

CONTRACT OPERATIONS AGREEMENT

THIS AGREEMENT is made and entered into this 1 day of May, 2018 by and between PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 25 (hereinafter called PWWSD 25), and Rural Water District No. 5, Douglas County (hereinafter called CONTRACTOR).

WHEREAS, PWWSD 25 is a duly organized and existing public wholesale water supply district as provided under K.S.A. 19-3501, et seq.; and

WHEREAS, CONTRACTOR is a duly organized in the State of Kansas as a rural water district under K.S.A. 82a-612, et seq.; and

WHEREAS, PWWSD 25 has constructed facilities for the production, transmission, and delivery of water to its member entities; and

WHEREAS, PWWSD 25 desires to enter into this Agreement with CONTRACTOR for operation and maintenance services to be performed by an employee or employees of CONTRACTOR, and to reimburse expenses incurred in the providing of such services by CONTRACTOR, subject to the terms and conditions provided herein; and

WHEREAS, CONTRACTOR has demonstrated that the employee(s) responsible for operation and maintenance services described herein, are duly certified by the State of Kansas to perform such duties.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

A. Scope of Work: CONTRACTOR will provide services on an as needed basis to include the following:

1. Serve as the primary point of contact for PWWSD 25 in all matters concerning governmental agencies, including but not limited to, USDA/Rural Development, KDHE, Osage County, Douglas County, RWD's and cities.
2. Facilitate and coordinate the work of professionals and contractors retained by PWWSD 25, including, but not limited to, engineers, surveyors, attorneys, insurers, accountants, appraisers, constructors and excavators to provide for the efficient day-to-day operations of PWWSD 25 facilities.
3. Make and account for deposits of funds to PWWSD 25's accounts and conduct banking business as directed by the Board of Directors and/or officers of PWWSD 25, issue invoices on behalf of PWWSD 25, process payments on behalf of PWWSD 25 as approved by PWWSD 25, and to do such other accounting and bookkeeping duties as may be necessary for the operation of PWWSD 25.

4. Provide notices of meetings of the Board of Directors and Members of PWWSD 25, communicate with the Board of Directors as is necessary to inform it for the conduct of regular meetings and mail materials to Board Members and District Members as directed by the Board or as provided by PWWSD 25 By-Laws.
5. Provide an Operations Manager to oversee the functions of this Contract in operations of the water plant and distribution facilities and to attend meetings of the PWWSD 25 Board of Directors to provide reports of all relevant management activities.
6. Perform other tasks as may be assigned by the Board of Directors of PWWSD 25 from time to time.
7. Perform other work as may be reasonably necessary to carry out any of the tasks as described above or as necessary to effectively further the goals and objectives of the District.

B. Limitations on Authority: CONTRACTOR shall have no authority to enter into contracts for services on behalf of PWWSD 25, to agree or contract for capital improvements to the PWWSD 25 system or otherwise contractually obligate PWWSD 25 for payment for goods or other property except as expressly authorized by this agreement (as outlined in Paragraphs D and E, below) or by the Board of Directors of PWWSD 25 in writing. Provided, that in the event of emergency due to a situation that imperils the safety of the public, contamination of water supplies, loss of water due to line breaks, water quality problems or similar situations, the CONTRACTOR may so obligate PWWSD 25 subject to the ratification and approval of such obligations at the next regular or special meeting of the Board of Directors of PWWSD 25.

C. Vehicle Usage: CONTRACTOR shall provide all necessary vehicles for use by its employees in performing operation and maintenance services as provided by this Agreement. PWWSD 25 shall compensate CONTRACTOR for the use of all of CONTRACTOR'S vehicles used as provided in Section G, below. PWWSD 25 may also, at its own option, provide its own vehicle for the use of the CONTRACTOR for duties undertaken by the CONTRACTOR in furtherance of this Agreement, and no compensation to CONTRACTOR shall be necessary when and if said vehicle is used by the CONTRACTOR. The parties may, by separate agreement, provide for policies or guidelines for use of any PWWSD 25 vehicles. Otherwise, use of PWWSD 25 vehicles will be in the sole discretion of the CONTRACTOR.

D. Operational Expenses: CONTRACTOR expects that it will be required to manage expenses necessary for supply of goods to the water plant and distribution system. PWWSD 25 shall establish appropriate credit accounts with vendors or such other arrangements to allow CONTRACTOR to purchase items necessary for operation and shall authorize the use thereof. The parties shall separately establish appropriate limits on expenditures under these accounts, and the CONTRACTOR agrees to honor the same.

E. Incidental Expenses: CONTRACTOR may periodically incur expenses incidental to the services provided by this Agreement which are not directly incurred in operation of the water plant or facilities. Examples of such incidental expenses shall include postage, stationary, refreshments and the like. CONTRACTOR shall pay for such expenses as they are incurred and then invoice PWWSD 25 for reimbursements, as provided in Section G, below.

