

A G R E E M E N T

**BETWEEN THE CITY OF OTHELLO AND
ADAMS COUNTY WATER DISTRICT NO. 1**

FOR WASTEWATER TREATMENT

IT IS HEREBY AGREED by and between the CITY OF OTHELLO, a municipal corporation in Adams County, State of Washington, hereinafter called the "CITY," and ADAMS COUNTY WATER DISTRICT NO. 1, a public corporation in Adams County, State of Washington, hereinafter called the "DISTRICT"; and

WHEREAS, the CITY owns and operates a facility to receive and treat residential, commercial and certain industrial waste water originating in the greater Othello service area; and,

WHEREAS, the CITY'S facilities have the capacity to accept future growth and the CITY desires to sell portions of said capacity to compensate the CITY for its cost to handle, treat, and dispose of wastewater, and aid in the retirement of the indebtedness of the CITY attributable to wastewater treatment plant and trunk line expansion and up-grading; and

WHEREAS, the DISTRICT has constructed and completed a sewerage collection system and requires a means of treatment and disposal of domestic wastewater;

NOW, THEREFORE, IT IS AGREED as follows:

**SECTION I
WASTEWATER TREATMENT**

The CITY agrees to accept domestic wastewater from the DISTRICT'S collection system at specific points along the CITY'S Cunningham trunk sewer as set forth in "Plans and Specifications for Sewage Collection System Edson tracts", dated June 30, 1983, and to treat and

dispose of said domestic wastewater in a manner consistent with its NPDES permit. The DISTRICT agrees to pay the CITY for said treatment and disposal as further set forth herein.

The agreement to accept and dispose of domestic wastewater shall be subject to and limited by unavoidable accidents, acts of God, and any other conditions beyond the control of the CITY. The CITY will treat any major interruptions to its trunk sewer and treatment facilities as an urgent matter and will attempt to restore or cause to be restored, normal service to the DISTRICT as expeditiously as possible.

SECTION II
CONSTRUCTION AND OPERATION OF COLLECTION FACILITIES

The DISTRICT has constructed at its own expense a wastewater collection system within its boundaries (as originally established or hereafter amended) consistent with good engineering practices to meet the current and future needs of the DISTRICT. The DISTRICT shall connect said collection system to the CITY'S Cunningham trunk sewer at manholes along said trunk sewer in a manner acceptable to the CITY. The final design to be implemented shall be subject to approval in writing by the CITY.

All materials used and construction methods employed, have met or have exceeded the latest edition of Standard Specifications for Municipal Public Works Construction as prepared by the Washington State Chapter of the American Public Works Association (APWA) and all collection lines have been tested in accordance with said specifications.

The DISTRICT agrees to operate and maintain its collection system, free of any cost to the CITY, in such a manner as to insure its reliability and integrity and to limit infiltration, and

inflow, and agrees to make repairs in a timely and professional manner as they may occur or be discovered.

The DISTRICT further agrees not to allow the discharge of any flammable or explosive liquids, solid or gas, any garbage not properly shredded, any ashes, cinders, sand, mud, oil, grease, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, oils and greases, and any other solid or viscous substances capable of causing obstructions to the flow in sewers or other interferences with proper operation of the CITY'S sewage treatment plant, provided that oils and greases common to domestic household sewage may be discharged into the sewer system. Wastewater containing minute portions of commercial petroleum oils may be discharged into the sewer system after the installation of a grease trap inspected and approved by the CITY. The DISTRICT further agrees to restrict and prevent the connection of storm drains, natural surface waters, and run-off waters of any description to the collection system.

SECTION III SEWER PERMIT CHARGES

The CITY maintains by ordinance an initial one time sewer permit charge for each residence or occupancy, with said permit charge required to be paid in full to the CITY prior to connection and discharge of wastewater to the CITY'S facilities.

