CITY OF CLARKSTON
AND
PUBLIC UTILITY DISTRICT NO. 1 OF ASOTIN COUNTY

AGREEMENT FOR WASTE WATER TREATMENT AND DISPOSAL SERVICE

This Agreement entered into this 1st day of December 2011, by and between the City of Clarkston, a municipal Corporation, herein called the City, and the Public Utility District No. 1 of Asotin County, Washington, a municipal Corporation, herein called the PUD, for the purposes of providing waste water treatment and disposal service to certain specific developed areas, in the County of Asotin and outside the city limits of Clarkston.

WHEREAS the City of Clarkston has existing sewage treatment facilities and;

WHEREAS many unincorporated areas within the Clarkston Urban area and the PUD are not serviced by sewers and,

WHEREAS the PUD desires to avail itself of the sewage treatment facilities of the City of Clarkston, and;

WHEREAS it has been determined by the PUD that it would be more practical and cost effective to contract with the City of Clarkston for waste water treatment disposal rather than build a new treatment plant, and;

WHEREAS, the PUD needs "water treatment and disposal service" and;

WHEREAS the parties to this Agreement are authorized under the Interlocal Cooperation Act to enter into a contract for the provision of sewage treatment by the City of Clarkston, to residents within the boundaries of the PUD that are not served by the City of Clarkston;

NOW, THEREFORE the City and the PUD do hereby mutually consent and agree to the following:

SECTION I

DEFINITIONS

PUD	-	Public Utility District, a municipal corporation of the State of Washington, providing service within Asotin County.
CITY	-	The City of Clarkston, a municipal corporation of the State of Washington.
BOD	-	The quantity of dissolved oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five days at 20 degrees centigrade.

COLLECTOR SEWER - A sanitary sewer receiving wastewater directly from other such collector sewers or service sewers.

COST - An amount of money associated with a specific item or purpose. Costs may be calculated amounts (e.g. depreciation) or incurred expenses.

EPA - Federal Environmental Protection Agency.

DOE - Department of Ecology, State of Washington

EXPENSES - Costs incurred by the City in the construction, funding, operation and maintenance of its wastewater collection, treatment and disposal facilities. Expense is stated on an annual basis.

FLOW - The rate at which water or wastewater moves stated in terms of volume per unit of time.

FUTURE USE - Unused system capacity designated for future use beyond that needed for existing users.

I/I - Infiltration and inflow.

INDUSTRIAL COST RECOVERY - The portion of annual wastewater treatment plant capital cost recovery allottable to industry and subject to federal industrial payback.

INDUSTRIAL USER- For wastewater: Any user identified in the Standard Industrial Classification Manual, 1972, Office of Management and Budget, as amended and supplemented, under the following divisions:

1. Division A - Agriculture, Forestry and Fishing
2. Division B - Mining
3. Division D - Manufacturing
4. Division E - Transportation, Communications, Electric, Gas, and Sanitary Services
5. Division I - Services

A user in the Divisions listed may be excluded if the Engineer determines that the user will introduce primarily segregated

sewage domestic wastes or waste from sanitary conveniences to the sewage system.

INDUSTRIAL WASTE	-	The waterborne waste and wastewater from any industrial user.
INFILTRATION	-	Groundwater which enters sewers.
INFLOW	-	Storm and other surface waters which enter sewers.
INTERCEPTOR	-	A sewer whose primary purpose is to transport wastewater from the collector sewers to a treatment facility.
MGD	-	Million gallons per day, a unit of flow.
NON-INDUSTRIAL WASTES	-	Domestic sewage and liquid waste not classified as industrial waste.
ORIGINAL COST	-	Capital cost of facilities at the time of construction.
PL 92-500	-	Federal Water Pollution Control Act of 1972 and present amendments.
PROJECT COST	-	Actual total capital cost of a facility, including construction, land, right-of-way, engineering, and allowable overhead costs.
SEWAGE	-	Wastewater derived from habitation and use of buildings for residential, institutional, or commercial purposes.
USEFUL LIFE	-	The average service life expected for the specific type of plant component.
USER	-	An individual, firm, establishment, industry, district or city which used the facilities of the water and/or wastewater utilities.
ULID	-	(Utility Local Improvement District): The construction or reconstruction or improvements, such as sewers or water lines, within an area which may levy special assessments on all property receiving direct benefit to pay for the cost of the improvements.