F. Compensation for Work: PWWSD 25 shall pay CONTRACTOR in accordance with the following schedule:

Operations Manager	\$76.26/hour	<u>2020</u>	<u>2022</u>
Treatment Plant Lead Operator	\$40.00/hour	87.31	94.76
Treatment Plant Operator	\$30.00/hour		
Transmission Systems Operator	\$32.38/hour	35.68	36.62
Administrative/Bookkeeper	\$28.69/hour	36.29	38.06

These amounts shall be adjusted on an annual basis by the Parties to provide for changes in staffing, increased/decreased wages, increased/decreased benefit costs or for other reasons related to increases/decreases in the costs paid by the CONTRACTOR to perform under this Agreement.

G. Submission of Invoices; Compensation for Expenses: CONTRACTOR shall keep records of time spent by its employee(s) in the performance of operation and maintenance services for PWWSD 25 as provided herein and shall prepare and deliver an invoice to PWWSD 25 monthly. Such invoice shall contain sufficient information to reasonably inform PWWSD 25 of the services performed during that billing period. In addition, each invoice shall contain an itemization of operational and incidental expenses incurred by CONTRACTOR for which it seeks reimbursement. CONTRACTOR shall include detailed monthly vehicle mileage on each invoice which shall be reimbursed at the allowable rate established by the Internal Revenue Service. Payment shall be due at the offices of CONTRACTOR not later than the end of the month following the month in which such invoice is delivered. Parties agree to review compensation and vehicle use reimbursement within Ninety (90) days of initial effective date of this agreement and may modify the terms thereof as they may agree.

H. Operations Manager: CONTRACTOR designates Larry Wray as the Operations Manager who shall, on behalf of CONTRACTOR, perform those duties described in A.1., A.2. and A.4., above. Any change in the Operations Manager must be proposed in writing by CONTRACTOR and approved by the Board of Directors of PWWSD 25 in advance of such change.

I. Term of Contract: CONTRACTOR shall begin its responsibilities under this agreement on the ____ day of _____, 2018, or the "effective date". The initial term of the agreement shall continue for the period of twenty-four (24) months from the effective date. This agreement shall be renewed automatically in twelve (12) month increments from the end of the initial term, unless written notice is given by one party to the other, as

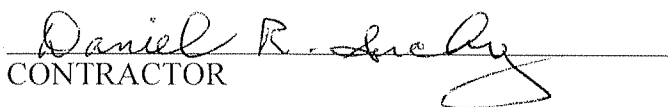
provided herein. The end of the initial term shall be designated the "automatic renewal date." Sixty (60) days or more prior to the expiration of the initial term or prior to the any subsequent automatic renewal date, either party may terminate the agreement by giving written notice. The parties may, at any time by mutual written agreement, cancel this Agreement.

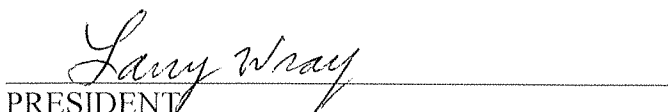
J. Insurance; Liability. The parties acknowledge that CONTRACTOR is acting as an independent contractor of PWWSD 25 and not as an employee, and that CONTRACTOR's employee(s) providing services per this Agreement shall not be deemed to be employees of PWWSD 25. PWWSD 25 shall not have the right to direct the time and manner of CONTRACTOR and/or its employee(s) in providing these services. CONTRACTOR shall maintain workers compensation insurance and shall maintain liability insurance in the amount of at least \$500,000.00, covering its employee(s) providing services to PWWSD 25. CONTRACTOR shall name PWWSD 25 as an additional insured on this policy of insurance. CONTRACTOR shall hold PWWSD 25 harmless from any claims for damages because of bodily injury, including death, and from claims for damages to property caused by the actions of CONTRACTOR, its employees or agents, which may arise both out of and during the operations conducted by CONTRACTOR as an independent contractor under this contract. Upon request by PWWSD 25, CONTRACTOR shall provide certification of insurance evidencing such insurance coverage. PWWSD 25 shall maintain a policy of liability insurance in the amount of at least \$500,000.00. PWWSD 25 shall name CONTRACTOR as an additional insured on this policy of insurance. PWWSD 25 shall hold CONTRACTOR harmless from any claims for damages because of bodily injury, including death, and from claims for damages to property caused by the actions of PWWSD 25, its employees or agents, which may arise during the term of this agreement.

K. Negligence. CONTRACTOR shall carry out the responsibilities under this Agreement in a reasonable manner but shall not be responsible to PWWSD 25 for any losses which result that are not caused by intentional misconduct, gross negligence, or actual negligence of CONTRACTOR or its agents.

L. Amendment. This Agreement may be amended, modified or otherwise altered only by a written agreement signed by all parties.

IN WITNESS WHEREOF, the parties have set their hands the day and year first above written.


CONTRACTOR


PRESIDENT
Public Wholesale Water Supply District No. 25