The CITY agrees to set aside said sewer permit charges within the DISTRICT for the existing residences or occupancies which are, at the time of execution of this Agreement, connected to the DISTRICT'S water system through a service meter, and the DISTRICT agrees to provide the following in lieu of said initial sewer permit charges:

1. The DISTRICT agrees to construct an over-sized sewer pipe, of minimum 18-inch interior diameter, at no cost to the CITY, from a point at the south terminus of the DISTRICT'S boundaries and Taylor Road, north, to a point at the north terminus of the DISTRICT'S boundary adjacent to the CITY'S Cunningham Trunk Sewer.

2. The DISTRICT agrees to maintain and repair said 18-inch sewer line until June 7, 1988, at which time the DISTRICT agrees to convey to the CITY, free of cost, all rights, titles and easements for said 18-inch sewer line for the CITY'S use and benefit thereof.

3. Prior to June 7, 1988, the CITY reserves the right to inspect the 18-inch sewer line and to survey the inside of the line with any method that will not damage the line and to determine, if the sewer line is structurally sound and not in need of repairs. In the event the sewer line is determined to be structurally sound and not in need of repair on June 7, 1988, the CITY will accept the line and operate and maintain it at its expense, and will guarantee continued use of said line by the DISTRICT for the benefit of its customers.

In the event the CITY does not determine that the sewer line is structurally sound or needs repairs, or both, then the DISTRICT shall repair or change the sewer line or both, to the CITY'S satisfaction before the CITY has the responsibility of accepting and maintaining the sewer line.

4. Prior to June 7, 1988, the CITY shall grant no request for sewer service outside the DISTRICT'S boundaries which may be serviced by said 18-inch sewer line, without the DISTRICT'S written approval.

5. The DISTRICT agrees to provide the CITY with a listing, by street address, of all residences and occupancies connected to the DISTRICT'S sewer collection system at the time of execution of this Agreement. The DISTRICT agrees to notify the CITY of any and all future applications for service.

SECTION IV MONTHLY SEWER RATES

The CITY agrees to accept, treat, and dispose of domestic strength wastewater originating within the boundaries of the DISTRICT and the DISTRICT agrees to pay the CITY for said treatment and disposal at the rates identified in Exhibit A, as currently adopted or as hereafter

amended.

The above stated rate schedule and minimum monthly charge shall be in effect from the date of execution of this Agreement, commencing with the first billing cycle and shall remain in effect thereafter until such time as a general rate increase/decrease is adopted for CITY users, or as provided for in the following paragraph.

Residential Wastewater discharges are generally based on per-capita water consumption, divided by the annual average population, and the relationship of population to number of accounts. The DISTRICT agrees that the CITY has the right to review on an annual basis, the actual water consumption and to determine more accurately, through increased data collection, the annual wastewater discharge from the DISTRICT, and to submit increased/decreased cost-of-service requests based on the above mentioned findings.

It is further agreed that if an increase in sewer rates is proposed by the CITY to be applicable to the DISTRICT, it shall be applied in a fair and equitable manner proportionate to the degree of use and service received by all users, both within and outside the City limits, with a copy of said findings and proposals to be delivered to the DISTRICT at least thirty (30) days prior to the date set for adoption of said rates by the CITY. The City Council and the District Commissioners shall then meet, and, if possible, reach an agreement on the proposed rate change.

If agreement is reached, the same shall be adopted in the form of resolutions by the City Council and District Commissioners. If agreement cannot be reached, the matter will be submitted within three (3) business days to an arbitration board composed of one arbitrator chosen by the CITY,

one arbitrator chosen by the DISTRICT, and a third arbitrator chosen by the two arbitrators, for binding arbitration on the matter. Thereafter, the decision of the arbitrators shall be incorporated into an appropriate resolution for adoption by the City Council and District Commissioners at their next regularly scheduled meeting. The CITY and the DISTRICT will each pay one-half of the cost of arbitration.

SECTION V REPORTING ON NUMBER OF ACCOUNTS

By the first of January and the first of July every year, the DISTRICT shall report in writing to the CITY the number of the DISTRICT'S active water accounts having a sewer connection. The number of these accounts will be used to calculate the monthly charge for the following six month period. The number of these accounts will include separate family residential connections, the number of units in multi-family residential connections, single commercial connections, and the number of units in multi-commercial customer accounts. The monthly charge for sewer services shall be the charge set in the current CITY ordinance for separate family residential users outside city limits. The monthly sewer service rate shall change based upon the rates for all users, as set by the CITY Council and as amended by the CITY Council. The DISTRICT is prohibited from including within its boundaries any type of industrial sewer discharge.

