



Meeting Location:
City Hall, Council Chambers
216 Prospect Street
Port Orchard, WA 98366

Contact us:
Phone (360) 876-4407
Email cityhall@portorchardwa.gov
www.portorchardwa.gov

**City Council
Work Study Session
Tuesday, September 15, 2026
6:30 PM**

Pursuant to the Open Public Meetings Act, Chapter 42.30 RCW, the City Council is conducting its public meeting in a hybrid format with options for in-person attendance in the Council Chambers at City Hall or remote viewing and participation via Zoom (link below). The meeting is streamed live on the City's Website (Meeting Management), click [here](#) and/or YouTube channel, click [here](#).

Remote Access

Link: <https://us02web.zoom.us/j/86790268085>
Zoom Meeting ID: 867 9026 8085
Zoom Call-In: 1 253 215 8782

- 1. Call to Order**
 - A. Pledge of Allegiance
- 2. Discussion Items**

(No Action to Be Taken.)

 - A. Municipal Court Software (Crocker)
 - B. Preliminary 2027-2028 Biennial Budget (Crocker)
 - C. First Amendment to the 2022 McCormick Water CFC Credit Agreement (C048-22) (Bond)
 - D. Council Rules (Ad-hoc Chair Rosapepe)- Continued
- 3. Good of the Order**
- 4. Adjournment**

ADA Accommodations:

In compliance with the American with Disabilities Act, if you need accommodations to participate in this meeting, please contact the City Clerk's office at (360) 876-4407. Notification at least 48 hours in advance of the meeting will enable the City to make arrangements to assure accessibility to this meeting.

Reminders:

Please silence all electronic devices while City Council is in session.

To subscribe to our general news & public notices, contact councilmembers, and/or for committee membership please visit the city's website: <https://www.portorchardwa.gov/331/Government>



City of Port Orchard
216 Prospect Street, Port Orchard, WA 98366
(360) 876-4407 • FAX (360) 895-9029

Agenda Staff Report

Discussion Items: 2.A. Municipal Court Software (Crocker)

Meeting Date: September 15, 2026

Presenter:

Summary and Background:

The current court system known as JIS has been in place since 1989 and will become obsolete on 12/31/2027. City Council is being asked to consider approval for the Municipal Court to enter into a contract with Journal Technologies for court software (case management) services. Due to timelines, it is necessary to enter into a contractual obligation prior to the 2027-28 budget process. Approval at this time will allow the Court to move forward with implementation planning and secure the contractual agreement. Funding for the contract will be included in the proposed 2027-28 budget.

Relationship to Comprehensive Plan: N/A

Recommendation: The Council approves our request to enter into a contractual agreement with Journal Technologies for new Court software.

Motion for Consideration:

Has item been presented to Committee/Work Study? No

If so, which one:

Fiscal Impact:

Alternatives:

Attachments:

1. Council Presentation 9-15-26

Funding Request For New Case Management Software – Port Orchard Municipal Court

What we know:

The current system (JIS) has been in place since 1989 and will become obsolete 12/31/2027.

- **Enterprise Justice (EJ): Three Years After Implementation:**
- Enterprise Justice (EJ) launched in 2022 with **2 pilot courts** with an additional **9 courts onboarded in 2024.**
- As of **June 5, 2026, 44 courts** are operating on the system.
- Despite statewide expansion, **significant operational issues remain unresolved** after three years of implementation.
- Ongoing system limitations continue to affect court operations, efficiency, and service delivery.
- DMCMA has been working with DMCJA regarding the case-processing backlogs, staff overtime, and stress some courts are experiencing following implementation of Enterprise Justice.
- Through this joint effort, DMCJA coordinated with the Administrative Office of the Courts to identify a short-term option for courts needing dedicated time to address data-entry and case-processing backlogs. Scott Ahlf, AOC Chief Legal Counsel, prepared a sample emergency court closure order for courts to consider. The proposed closures may be for up to five court days.

Operational Impacts of Enterprise Justice

Unresolved system issues create operational challenges and increase risk, including:

Public safety and legal risks

- Failure-to-Appear (FTA) warrants not released promptly – **system not speaking to Department of Licensing, resulting in erroneous arrests**
- Court dispositions not reported timely to the Department of Licensing
- System is not reporting court dispositions correctly to criminal history records

Increased staffing and operating costs

- Time-intensive manual workflows resulting in overtime
- Need for additional clerk staffing
- Increased judicial time required on the bench

Reduced customer service

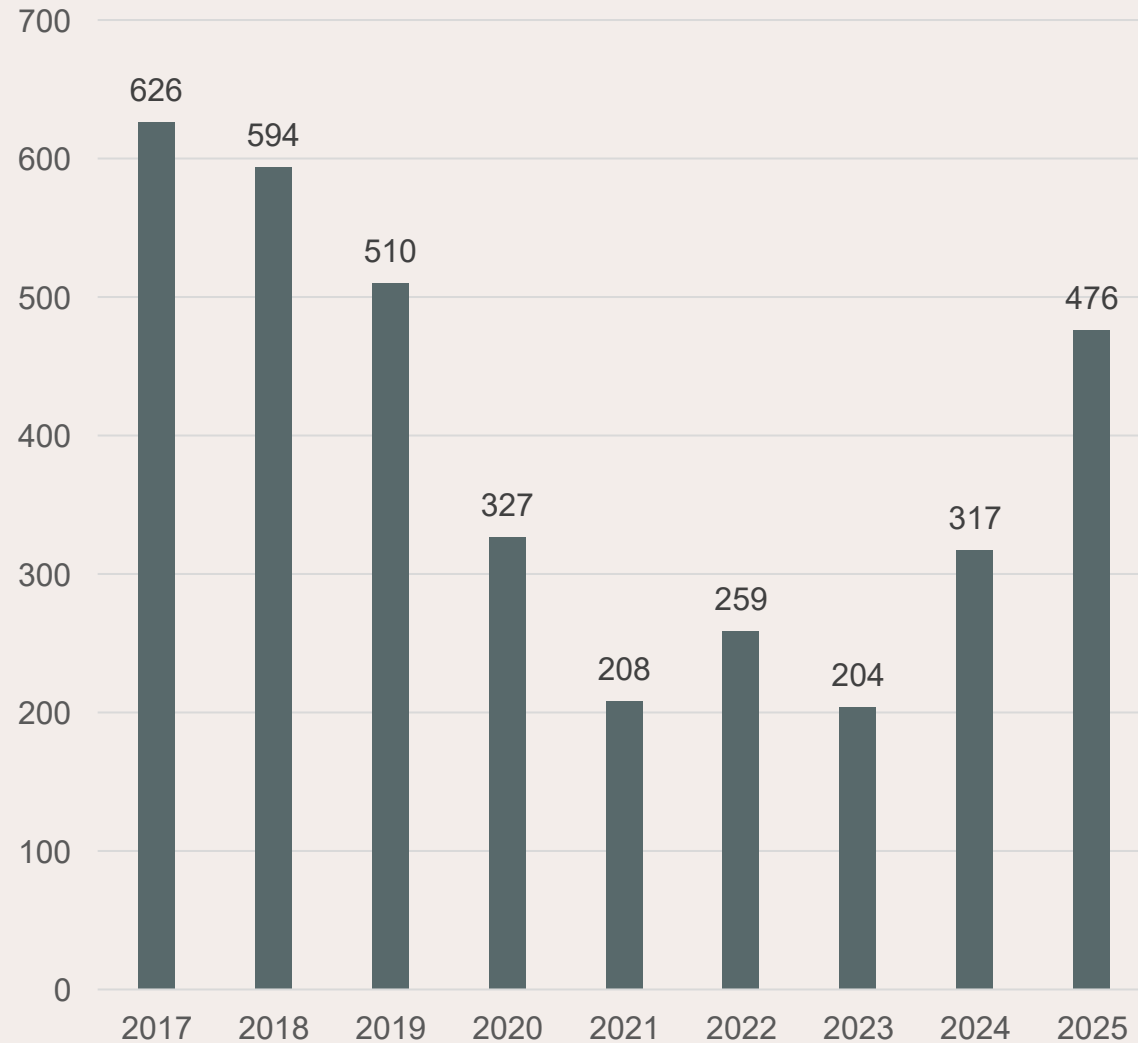
- Reduced public counter hours
- Reduced phone availability

EFFICIENCY

TASK(s)
Deferred Finding on Infraction
Receipting a Payment
Guilty Disposition on DUI
Daily Deposit

JIS (current system)	JTI (desired system)	EJ (state replacement)
1 minute	3 minutes	6 minutes
10 seconds	30 seconds	2 minutes
10 minutes	10 minutes	28 minutes
5 minutes	10 minutes	10 minutes