VOLUME - Quantity of water or wastewater.

SECTION II

By virtue of this Agreement, the City of Clarkston agrees to accept sewage delivered to it by the PUD for treatment and disposal.

FUTURE AND PRESENT MODIFICATIONS

Any future modifications that may be required to the infrastructure, treatment plant or other appurtenances that involve the treatment of sewage and is part of the sewer system as a whole shall be subject to review and negotiations by the parties for a determination of an equitable cost sharing.

SEWAGE COLLECTION

The PUD shall continue to be responsible for sewage collection within its respective service area. The PUD shall cause to be constructed and operate sewer interceptors and pumping facilities in the unincorporated area of their service area as may be needed and necessary to deliver the sewage to Clarkston Treatment Facility. Collections within local improvement districts either in the City or within Unincorporated areas, shall be the responsibility of the local governing agency establishing such ULIDS provided the responsibility of the local governing agency will shift in accordance with future boundary changes to borders.

It is further agreed and understood that the PUD shall have the right to give service to unincorporated local service areas which are not included within the boundaries of the area encompassed by Phase I and Phase II of the County's interceptor sewer system plan (copy of plan and map attached), by the formation of ULIDs or sewer districts and to then enter into appropriate agreements with the City of Clarkston, for the disposal or transportation of sewage generated by such additional areas.

By virtue of this Agreement, the City of Clarkston agrees to accept sewage delivered to it by the PUD Sewage ULID's for treatment and disposal. The City shall accept, treat and dispose of a maximum of 440,000 gallons of wastewater from the PUD, per twenty-four (24) hour period. If the daily PUD flow of wastewater exceeds 440,000 gallons per day, the PUD shall pay to the City a surcharge of a pro rata share of that month's maintenance and operation for each gallon per day in excess of the 440,000 gallons per day.

SECTION III

PAYMENT FOR WASTEWATER TREATMENT AND DISPOSAL

1. The City shall establish a sewage disposal charge for the operation of the disposal plant. The rate shall reflect the cost of service for the City to treat and dispose of the sewage from these systems, as set forth in paragraph 3 of this section.

2. The PUD agrees to install and maintain flow meters at all required locations where PUD lines connect to City collector or trunk lines. The City shall install and maintain a flow meter on the outfall line. Flow meter calibrations are to be performed at least annually by a technician acceptable to both parties.

3. Monthly or quarterly sewage disposal charges shall be determined from the flow measured at the meters using the following formula:

$$Cu = \frac{Ct}{Vt} \quad (Vu)$$

Where:

Ct	-	Total Treatment and disposal costs per unit of time.
Cu	-	A users charge for treatment and disposal per unit of time.
Vu	-	Volume contribution from a user per unit of time.
Vt	-	Total volume contribution from all users per unit of time.

The City shall establish a separate waste water treatment fund and shall prepare an annual budget of estimated cost for operating the wastewater treatment facility, at the start of each calendar year, which budget shall be used as a basis for the treatment and disposal charges during the year. To the extent that the City's interceptor and collector sewers are utilized to transport waste from systems operated by the PUD to the Treatment Facilities, the associated costs are an eligible part of the wastewater treatment and disposal charges. The budget will be based on actual cost experience adjusted to reflect anticipated changed conditions. The Budget shall be reviewed by Asotin County PUD Commissioners and submitted for comment prior to adoption. The wastewater treatment and disposal costs as used herein for determining monthly charges refers to total revenue requirements for the wastewater treatment and disposal operation. Eligible costs include system administration, operation, maintenance, taxes, repair and replacements. Operation surpluses, debt service coverage, (excepting original treatment plant cost) reserve funds, the local share of payments from the industrial cost recovery system or any other funds paid initially from the treatment and disposal charges shall be used exclusively for the benefit of the Wastewater Treatment and disposal facilities. Beginning with the 2010 budget year, the PUD agrees to contribute to the retirement of debt for the outfall line. The PUD's share will be prorated based on the same formula as all other applicable expenses.