A sewer account shall be considered active and thus reportable whenever the water read is more than 100 cft (1 unit). The number of monthly accounts reported by the DISTRICT to the CITY shall then be used to compute the monthly billing to the DISTRICT, according to the rate

schedule in SECTION IV, or any other rate structures that may be adopted and attached as an amendment to the Agreement from time to time.

The number of active customer accounts reported by the DISTRICT to the CITY annually by the first of January and the first of July shall be accurate. If the CITY discovers an error or discrepancy between the number of active customer accounts and the number reported to the CITY by the DISTRICT, the CITY shall be entitled to seek any and all legal remedies available to it should the DISTRICT refuse to adequately and timely correct its error.

Upon execution of this Agreement, all water meters and sewer lines within the DISTRICT, including the ORION water meters currently owned by the CITY, will become the property of and sole responsibility of the DISTRICT.

The CITY's responsibility extends only to the CITY sewer line running south on Wagon Road from Cunningham Road to the corner of Taylor Road and Rainier Road. Manholes from north to south read as follows: WD-1 through WD-10 (WD-10 is the manhole north of the canal). The CITY is also responsible for the main waterline that is located parallel to Cunningham Road. (See, attached Exhibit B for location of sewer line and manholes on Wagon Road).

SECTION VI BILLING AND PAYMENT

The period of billing for wastewater treatment and disposal under this Agreement shall be on a regular monthly interval. The CITY'S billing cycle runs from the 16th of one month to the 15th of the following month. Billings to the DISTRICT, based on reported number and types of

accounts, will be made on the last day of the month, and payment to the CITY becomes due by the 10th day of the month following. If any payment or portion thereof due to the CITY shall remain unpaid for thirty (30) days following its due date, the DISTRICT shall be charged with, and pay to the CITY, interest on the amount unpaid from its due date until paid, at the rate of twelve percent (12%) per annum.

SECTION VII DEFAULT

If the CITY or the DISTRICT shall fail to comply with or perform any covenant or agreement hereto promptly at the time and in the manner herein required, the injured party may elect any of the following remedies whenever appropriate. Either party may commence an action for specific performance injunction and/or damages. In such a case the losing party expressly agrees to pay all costs and a reasonable attorney's fee to the prevailing party.

In the case of non-payment by the DISTRICT, the CITY agrees to give thirty (30) days notice of default, followed by a thirty (30) day grace period during which time the DISTRICT will have the opportunity to pay all past due and current charges, including interest. After the proper notice and grace period, the CITY expressly reserves the right, at its option, to:

1. Assume control of the DISTRICT'S sale and sewer collection system in order to collect sufficient funds to pay all charges due under this Agreement and the reasonable cost of such added administration and labor.
2. In addition to the preceding, after the same above stated notice of default and grace period, the CITY may terminate wastewater treatment and disposal service, and also may terminate the delivery of domestic water to the DISTRICT as provided for in the "Agreement Between the City of Othello and Adams County Water

District No. 1 for Water Supply”, dated June 14, 1982.

SECTION
TERM AND EXPIRATION

The terms of this Agreement shall be in effect for a period of thirty (30) years from the date of signing, except that the term of this Agreement may be shortened or extended only upon the mutual agreement of the parties hereto.

DATED this 28th day of March, 2011.

ADAMS COUNTY WATER DISTRICT NO. 1

CITY OF OTHELLO


Commissioner


Mayor

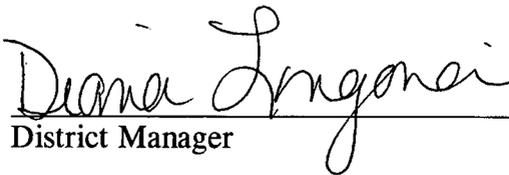

Commissioner

ATTEST:


Commissioner


City Clerk

ATTEST:


District Manager