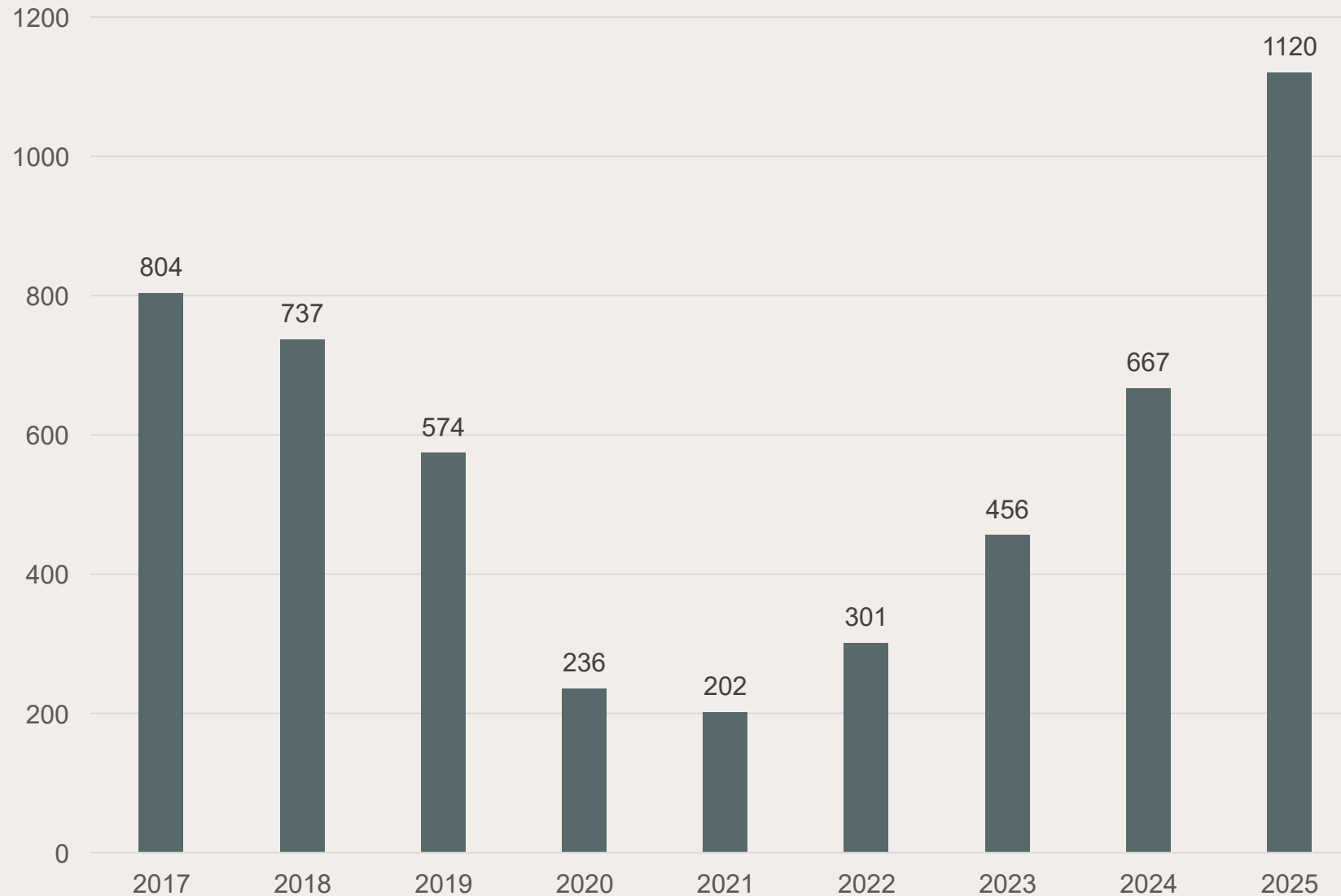
Criminal Cases



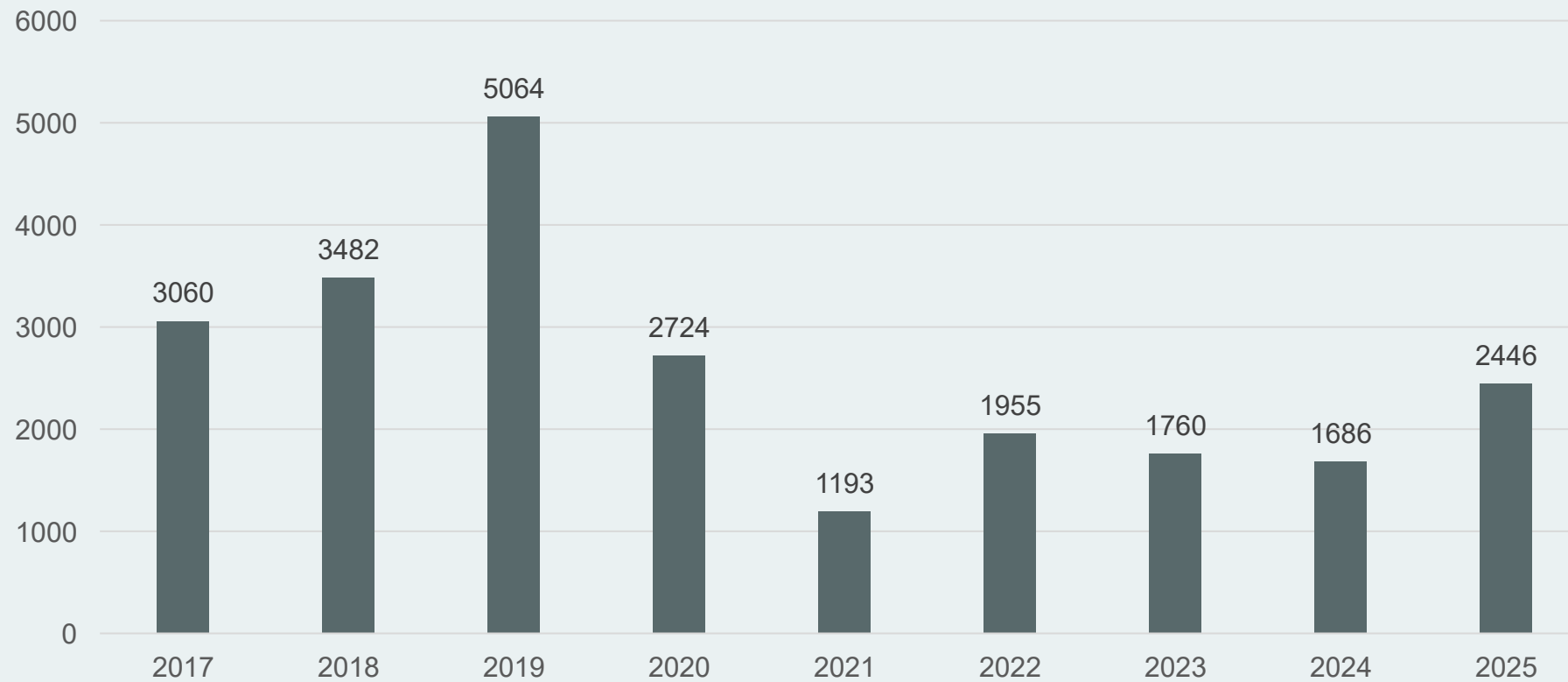
DUI

2017	42
2018	37
2019	24
2020	10
2021	10
2022	15
2023	23
2024	24
2025	38

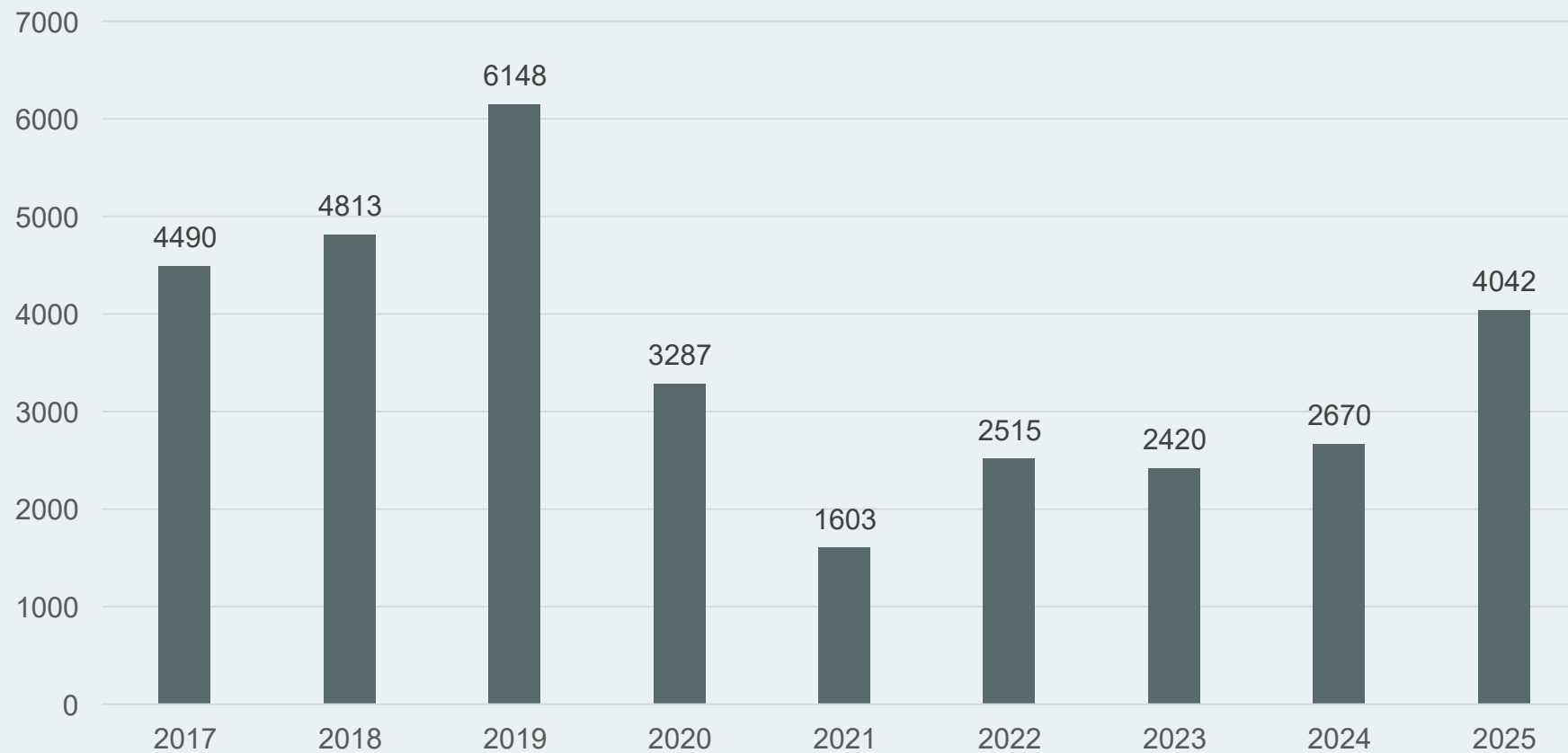
Officer Issued Infractions



Parking Tickets



Total Cases Filed



Journal Implementation (2 Courts)

PMC & PO MUNI		TOTAL	PMC TOTAL
IMPLEMENTATION:		\$ 150,000.00	\$ 112,500.00
		\$ 75,000.00	
		\$ 225,000.00	
CONVERSION:		\$ 30,000.00	\$ 24,750.00
		\$ 19,500.00	
		\$ 49,500.00	
INTERFACE: (LAZ)	AOC	\$ 30,000.00	\$ 15,000.00
	DOL	\$ 30,000.00	\$ 15,000.00
	DYNAMIC	\$ 30,000.00	\$ 15,000.00
	PASSPORT	\$ 30,000.00	\$ 15,000.00
	SECTOR	\$ 30,000.00	\$ 15,000.00
	VERRA	\$ 30,000.00	\$ 30,000.00
			\$ 105,000.00
LICENSING:		\$ 35,000.00	\$ 35,000.00
TOTAL COST:			\$ 277,250.00
PO		\$ 247,250.00	TAX \$ 25,784.25
TAX		\$ 22,994.25	TOTAL: \$ 303,034.25
TOTAL:		\$ 270,244.25	

- One time cost with the exception of Licensing – that will be a yearly cost.
- Journal will host the system in the cloud. They will maintain updates, security and patches.
- Journal will set up the EDR (direct link to share information with AOC)
- Interfaces are implemented to manage the work created by parking and officer issued citations.

