The monthly fee does not cover operational cost such as electrical service, water service, drainfield mowing, screen replacement and or periodic septic tank pumping. These operational costs are the responsibility of and are to be paid for by the Meadows No. 1 Association. The PUD will contract a 3<sup>rd</sup> party to mow the drain field twice a year and bill on a time and material basis to the Meadows No. 1 Association. If the Meadows No. 1 Association would like the drainfield mowed more frequently, they can contract the work or mow drainfields themselves.
- b. Annual Operation and Maintenance inspection will be billed on a time and material basis. PUD No. 1 reserves the right to contract a 3<sup>rd</sup> party approved septic contractor to assist or perform the annual operation and maintenance inspection. The service will include all services necessary for the annual reporting.



- c. Repairs and Replacements of the Phase 2 Meadows Community OSS will be billed on a time and material basis with a 10-percent administration fee. Examples of repairs are new septic lids, monitoring report caps, etc. Examples of replacements items are pumps, electrical components, piping, etc.
- d. Upgrades or expansion to the Phase 2 Meadows Community OSS will be completed by The Meadows No. 1 Association. The Meadows No. 1 Association will be responsible for obtaining and paying for all federal, state, local fees required that are associated with the upgrade and or expansion. The Meadows No. 1 Association will be required to provide a warranty as described in this Agreement prior to PUD No. 1 managing the operation and maintenance of the upgraded and or expanded system.
- e. All payment terms, including any recovery of late fees will be as stated in the most currently adopted version of the Jefferson County PUD No. 1 Customer Service Policy. The customer service policy document can be accessed on the PUD No. 1 website at [www.jeffpud.org](http://www.jeffpud.org) or obtain at the PUD No. 1 office upon request.
- f. In the event of a sale of a portion of The Meadows Community OSS, PUD No. 1 is authorized to establish minimum billing amounts for each distinct 'community entity' responsible for a portion of The Meadows Community OSS.

16. Application for Sewer Service. Upon the completion of a building or dwelling unit requiring access to the Phase 1 Meadows Community OSS, STO LLC or his agent(s) shall notify PUD No. 1 in order to coordinate new construction inspection with JCPH.

17. Survival of Covenants and Binding Effect. All of the promises, covenants, terms and conditions of this Agreement shall survive the conveyance hereunder, and this agreement shall extend to and bind the successors and assigns of the respective parties hereto. STO LLC agrees to provide an acceptable form of security in favor of the PUD No. 1. In the event it fails to meet all of its obligations pursuant to this agreement. PUD No. 1 shall not assume any operations and maintenance obligations until it is has received such security acceptable to it.

18. Term. This Agreement shall remain in full force and effect until the date of notification by PUD No. 1 to STO LLC that Phase 2 Meadows Community OSS have been intercepted and connected to a general sewer system. Upon such connection, STO LLC shall be entitled to receive any amounts remaining in the Security Fund or Funds for Phase 2 Meadows Community OSS, unless any fees and costs owed to PUD No. 1 are outstanding and past due, then those shall be paid before any distribution is made to STO LLC.

19. Notices. STO LLC shall be responsible for ensuring that all initial occupants of any dwelling served by the Phase 1 Meadows Community OSS are aware of the provisions of this Agreement.

20. Subsequent Phases. Upon completion and acceptance by the PUD No. 1 of any additional approved sewage facilities associated with subsequent phases of The Meadows

Condominiums, the negotiated security for that phase of The Meadows Community OSS shall be provided by STO LLC.

21. Taxes. STO LLC or, after creation of The Meadows Condominiums, The Meadows No. 1 Association shall be responsible for paying all real, personal and other taxes, if any, due on The Meadows Community OSS.

22. Termination. This Agreement may be terminated by PUD No. 1 with one month's notice, for the following reasons:

- a. STO LLC or The Meadows No. 1 Association has defaulted, been deemed financially insolvent or has declared bankruptcy.
- b. STO LLC or The Meadows No. 1 Association fails to make regular payments in 3 successive billing periods, or breaches any of its representations, warranties and obligations, including but not limited to maintaining security guaranteeing its performance under this agreement.


However, no such termination shall occur until and unless an approved management entity has agreed in writing to monitor, operate and maintain the Phase 2 Meadows Community OSS Septic System with no gap in such management responsibilities. In the event of termination, PUD No. 1 shall have the responsibility of finding an approved management entity to replace the PUD No. 1 and PUD No. 1 shall make all reasonable efforts to assist STO LLC in this search.

IN WITNESS WHEREOF, the parties hereto have executed this agreement this day and year first above written.

PUD No. 1 of Jefferson County:

DocuSigned by:  
  
Kevin Streett, General Manger

STO LLC, as Washington limited liability company:

By.:   
Its. Jeff Ashmore, President, STO LLC