Journal Implementation (Multi Court)



\$399,000

\$270,250 (+1 court)

\$233,000 (+2 courts)

\$225,000 (+3 courts)

Thank you

Municipal Court Staff

- Judge Drury
- Sharon Ells – Court Administrator
- Kelli Thiele – Lead Clerk
- Sarah Purves – Clerk



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Agenda Staff Report

Discussion Items: 2.B. Preliminary 2027-2028 Biennial Budget (Crocker)

Meeting Date: September 15, 2026

Presenter: Noah Crocker, Finance Director

Summary and Background:

Staff will present the 2027-2028 Preliminary Budget.

Please use this is a link to the public LaserFiche portal to access the published 2027-2028 Preliminary Budget: [Preliminary Budget](#)

Relationship to Comprehensive Plan: 10 - Climate

9 - Capital Facilities

8 - Transportation

7 - Utilities

6 - Economic Development

5 - Natural Systems

4 - Parks

3 - Housing

2 - Land Use

Recommendation: Presentation and Discussion

Motion for Consideration:

Has item been presented to Committee/Work Study? No

If so, which one:

Fiscal Impact:

Alternatives:

Attachments:

None



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Agenda Staff Report

Discussion Items: 2.C. First Amendment to the 2022 McCormick Water CFC Credit Agreement (C048-22) (Bond)

Meeting Date: September 15, 2026

Presenter: Nick Bond, Community Development Director

Summary and Background:

City staff has worked with McCormick Communities to draft amendment #1 to the 2022 McCormick Water CFC Credit Agreement. The draft amendment recognizes differences between the water system improvements envisioned in the 2020 Water System Plan and the infrastructure needs based on more recent engineering analysis. These differences are the result of the timing of the water system plan's preparation (based on 2018 information) and the water system improvements constructed as part of the Stetson Heights subdivision (recorded in 2021).

The City's consultants have determined that a 2nd water booster pump as called for in the 2020 Water System Plan and in the 2022 McCormick Water Agreement may not be required if other less expensive and lower maintenance improvements to the water system are completed.

These alternate improvements are outlined in the attached memorandum from Consor Engineering. In summary, the new booster pump station can be eliminated with minor adjustments to the Stetson Heights booster station and with the addition of pressure reducing valves (PRVs) at most lots in Stetson Heights.

The agreement has been written to offer the same credit terms but with project descriptions that have been amended to reflect this new engineering analysis. The agreement also allows the installation of the PRVs identified in the engineering analysis to be grouped together under a single permit for efficiency and provides extra time to complete the intertie based on the changed design assumptions. The agreement will allow the intertie of the City's two water systems via Stetson Heights to be completed in 2027. The original agreement and amendment #1 have been prepared pursuant to and are consistent with POMC 13.04.030.

A subsequent amendment to this water agreement may be brought forward in the near future as we work to expand the scope of the credit agreement to include additional projects and to consider swapping other projects included in the agreement for more urgently needed projects identified in the City's water system plan.

Relationship to Comprehensive Plan: 7 - Utilities

9 - Capital Facilities

Recommendation: Staff recommends that the City Council review and discuss the proposed contract amendment and that the amendment be placed on the City Council business meeting agenda for September 22, 2026.

Motion for Consideration:

Has item been presented to Committee/Work Study? No

If so, which one:

Fiscal Impact:

Alternatives:

Attachments:

1. 01 First Amendment to Water Credit Agreement 2026 6-29-2026(11230217.7)
2. 02 Exhibit A2 Fig1_Stetson PRV Locations_rev_2026_0526
3. 03 C048-22 2022 Water CFC Credit Agreement
4. 04 COPO PRV Memorandum 2026 0701_NoMark

**FIRST AMENDMENT TO CREDIT AGREEMENT BY AND BETWEEN
THE CITY OF PORT ORCHARD AND McCORMICK COMMUNITIES,
LLC FOR THE DEVELOPMENT AND FUNDING OF CERTAIN WATER
IMPROVEMENTS AND CAPITAL FACILITY CHARGE CREDITS**

THIS FIRST AMENDMENT TO CREDIT AGREEMENT FOR THE DEVELOPMENT AND FUNDING OF CERTAIN WATER IMPROVEMENTS AND CAPITAL FACILITY CHARGE CREDITS (“First Amendment” or “Amendment Agreement”) is entered into between the City of Port Orchard, a Washington municipal corporation (“City” or “Port Orchard”) and McCormick Communities, LLC, a Washington limited liability company (“McCormick”). City and McCormick are each a “Party” and together the “Parties” to this First Amendment.

RECITALS:

WHEREAS, on March 14, 2022 the Parties entered into a Credit Agreement for the purposes of establishing water improvements, property dedications, and capital facility charge credits for the McCormick Woods and McCormick West development projects; and

WHEREAS, the Credit Agreement including construction and dedication of significant water infrastructure that will be dedicated to the public, including: CIP No. 9: Well 12 Development, Treatment, and Booster Pump Station; CIP No. 13: 390 to 580 Zone Booster Station, 2nd Lift (Glenwood); CIP No. 14: 390 to 580 Zone Transmission Main (to Glenwood PS); CIP No. 15: 580 to 660 Zone Booster Station; and CIP No. 16: 660 Zone Storage; and

WHEREAS, Section 2 of the Agreement contemplates that project changes may occur as the projects are engineered and that these changes will be discussed with the City and, if approved, will be reflected in future CIPs; and

WHEREAS, the City’s water system engineers have modeled the water system and have found an alternative and improved way to configure projects CIP No. 13 and CIP No. 14; and

WHEREAS, this alternative configuration would result in no longer building a second 390 to 580 booster station to boost water from the top of Stetson Heights up to the McCormick 580 zone. Instead, the existing pressure in Stetson Heights may be boosted using the Stetson Booster Pump which would transmit water to the McCormick development projects; and

WHEREAS, this alternative configuration to boost the pressure will require pressure-reducing valves be installed at the back of each water meter in Stetson Heights; and

WHEREAS, this alternative water configuration is deemed by the City to be equivalent in performance to what was originally envisioned in the Credit Agreement and would have the

advantage to the City on having one fewer water booster pump stations to maintain and operate. In addition, the alternative configuration would result in the City maintaining 412 residential pressure reducing valves (“PRVs”) which is operationally less complex than operating a building, pumps, and generators; and

WHEREAS, as part of this project, the City would be responsible for any modifications needed to the existing pump station to enable it to pump into the 580 pressure zone; and

WHEREAS, in order to modify the configurations of projects CIP No. 13 and CIP No. 14, the Credit Agreement needs to be amended; and

WHEREAS, at the time of this Amendment Agreement, McCormick has already completed construction of CIP No. 15 and CIP No. 16 in accordance with the Credit Agreement; and

WHEREAS, this Amendment Agreement does not change any water facility charge credits, standards, or entitlements for any parcels that may be covered by the Credit Agreement and that have since been sold by McCormick to other parties, therefore, none of the other owners are parties hereto as their rights are not affected; and

WHEREAS, in consideration of the promises and undertakings described above together with those in the Credit Agreement, the City and McCormick agree as follows:

AGREEMENT:

1. Credit Agreement affirmed. The Credit Agreement is affirmed except as modified by this First Amendment.

2. CIP No. 13 and CIP No. 14 Projects. Two of the five CIP Projects listed in the Agreement in Recital K and Section 2, namely CIP No. 13 and CIP No. 14, shall be modified as set forth in the updated Summary of Improvements which is attached to this First Amendment as Exhibit “A-1”, and incorporated herein by this reference. The maximum credit for CIP No. 13 as originally designed is \$725,000 and the maximum credit for CIP No.14 as originally designed is \$515,624. These two projects will be developed together, therefore, the maximum total credits for these two projects combined (as modified by Exhibit A-1) is \$1,240,624. The updated Summary of Improvements, which is attached as Exhibit A-1, shall replace the Summary of Improvements that is referenced in Section 2 of the Credit Agreement. The deadline in Section 9 of the Credit Agreement requiring that these CIP Projects to be completed within 5 years is hereby amended to add an additional extension of one year to the deadline for completion.

3. Permitting and Permitting Fees. The anticipated permits for CIP Projects #13 and #14, as amended, include a plumbing permit for each residential PVR installation and a street

excavation permit for the large PVR. The City allow McCormick to group the residential PRV permits into a single permit and to waive permit fees for the residential PVR permits and the street excavation permit. However, the City specifically reserves the right to require plan review prior to McCormick's commencing the work, reserves the right to require inspection of all work, and reserves the right to approve or reject the work. Nothing in this Amendment or the Agreement requires the City to accept the improvements if the improvements fail to meet City standards.

4. Default. Failure or delay by either Party to perform any term or provision of this Amendment Agreement shall constitute a default. In the event of alleged default or breach of any terms or conditions of this Amendment Agreement, the Party alleging such default or breach shall give the other Party not less than thirty (30) days' notice in writing, specifying the nature of the alleged default and the manner in which said default may be cured. During this thirty (30) day period, the Party charged shall not be considered in default for purposes of termination or institution of legal proceedings.

After notice and expiration of the thirty (30) day period, if such default has not been cured or is not being diligently cured in the manner set forth in the notice, the other Party to this Amendment Agreement may, at its option, institute legal proceedings pursuant to this Amendment Agreement.

5. Non-Waiver of Breach. The failure of a Party to insist upon strict performance of any of the covenants and agreements contained herein, or to exercise any option herein conferred in one or more instances shall not be construed to be a waiver or relinquishment of said covenants, agreements, or options, and the same shall be and remain in full force and effect.

6. Conflict. In the event of any conflict between this Amendment Agreement and the Port Orchard Municipal Code, this Amendment Agreement shall control.

7. Resolution of Disputes and Governing Law. If any dispute arises between the City and McCormick under any of the provisions of this Amendment Agreement, jurisdiction of any resulting litigation shall be filed in Kitsap County Superior Court, Kitsap County, Washington. This Amendment Agreement shall be governed by and construed in accordance with the laws of the State of Washington. The non-prevailing party in any action brought to enforce this Amendment Agreement shall pay the other Parties' expenses and reasonable attorney's fees.

8. Written Notice. All written communications regarding enforcement or alleged breach of this Amendment Agreement shall be sent to the parties at the addresses listed below, unless notified to the contrary. Unless otherwise specified, any written notice hereunder shall become effective upon the date of both emailing and mailing by registered or certified mail, and shall be deemed sufficiently given if sent to the addressee at the address stated below:

McCORMICK:

CITY:

Eric Campbell
12332 NE 115th Place
Kirkland, WA 98033
eric@mspgroupllc.com

Rob Putaansuu, Mayor
City of Port Orchard
216 Prospect Street
Port Orchard WA 98366
rputaansuu@cityofportorchard.us

Nick Tosti
218 Main Street,
PMB 771 above address
Kirkland, WA 98033
nicktosti@gmail.com

A copy shall also be transmitted to the City Clerk at the

9. Modification. No waiver, alteration, or modification of any of the provisions of this Amendment Agreement shall be binding unless in writing and signed by a duly authorized representatives of the City and McCormick.

10. Severability. The provisions of this Amendment Agreement are declared to be severable. If any provision of this Amendment Agreement is for any reasons held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other provision.

11. Good Faith and Due Diligence. The Parties agree to perform all obligations under this Amendment Agreement in good faith and with due diligence.

12. Impact of Amendment. As set forth in the Recitals above, McCormick Communities, LLC is the only property owner that is bound by the Credit Agreement that is impacted by this Amendment Agreement. This Amendment Agreement does not change any water facility fee credits, development standards, or entitlements for any parcels that may be covered by the Credit Agreement and that have since been sold by McCormick to other parties, therefore, none of the owners other than McCormick Communities, LLC are parties to this Amendment Agreement as their rights are not affected. Therefore, given the limited nature and impacts of this Amendment Agreement, only McCormick Communities, LLC and the City need to be parties to this Amendment and no other parties who may otherwise be bound by the Credit Agreement need to participate in this Amendment Agreement.

IN WITNESS WHEREOF, the Parties have executed this Amendment Agreement on this ____ day of _____, 2026.

MCCORMICK COMMUNITIES, LLC

CITY OF PORT ORCHARD

DRAFT – NOT APPROVED BY EITHER PARTY

By: _____
Its: _____

By: _____
Its: Mayor

APPROVED AS TO FORM:

Jennifer S. Robertson
Attorney for Port Orchard

ATTEST:

Brandy Wallace
Port Orchard City Clerk

NOTARY BLOCK FOR PORT ORCHARD

STATE OF WASHINGTON)
) ss.
COUNTY OF KITSAP)

I certify that I know or have satisfactory evidence that **Robert Putaansuu** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as **the Mayor of Port Orchard** to be the free and voluntary act of such Party for the uses and purposes mentioned in the instrument.

Dated: _____, 2026.

(print or type name)
NOTARY PUBLIC in and for the
State of Washington, residing at:

My Commission expires: _____

NOTARY BLOCK FOR McCORMICK COMMUNITIES, LLC

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the _____ TITLE of McCormick Communities, LLC, a Washington limited liability company to be the free and voluntary act of such Party for the uses and purposes mentioned in the instrument.

Dated: _____, 2026.

(print or type name)
NOTARY PUBLIC in and for the
State of Washington, residing at:

My Commission expires: _____

Exhibit A-1 to First Amendment to Credit Agreement

McCormick Water Credit Agreement Summary of Improvements

a. CIP No. 9: Well 12 Development, Treatment, and Booster Pump Station.

McCormick agrees to drill and case the well. McCormick will also engineer the pump system needed to pump from the base of the well and into the 580 pressure zone, provide water quality treatment including but not limited to fluoridation for the well water and emergency power to this system. The pumping rate and treatment capacity will be 1,500 gpm unless a different pumping rate is approved by DOH. McCormick will not be responsible for securing water rights for Well 12 or providing any necessary mitigation associated with those rights, and is not required to commence this work on Well 12 until the City both secures water rights for Well 12 and activates Well 11.

b. CIP No. 13: 390 to 580 Booster Station.

In lieu of constructing the booster station as previously described, McCormick will instead purchase and cause to be installed 387 residential pressure reducing valves serving the lots withing the Final Plats of Stetson Heights and the Ridge at Stetson Heights and one City PRV near the intersection of SW Sedge St and Glenwood Road SW as shown on Exhibit A-2. The result of this work will be that Stetson Heights becomes a part of the 580-pressure zone and that water from the 580 pressure zone is able to flow to the 390 zone. The City is responsible for any modifications needed to the existing pump station in order to enable it to pump into the 580 pressure zone.

c. CIP No. 14: 390 to 580 Zone Transmission Main (to Glenwood PS).

McCormick agrees to make a connection into the 390 zone from the 580 zone through the development of Stetson Heights.

d. CIP No. 15: 580 to 660 Zone Booster Station.

McCormick agrees to construct a booster pump station at the Old Clifton water campus capable of pumping water from the 580 pressure zone up to the elevation necessary to supply water to the new 660 zone reservoir. *This project has been completed and accepted by the City.*

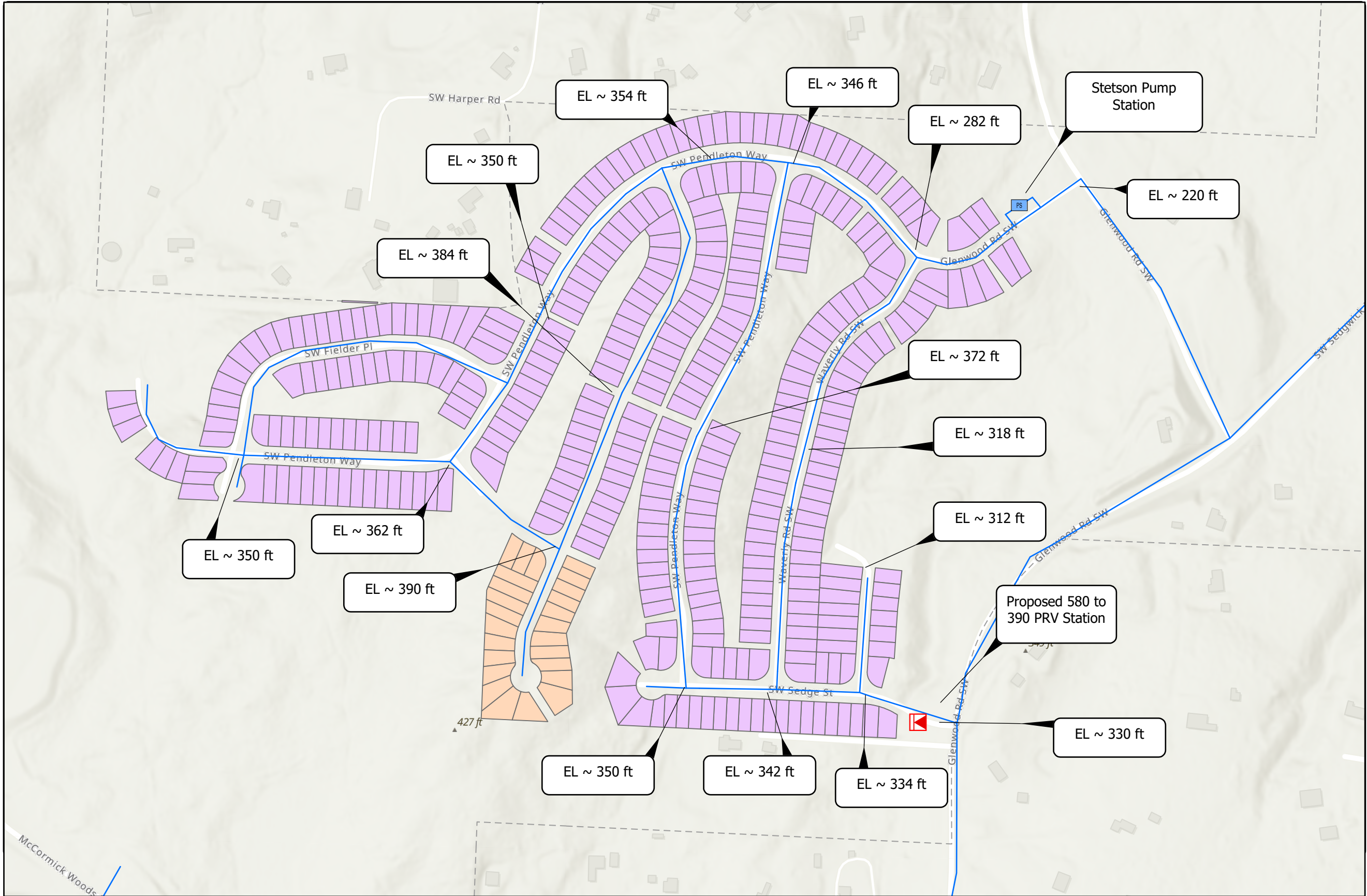
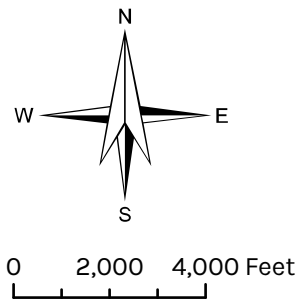
e. CIP No. 16: 660 Zone Storage.

McCormick agrees to construct a storage reservoir to serve the new 660 pressure zone. The ultimate pressure / elevation and size will be determined during final engineering of the system. An elevation of 660 may not be necessary to serve the highest elevations in the service area. *This project has been completed and accepted by the City.*

C:\Users\Kevin.Trott\OneDrive - Consor Engineers, LLC\Documents\Projects\Port Orchard\Stetson Parcel Figure - StetsonParcels.aprx 5/14/2026 8:40 AM Kevin.Trott

Legend

-  Pump Station
-  Proposed PRV Station
-  Pipes
-  Individual PRV Required
-  Individual PRV Not Required



City of Port Orchard
Stetson Development



Figure 1
Individual PRV Locations

Data Sources: City of Port Orchard, Kitsap County; World Hillshade: Sources: Esri, Vantor, Airbus DS, USGS, NGA, NASA, CGIAR, N Robinson, NCEAS, NLS, OS, NMA, Geodastatys, Rijkswaterstaat, GSA, Geoland, FEMA, Intermap, and the GIS user community
World Topographic Map: Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community
Coordinate System: NAD 1983 State Plane Washington North FIPS 4601 (US Feet)
Disclaimer: Consor and City of Port Orchard make no representations, express or implied, as to the accuracy, completeness and timeliness of the information displayed. This map is not suitable for legal, engineering, or surveying purposes. Notification of any errors is appreciated.

Name and Mailing Address

City of Port Orchard-Clerk's Office

216 Prospect Street

Port Orchard, WA 98366

The Recorder is required to use only the information
you provide on this cover sheet to index the document.

Type or print legibly.

Document Title(s): Credit Agreement for Capital Facility Charges

Auditor's File Number of Document (s) Referenced:

Grantor(s) person(s) that conveys, sells or grants interest in property:

City of Port Orchard

Grantee(s) person that buys, receives or to whom conveyance of property is made:

McCormick Communities, LLC

Abbreviated Legal Description:

- Quarter, Quarter, Section, Township, Range (and Government lot # if applicable); OR
- Plat/Condo Name, lot or unit number, building or block number; OR
- Short Plat, Large Lot number, lot number and auditor file number

Assessor's 14 digit Tax Parcel Number:

CREDIT AGREEMENT FOR CAPITAL FACILITY CHARGES

This CREDIT AGREEMENT FOR CAPITAL FACILITY CHARGES ("Credit Agreement") is entered into between the City of Port Orchard, a Washington municipal corporation ("City" or "Port Orchard") and McCormick Communities, LLC, a Washington limited liability company ("McCormick"). City and McCormick are each a "Party" and together the "Parties" to this Credit Agreement.

RECITALS

- A. The City owns and operates a municipal water system that services the areas known as McCormick Woods and McCormick West, which together comprise hundreds of acres of land owned by McCormick as depicted in **Exhibit A** (the "McCormick Property").
- B. Many acres of the McCormick Property have received preliminary plat approval, and other acres have received final plat approval, and McCormick has sold some of the resulting lots to builders.
- C. One area of the McCormick Property is served by the City of Bremerton water system, but the majority of the McCormick Property is served by the McCormick Woods water system which is owned and operated by the City of Port Orchard, and is within the area previously served by the McCormick Water Company, Inc. On September 1, 1998 the City purchased the assets of the McCormick Water Company, Inc. and undertook by contract the obligation to serve the McCormick Property ("1998 PSA").
- D. On December 30, 2015, McCormick Communities, LLC purchased the assets of McCormick Land Company and GEM1, LLC and assumed their obligations with certain exceptions. These purchases included assignments of rights and interest to all entitlements, including water and water rights as well as all claims. Therefore, McCormick is the only remaining party (apart from the City) with an interest in the 1998 PSA.
- E. Due to a variety of reasons, including the *Foster v. Department of Ecology* decision regarding water rights, the City has been unable to provide water to the McCormick Property as agreed-to in the 1998 PSA on the schedule desired by McCormick. If the City could not timely provide these water services, then under the 1998 PSA McCormick has the right to select a different purveyor to provide water service for future development. Instead, McCormick desires to construct the additional public facilities needed to serve its future development and the City agrees to provide credits for water connection fees as reimbursement as authorized in POMC 13.04.030.
- F. On July 10, 2007, Port Orchard and the prior owner of the McCormick Property, GEM 1, LLC ("GEM") entered into a REIMBURSEMENT AGREEMENT FOR UTILITY SYSTEM IMPROVEMENTS ("2007 Agreement"), in which the City and GEM agreed that the City was "unable to fund" the Water Facilities described and depicted in Exhibit A to this 2007 Agreement, which were needed to serve the McCormick Property, and the

CREDIT AGREEMENT FOR CAPITAL FACILITY CHARGES

Page 1

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City and GEM agreed that if GEM constructed these Water Facilities, GEM would receive reimbursement as described in this 2007 Agreement.

- G. GEM chose not to construct these Water Facilities, but the 2007 Agreement remains in effect and McCormick as owner and developer of the McCormick Property is GEM's successor-in-interest to the 2007 Agreement.
- H. On February 9, 2021 the City Council approved the FIRST AMENDMENT TO 2007 REIMBURSEMENT AGREEMENT FOR UTILITY SYSTEM IMPROVEMENTS ("First Amendment") in which the City and McCormick agreed to amend the list of projects in the 2007 Agreement, and McCormick agreed to (1) improve the City's Well 12 water campus; (2) construct a new 580 zone reservoir up to 1.1 million gallons in size; (3) construct a second transmission main between the new 580 zone reservoir and the then-existing water system within McCormick Woods, in order to facilitate future separation of the Port Orchard and Bremerton water systems; and to (4) drill and make operational a pilot well at the proposed location of a new Well 12.
- I. Pursuant to the First Amendment, the Parties also agreed to negotiate in good faith to enter into subsequent agreements to (1) determine appropriate reimbursement for McCormick's Well 12 project; (2) address construction of a future 660 Zone reservoir and booster pump station; (3) address construction of traffic improvements; (4) extend existing entitlements; and (5) address full waiver of McCormick's claims against the City and the parties' agreement on satisfaction of performance under the 1998 PSA.
- J. Pursuant to this First Amendment, McCormick is constructing these improvements to the City's water system at a cost of approximately \$4 million, for which McCormick is receiving \$1,000 reimbursement per equivalent residential unit ("ERU") that connects to the City's water system within the Western Service Area depicted in the 2007 Agreement. McCormick expects to receive, over time, approximately \$2.4 million in reimbursement for up to 2,400 lots within the Western Service Area, resulting in a shortfall in reimbursement of at least \$1.6 million in addition to the shortfall from the time value of McCormick's \$2.8 million investment.
- K. At least five additional improvements to the City's water system are needed to enable the City to serve the McCormick Property. The City has included these five additional improvements in the current Capital Improvement Plan that the City Council adopted by Ordinance No. 022-21 on May 11, 2021. These improvements, hereinafter described as the "Five CIP Projects" are listed below, together with the estimated cost of the improvement to be funded by capital facility charges ("CFCs"):
 - a. CIP No. 9: Well 12 Development, Treatment, and Booster Pump Station (\$7,000,000)
 - b. CIP No. 13: 390 to 580 Zone Booster Station, 2nd Lift (Glenwood) (\$725,000)
 - c. CIP No. 14: 390 to 580 Zone Transmission Main (to Glenwood PS) (\$515,624)
 - d. CIP No. 15: 580 to 660 Zone Booster Station; (\$750,000)

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e. CIP No. 16: 660 Zone Storage (\$2,850,000)

- L. The current CIP estimates the total CFC-funded cost of these Five CIP Projects to be \$11,840,625.
- M. The Five CIP Projects must be constructed in order for the City to supply water to the McCormick Property as agreed-to in the 1998 PSA between the City and the McCormick Water Company.
- N. In addition, approval of water rights for Well 12 and the City's Well 11 projects are needed in order to provide adequate water supplies for McCormick's development and the City at large. The City is working diligently as part of the Foster pilot program to secure these water rights. However, whether these water rights are ultimately secured and on what schedule will be determined by the Department of Ecology.
- O. These Five CIP Projects will enable the City to serve not only the McCormick Property, but also existing and future development outside the McCormick Property. The 660 Zone Storage (CIP No. 16), together with the 580 Zone Storage that McCormick is constructing pursuant to the First Amendment, will increase the City's total water storage capacity by 50% in all pressure zones. The 660 Zone Storage will be located at one of the highest elevations in the City, which will enable this storage, together with the transmission facilities being constructed by McCormick, to serve the entire City in the event of shortfalls in water supply or storage in other areas of the City.
- P. Both the 580 and the 660 zone water Storage being constructed by McCormick are sized to serve areas outside of the McCormick Property, and to serve all future growth in the 580 pressure zone. Without these improvements, only a limited number of new homes could be constructed in the McCormick Property or in any of the other properties in the 580-pressure zone unless Port Orchard and Bremerton enter into an updated agreement for Port Orchard to buy additional water supplies for an extended period.
- Q. The drilling and activation of Well 12 will provide added supply to the City's current 580 pressure zone so that Port Orchard will no longer need to purchase water from the City of Bremerton. This will enable Port Orchard, together with its activation of Well 11, to separate its water system from Bremerton's, so that Port Orchard can manage its water quality policy (e.g., provide fluoridation) independently.
- R. In anticipation of execution of this Credit Agreement, McCormick has commenced work on the Five CIP Projects and at the time of execution of this Credit Agreement has expended approximately \$400,000 towards design and construction and has provided certified project costs to establish these expenditures to the City prior to the effective date of this Agreement.

- S. In order for the City to fulfill its obligations to provide water to the McCormick Property under the 1998 PSA, and in order for McCormick to continue to develop its property, the City and McCormick agree as follows:

AGREEMENT

1. **Reaffirmation of Prior Agreements.** The City and McCormick affirm that the First Amendment to 2007 Reimbursement Agreement for Utility System Improvements remains in effect, as do the un-amended sections of the 2007 Reimbursement Agreement.
2. **McCormick Performance of Five CIP Projects.** McCormick will finance and construct the Five CIP Projects described in Recital K, as described in the Summary of Improvements attached to this Credit Agreement. The Parties recognize and agree that McCormick's scope of work and this Summary of Improvements may change as these Projects are engineered, and such changes will be discussed with the City, and, if approved, will be reflected in future CIPs.

Water CFC Credit. As partial compensation, McCormick will receive credit against water CFCs for each ERU developed within the McCormick Property. This credit shall be a specific dollar amount which will reflect the CFC-funded costs of the Five CIP Projects, divided by the number of ERUs that McCormick is expected to develop within the McCormick Property (2,000). At the time of this Agreement, the current CIP estimates the total CFC-funded cost of these Five CIP Projects to be \$11,840,625, so the Water CFC Credit shall be \$5,920:

Maximum Eligible Project (Five CIP Project Total Costs)	\$ 11,840,625
Eligible ERU's (McCormick Property)	2,000
Water Capital Facility Charge Credit per ERU	\$ 5,920

This credit per ERU of \$5,920 shall be adjusted each year in accordance with the CPI-U referenced in POMC 13.04.065, and also if the City amends its water capital facilities charge and adjusts the cost estimates for any of the 5 CIP Projects described in recital K above as part of that future capital facilities charge amendment.

Estimated Maximum Water CFC Credit. The maximum amount for the Water CFC Credit shall be the lesser of \$11,840,625, as adjusted per this Section 2, or the certified project cost established in Section 11, whichever is lower (hereinafter "Maximum Water CFC Credit"). In no case shall the Maximum Water CFC Credits granted by the City exceed \$11,840,625 as adjusted per this section.

Water CFC Credits per ERU will be applied up to the Maximum Water Credit Value for the 20-year terms described in Section 6 below, or until the Maximum Water Credit Value is fully exhausted, whichever occurs first. The final credit applicant may receive partial credit depending on the Maximum Water Credit Value remaining.

The Maximum Water CFC Credit hereunder is an estimate only based on the CIP project cost estimates. The Parties will determine the final Maximum Water CFC Credit in accordance with the certification procedures set forth in Section 11. If the certified costs are less than \$11,840,625, then the fixed credit will still be applied but only to the extent needed to capture the Maximum Water CFC Credit, i.e., the ERU water credits provided will never exceed the certified project costs. This means that some of the 2,000 estimated ERUs may receive partial or no Water CFC Credit so that the total credits do not exceed either the certified project costs or Maximum CFC Credit, whichever is less.

3. **Value of Projects.** McCormick and the City anticipate that McCormick will construct the Five CIP Projects within the next five years (although drilling of Well 12 may take longer because the City needs to first secure water rights under the *Foster* program), but McCormick will receive the anticipated credit per ERU over the next 20 years. When the \$11,840,625 invested by McCormick in the Five CIP Projects is adjusted for the time value of money over 20 years, the additional financing cost to McCormick is between \$1,933,991 and \$2,544,900, depending on the rate at which new ERUs are developed. While this financing cost is not reimbursable under this CFC Credit Agreement, it presents significant public benefit to the City and constitutes consideration both for the City entering into this Agreement, and for new or amended Development Agreements to extend the existing preliminary plat approvals within the McCormick Property, so that sufficient ERUs remain available to provide the credits needed to defray a meaningful percentage of the costs of financing and building the Five CIP Projects.
4. **Other Agreements.** The consideration for this Agreement includes the subsequent execution by the City and McCormick of amendments to the following agreements to extend for twenty years the periods of preliminary plat approval of two of the subdivisions within the McCormick Property that create the lots whose development will create the ERUs for which the City will charge CFCs:
 - a. Annexation Agreement No. 085-11, McCormick West, recording number 201112190136; and
 - b. Development Agreement for McCormick Woods Phases III, IV, and V Preliminary Plats, recording number 201309160217;
5. **Project Performance Standards.** McCormick will finance, design, and construct the Five CIP Projects to comply with City and other applicable standards, including obtaining all necessary permits. This includes, as applicable, review and approval by the Washington State Department of Health, Office of Drinking Water. The City will approve the plans before construction begins.
6. **Effective date; term; concurrency.** This Credit Agreement is effective immediately upon its execution and shall continue for the 20-year terms of the Annexation Agreement and the Development Agreement being amended pursuant to Section 4 above. The Water CFC Credits shall be applied to connections within the McCormick Property and such credits shall continue to be available up to the cumulative amount certified in the initial or annual report(s) plus the value of any posted bond, provided that McCormick continues to make

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timely progress on the Five CIP Projects, including providing the City with the annual reports as set forth in Section 7 below. The development of 2,000 ERUs within the McCormick Property is expected to be concurrent with the City's water system so long as the Five CIP Projects are developed as set forth in this Agreement, including the City's obtaining additional adequate water supply along with the related water rights under *Foster* from Well 11, Well 12 and/or Well 13 to serve these ERUs. Assuming these conditions are met, the City will reserve water capacity for these 2,000 ERUs. Approval of this Agreement by the City Council is equivalent to issuance of a capacity reservation certificate (CRC) under POMC Chapter 20.180. The capacity reservation shall expire if this Agreement is not subsequently executed by the Mayor, and once executed, the capacity reservation will expire with this Agreement.

7. **Annual Reporting; Bonding.** McCormick shall by December of each year provide a report, signed, and stamped by a licensed engineer and accompanied by supporting documentation, to the City demonstrating the approximate ongoing total of its investment in the Five CIP Projects, together with the approximate total of credits per ERU received within the McCormick Property. In addition, at any time of the year, McCormick may submit project-specific reports, signed, and stamped by a licensed engineer and accompanied by supporting documentation, to the City at the conclusion of each of the Five CIP Projects in order to commence the completion process outlined in Section 9. As each of the Five Projects is commenced, McCormick's shall post a bond for completion of that project in order to secure its completion and transfer to the City. This shall be required in order to have Water CFC Credits apply in accordance with this Agreement. For purposes of this section, "commenced" means commencement of construction. However, the costs of such bond(s) may be included in the Maximum Water CFC Credit calculation, provided however, that the Maximum Water CFC Credit in no case may exceed \$11,840,625. Bonds may be released for each of the Five Projects in accordance with the requirements for project completion contained in POMC 13.04.030. At no time shall the total CFC credits being issued exceed the then balance of the certified project costs plus the value of any bond that is then in place.
8. **McCormick Shall Grant Property Rights to the City.** All intellectual data, including but not limited to engineering work, surveys, plan sets, and designs initiated by McCormick and its engineers and/or consultants for the Five CIP Projects shall be provided to the City upon request and McCormick will provide the City with ownership rights in the intellectual data so that if McCormick fails to complete any of the Projects, the City will have all of the rights necessary to utilize the intellectual data in order to complete the work. In addition, McCormick agrees that for any real property where any portion of any of the Five CIP Projects is located that is not in currently the City's ownership at the time this Agreement is executed, that McCormick will provide property rights to the City, in the form of an easement or dedication, that will provide the City all of the rights necessary to enter and utilize that property in perpetuity for the purposes of owning, operating, maintaining, improving, expanding, or constructing water facilities. These property rights shall be provided to the City no later than the time period described in Section 11 below, however, if McCormick fails to complete the Project(s) in accordance with this Agreement,

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McCormick will be required to promptly transfer the property rights to the City upon its default or abandonment of work on the Project(s).

9. **Completion of Five CIP Projects.** With the exception of the Well 12 Project which may be delayed due to water rights issues, McCormick agrees that it will complete the Five CIP Projects within five (5) years of the execution date of this Agreement. The City shall diligently pursue water rights for Well 12, and McCormick shall complete Well 12 within this five-year performance period, or within twenty-four (24) months of the granting of the required water rights, whichever period is longer. Upon completion of each of the Five CIP Projects as outlined hereunder, the City may accept responsibility for the operation in accordance with POMC 13.04.030 provided construction is completed, the Project has been accepted, any transfer of property documents are completed, accepted, and recorded, and a two-year warranty and maintenance bond is in place, such acceptance not to be unreasonably conditioned, withheld or denied. In accordance with POMC 13.04.030(6), the Project will be deemed completed when all of the following occurs: 1. The City deems it substantially complete; 2. All punch list items are finished; 3. The improvement passes final inspection; 4. McCormick has put a two-year warranty and maintenance bond in place; 5. The City releases the performance bond (if applicable); 6. McCormick has completed all property dedications; 7. McCormick has provided the City with a Bill of Sale for the improvements containing the certified construction costs (stamped by licensed engineer) to the City for determination of the maximum credits available under this Agreement; and 8. The City Council accepts the project as public. The City will confirm completeness of the CIP Project by issuing a Final Notice of Completeness to McCormick.
10. **Force Majeure.** Notwithstanding anything to the contrary in this Agreement, any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, terrorist acts, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, governmental laws, regulations or restrictions, civil commotions, Casualty, actual or threatened public health emergency (including, without limitation, epidemic, pandemic, famine, disease, plague, quarantine, and other significant public health risk), governmental edicts, actions, declarations or quarantines by a governmental entity or health organization (including, without limitation, any shelter-in-place orders, stay at home orders or any restrictions on travel related thereto, breaches in cybersecurity, and other causes beyond the reasonable control of the party obligated to perform, regardless of whether such other causes are (i) foreseeable or unforeseeable or (ii) related to the specifically enumerated events in this paragraph (collectively, a "**Force Majeure**"), shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage. To the extent this Agreement specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure. Provided however, that the current COVID-19 pandemic shall not be considered a Force Majeure unless constraints on a Party's performance that result from the pandemic become substantially more onerous after the effective date of this Agreement.

11. **Certification of Project Costs.** Upon completion of each of the Five CIP Projects as described in Section 11 above, McCormick shall submit certified project costs to the City for review and acceptance by the City Engineer. Once these costs and the executed Bill of Sale are reviewed and accepted by the City Engineer, not to be unreasonably withheld, conditioned, or delayed, the Maximum Water CFC Credit due to McCormick will be established and will equal the Maximum Water CFC Credit as so certified in accordance with this Section 11. If the Maximum Water CFC Credit due is less than the certified project costs of the Five CIP Projects, then the City will continue to apply the \$5,920 credit (as adjusted by CPI-U) until the Maximum Water CFC Credit is reached, or this Agreement expires, whichever occurs first. McCormick acknowledges that this may result in some of the 2,000 ERUs receiving no (or a partial) CFC credit as the full reimbursement is reached.

12. **Satisfaction of 1998 PSA.** The Parties recognize and agree that this Agreement substantially satisfies the City's obligations under the September 1, 1998 Agreement for Purchase and Sale of Assets of McCormick Water Company, Inc. The Parties further agree that at such time as the work described in Recital "K" is completed in accordance with the Agreement, whether Well 12 is completed or not, that the City's obligation under the 1998 will be fully satisfied, provided that the City continues to provide the CFC credits consistent with this Agreement. Furthermore, having assumed the position of MLC/GEM1 under the 1998 PSA, McCormick has the sole right to determine that the City's obligations have been satisfied. When the work in Recital K, excluding Well 12, is complete, McCormick agrees that it will have no remaining claim(s) against the City for failure to perform under the 1998 PSA. To the extent any such claim(s) remain, McCormick intentionally and irrevocably waives its rights to pursue such claim(s).

13. **Default.** Subject to extensions of time by mutual consent in writing, failure, or delay by either Party to perform any term or provision of this Agreement shall constitute a default. In the event of alleged default or breach of any terms or conditions of this Agreement, the Party alleging such default or breach shall give the other Party not less than thirty (30) days' notice in writing, specifying the nature of the alleged default and the manner in which said default may be cured. During this thirty (30) day period, the Party charged shall not be considered in default for purposes of termination or institution of legal proceedings.

After notice and expiration of the thirty (30) day period, if such default has not been cured or is not being diligently cured in the manner set forth in the notice, the other Party to this Agreement may, at its option, institute legal proceedings pursuant to this Agreement.

14. **Reimbursement for Agreement Expenses of the City.** McCormick agrees to reimburse the City for actual expenses incurred over and above fees paid by McCormick as an applicant incurred by City directly relating to this Agreement, including recording fees, publishing fees, attorneys' fees, and reasonable staff and consultant costs not otherwise included within application fees. Such payment shall be made in full prior the Mayor executing the Agreement on behalf of the City. Upon payment of all expenses, the Developer may request written acknowledgement of all fees. Such payment of all fees shall

be paid, at the latest, within thirty (30) days from the City's presentation of a written statement of charges to McCormick.

15. **Non-Waiver of Breach.** The failure of a Party to insist upon strict performance of any of the covenants and agreements contained herein, or to exercise any option herein conferred in one or more instances shall not be construed to be a waiver or relinquishment of said covenants, agreements, or options, and the same shall be and remain in full force and effect.
16. **Conflict.** In the event of any conflict between this Agreement and POMC 13.04.030, this Agreement shall control.
17. **Resolution of Disputes and Governing Law.** If any dispute arises between the City and McCormick under any of the provisions of this Credit Agreement, jurisdiction of any resulting litigation shall be filed in Kitsap County Superior Court, Kitsap County, Washington. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. The non-prevailing party in any action brought to enforce this Agreement shall pay the other parties' expenses and reasonable attorney's fees.
18. **Written Notice.** All written communications regarding enforcement or alleged breach of this Credit Agreement shall be sent to the parties at the addresses listed below, unless notified to the contrary. Unless otherwise specified, any written notice hereunder shall become effective upon the date of both emailing and mailing by registered or certified mail, and shall be deemed sufficiently given if sent to the addressee at the address stated below:

McCORMICK:

Eric Campbell
12332 NE 115th Place
Kirkland, WA 98033
eric@mispgroupllc.com

Nick Tosti
805 Kirkland Avenue, Suite 200
Kirkland, WA 98033
nicktosti@gmail.com

CITY:

Rob Putaansuu, Mayor
City of Port Orchard
216 Prospect Street
Port Orchard WA 98366
rputaansuu@cityofportorchard.us

A copy shall also be transmitted to the City Clerk at the above address.

19. **Assignment.** Before completion of the Five CIP Projects, any assignment of this Credit Agreement by McCormick without the written consent of the City, which shall not unreasonably be withheld, shall be void. McCormick may assign this Credit Agreement after completion of the Five CIP Projects by giving written notice of assignment to the City.
20. **Modification.** No waiver, alteration, or modification of any of the provisions of this Credit Agreement shall be binding unless in writing and signed by a duly authorized representative of the City and McCormick.

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21. **Severability.** The provisions of this Credit Agreement are declared to be severable. If any provision of this Credit Agreement is for any reasons held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other provision.
22. **Good Faith and Due Diligence.** The Parties agree to perform all obligations under this Credit Agreement in good faith and with due diligence.

March IN WITNESS WHEREOF, the parties have executed this Agreement on this 14th day of March, 2022.

MCCORMICK COMMUNITIES, LLC

CITY OF PORT ORCHARD

By: [Signature]
Its: Eric H. Campbell, Member.

By: [Signature]
Its: Mayor

APPROVED AS TO FORM:

APPROVED AS TO FORM:

[Signature]
Patrick Schneider
Attorney for McCormick Communities

[Signature]
Jennifer S. Robertson
Attorney for Port Orchard

ATTEST:

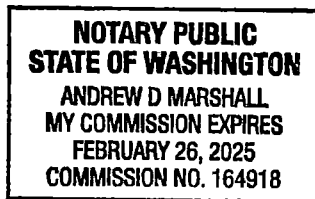
[Signature]
Brandy Wallace
Port Orchard City Clerk



STATE OF WASHINGTON)
COUNTY OF King) ss.

I certify that I know or have satisfactory evidence that Mr. Eric Campbell is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the member of McCormick Communities, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: March 14th 2022



Andrew D Marshall
Andrew D Marshall
(print or type name)

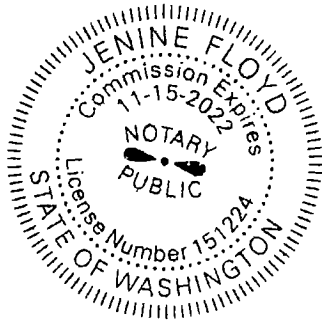
NOTARY PUBLIC in and for the
State of Washington, residing at:

Kirkland
My Commission expires: 02/26/25

STATE OF WASHINGTON)
) ss.
 COUNTY OF KITSAP)

I certify that I know or have satisfactory evidence that Mr. Rob Putaansuu is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Mayor of Port Orchard to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 3. 23 2022



Jenine Floyd
Jenine Floyd
 (print or type name)

NOTARY PUBLIC in and for the
 State of Washington, residing at:

Mason County

My Commission expires: 11-15-22

CREDIT AGREEMENT FOR CAPITAL FACILITY CHARGES

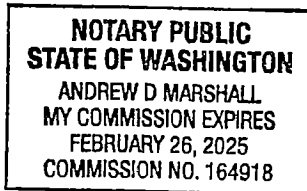
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STATE OF WASHINGTON)
COUNTY OF King) ss.
)

I certify that I know or have satisfactory evidence that Mr. Eric Campbell is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the Member of McCormick Communities, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: March 14th 2022

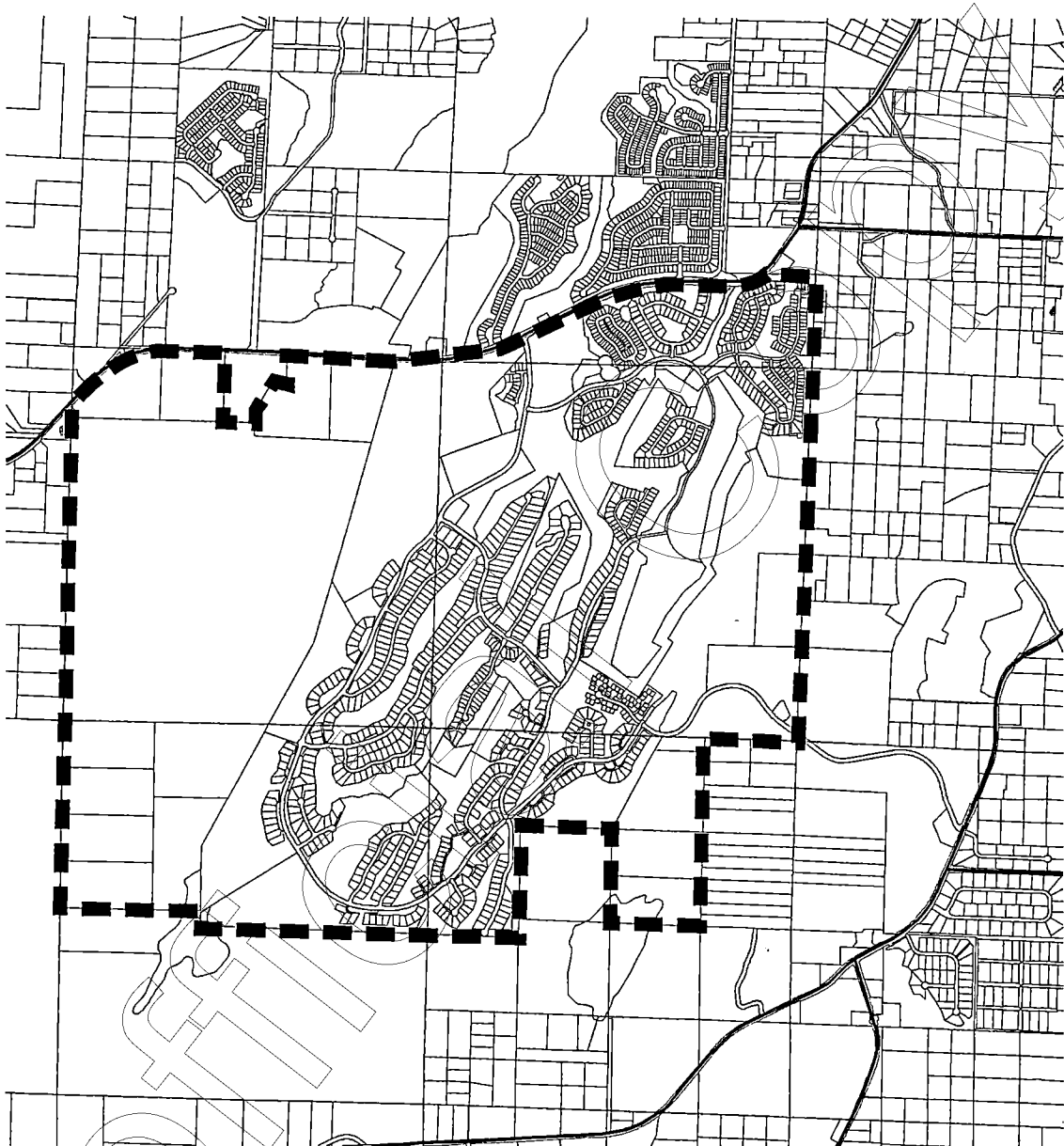


Andrew D Marshall
Andrew D Marshall
(print or type name)

NOTARY PUBLIC in and for the
State of Washington, residing at:

King
My Commission expires: 02/26/25

EXHIBIT A



McCormick Properties



Technical Memorandum

Date: July 1, 2026

Project: Stetson Development Transfer to 580 Pressure Zone Technical Memorandum

To: Denis Ryan
Scott Wolf
Chris Hammer
Nick Bond
City of Port Orchard

From: Kevin Trott, PE
Conсор

Reviewed By: Erika Schuyler, PE, PMP
Adam Schuyler, PE, PMP
Conсор

The City of Port Orchard (City) has experienced development occurring in a different sequence than originally anticipated in the 2020 Water System Plan (Plan). This shift has altered the infrastructure needs of both the City and the McCormick Water Systems.

Under the Plan, the Stetson Development, which draws water from the City's Water System, was expected to include a developer-funded Booster Pump Station (BPS) to convey water from the Stetson Closed Pressure Zone to the 580 Pressure Zone. However, due to the revised development pattern observed since that planning period, a BPS is no longer necessary as the City decided that it can incorporate the Stetson Closed Pressure Zone into the 580 Pressure Zone. The plan to intertie the Stetson Development with the City Distribution System was two-fold, to construct the developer-funded BPS and construct the Old Clifton Intertie Pump Station. To allow the transfer of water between the 580 Pressure Zone and the 390 Pressure Zones, two Pressure Reducing Valves (PRV) would also be required: one at Old Clifton Intertie and one in the Stetson Development. The City can meet current and future system requirements through the installation of a PRV in the Stetson Development at the Sedge Street intersection to facilitate water transfer from the 580 Pressure Zone to the 390 Pressure Zone, along with individual PRVs at the properties identified in **Figure 1**. The properties identified in **Figure 1** as requiring individual PRVs may experience pressure higher than 80 psi once the area is converted to the 580 Pressure Zone.

From an operational perspective, the proposed PRV configuration provides a more efficient and sustainable solution compared to a BPS, as the PRV approach reduces operations and maintenance demands while still effectively supporting long-term system performance and reliability.

2020-2026 Development Changes

The projects identified as the Glenwood Booster Pump Stations in the Plan were anticipated to combine the 390 and 580 Pressure Zones in the Stetson Development. From Pages 8-9 and 8-10 of the Plan:

Project 12 - 390 to 580 Booster Pump Station (Glenwood – 1st Lift)

- ❖ *Estimated Cost: \$900,000*
- ❖ *Priority: As Required by Development*
- ❖ *Schedule: 2021*

This project includes construction of a 390 to 580 Zone transfer station constructed as required by development with costs borne by the owners of developing properties. Although initial planning level sizing of the pump station includes two (2) 650-gpm pumps with room for a future 600-gpm pump, verification is required based on final location and elevation of future storage. Locating the tank at a lower elevation will require a larger station to achieve required pumping at higher head. It is assumed fire flows in the 580 Zone development area will be provided from the 580 Zone. If temporary fire flows are required from the City's 390 Zone, additional pumping capacity will be needed. In addition, the station should be equipped with standby power. A budget of \$525,000 is assumed for the pump station. Actual costs, however, will depend on sizing for fire flows and whether the station will initially be operated as a constant pressure pumping system and later converted to a 390 to 580 Zone transfer station.

Project 12 is directly tied to Project 13 and together the projects provide a connection between the City system 390 Zone and the southeast side of the McCormick Woods 580 Zone. Several benefits are associated with the interconnection including elimination of the McCormick Woods System ID Number and operation of both water systems as one consolidated utility. It is noted, however, that the mixing of water between the two currently independent systems carries the potential issue associated with the fact that Bremerton does not permit fluoridated water into its system.

Project 13 - 390 to 580 Booster Pump Station (Glenwood – 2nd Lift)

- ❖ *Estimated Cost: \$725,000*
- ❖ *Priority: As Required by Development*
- ❖ *Schedule: 2021*

A Consolidation Study conducted in March, (sic) 2021 indicates that it will require a second booster station to provide adequate pressure for lifting water from the 390 to the 580 pressure zones in the Glenwood area.

Project 12 was constructed as part of the Stetson Development and is now called the Stetson Pump Station. **Project 13** has not been constructed, and subsequent analysis (Stetson Heights and McCormick East Hydraulic Modeling Technical Memorandum dated October 22, 2024 and McCormick Divisions 15 & 18 Hydraulic Analysis Technical Memorandum dated June 30, 2025) indicates that this project may not be needed. With the implementation of Projects 12 and 13, the Stetson Development would be a closed Pressure Zone. Unfortunately, the Stetson Pump Station does not meet all the requirements to serve a closed Pressure Zone, as there is only one large pump at the station. Therefore, to meet the regulatory requirements to meet fire flow in a closed Pressure Zone, the City would need to install a second large pump for redundancy. By adding the Stetson Development to the 580 Pressure Zone, the fire flow can be met from the 580 Pressure Zone reservoir, and a second large pump will not be needed. In addition, the Stetson Pump Station was oversized and the VFDs were set to reduce to from approximately 128 psi with the pumps operating at full speed to 105 psi downstream of the Stetson Pump Station, which means that the Stetson Pump Station can pump water from the 390 Pressure Zone to the 580 Pressure Zone.

Pressure Reducing Valve Discussion and Need

The Stetson Pump Station can transfer water from the 390 Pressure Zone to the 580 Pressure Zone, but it cannot transfer water in the opposite direction. Because the intertie between the McCormick and City water systems requires water to move both ways, a PRV is needed to allow flow from the 580 Pressure Zone to the 390 Pressure Zone. Once the Stetson Development is incorporated into the 580 Pressure Zone, this PRV will provide the necessary connection. Based on discussions with the City, the preferred location for the PRV is at the intersection of Sedge Street and Glenwood Road.

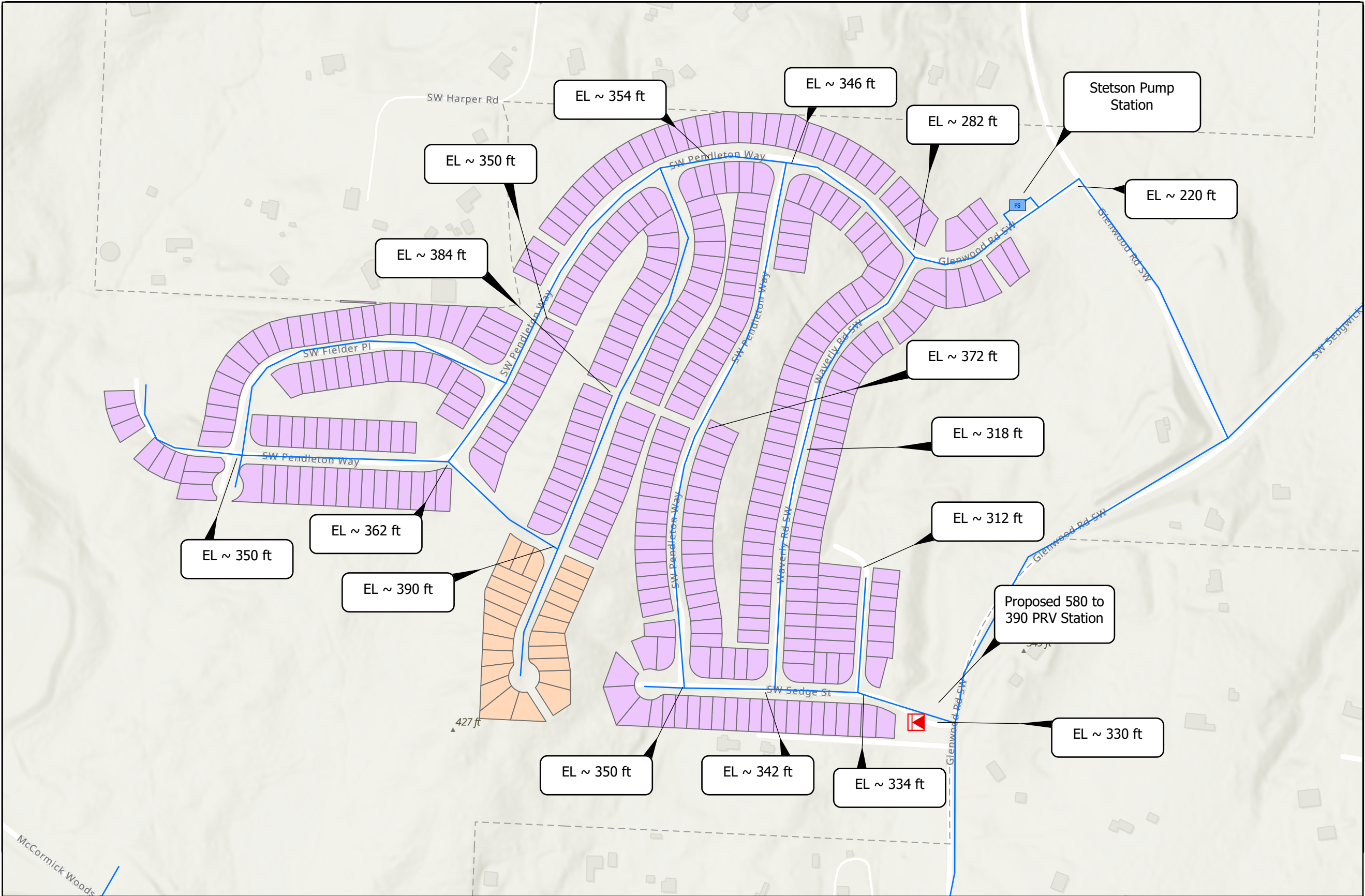
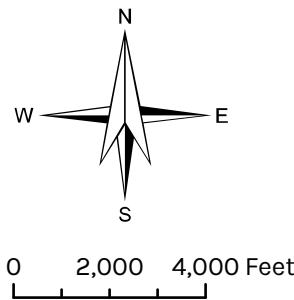
Recommendations

Based on the changes in development, the existing status of Stetson Pump Station, and the connection of the 580 Pressure Zone to the 390 Pressure Zone, the City requires additional facilities not discussed in the Plan. To connect the Stetson Development to the 580 Pressure Zone, a PRV is required to transfer water down to the 390 Pressure Zone. A solenoid valve with SCADA monitoring is also recommended with the PRV and flow control valve functionality, which gives staff more control over water transfers between the 580 Pressure Zone and the 390 Pressure Zone. A regular PRV accomplishes this goal but leaves the City with less control over the transfer of water between Pressure Zones.

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Legend

-  Pump Station
-  Proposed PRV Station
-  Pipes
-  Individual PRV Required
-  Individual PRV Not Required



City of Port Orchard
Stetson Development



Figure 1
Individual PRV Locations

Data Sources: City of Port Orchard, Kitsap County; World Hillshade: Sources: Esri, Vantor, Airbus DS, USGS, NGA, NASA, CGIAR, N Robinson, NCEAS, NLS, OS, NMA, Geodastatys, Rijkswaterstaat, GSA, Geoland, FEMA, Intermap, and the GIS user community
World Topographic Map: Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community
Coordinate System: NAD 1983 State Plane Washington North FIPS 4601 (US Feet)
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