4. The City shall submit a bill for the monthly wastewater treatment and disposal charges to the PUD by the 15th day of the following month for the previous month's volume and such charges shall be due thirty (30) days from the date billed. If any charge or portion thereof due to the City shall remain unpaid for fifteen (15) days following its due date, the PUD 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, and the City may, upon failure to pay such amount, enforce payment by any remedy available by law or equity. Provided that, in the event of a disputed billing, interest shall not accrue on the disputed portion of the billing until the dispute has been properly resolved.

5. The monthly wastewater treatment and disposal charge to the PUD shall be based on the total sewage flows for each month.

At the end of each month, the PUD will be billed by the City of Clarkston for the exact reading on the flow meters installed as a part of the system. Adjustments, if any, that may be required in payment of charges billed the Asotin County PUD No. 1 will be included, either debit or credit, on the December billing by the City of Clarkston, of each year.

In the event of a meter malfunctioning, the City shall estimate the sewage flow discharged by the PUD by using the year's annual average.

6. In addition to the wastewater treatment and disposal charge outlined above, if the BOD, suspended solids, or other pollutant concentrations from a user exceed the range of concentration of these pollutants in normal domestic sewage, the City of Clarkston may purchase equipment necessary to determine the level of pollutants input into the system by each of the parties and the Asotin County PUD No. 1 hereby agrees to share in the cost of that purchase on a pro-rata basis based initially upon flows. A surcharge will be levied against the PUD for the additional pollutants that originate in the county. The cost of equipment and the levy for processing additional pollutants shall be determined as follows:

i) In the event it becomes necessary to determine the concentration of pollutants the parties shall initially share, pro-rata in the costs of purchasing the equipment necessary to accurately determine the source of the pollution. The pro-rata shared costs shall initially be based upon flows. After the source of pollutants is determined the costs of the equipment shall be reassessed and each party shall share in cost of equipment, on a pro-rata basis, determined by the percentage of pollutants each party has contributed to the system over a three month period of time. Said three months beginning on the date the parties have the equipment in place to measure the contribution of pollutants.

ii.)For the purpose of determining the surcharge levied for the processing of additional pollutants the parties agree to a cost analysis based upon the national average for processing pollutants in similar facilities using similar pollutants. The parties agree that the base level for the purpose of determining the surcharge is 300 parts/million for suspended solids and BOD.

SECTION IV
SPECIAL WASTES

Wastes prohibited by the U.S. Environmental Protection Agency or by the State Department of Ecology, wastes of unusual quantity or organic strength, waste containing toxic or deleterious matter incompatible with the waste treatment process, or that may be harmful to the treatment process or the quality of the receiving waters, shall not be discharged into the City's sewage system except by Special Agreement. Consent to such Special Agreement shall not be unreasonably withheld. As a part of such Special Agreement, the City may require that concentration of such substances in waste discharged to its system be eliminated or reduced to acceptable limits by

pretreatment. The PUD shall be responsible for ensuring that wastes discharged to their respective systems meet the relevant quality standards set forth by the Special Agreement. The PUD and the City will abide by the newly adopted pre-treatment ordinance required by DOE.

SECTION V
INDUSTRIAL COST RECOVERY

As required by the rules and regulations of the U.S. Environmental Protection Agency, the City shall establish a Cost Recovery System applicable to industrial customers. The amounts due by virtue of this section shall be collected by the responsible participants.

SECTION VI
PERMITS AND REGULATIONS

The PUD shall be responsible for contemplated new sewer systems. This includes obtaining any necessary permits, maintaining records, and reporting to the Washington State Department of Ecology, the U.S. Environmental Protection Agency or other regulatory agencies. Generally, the City of Clarkston shall be responsible for satisfying the Wastewater Discharge permit, records, and regulatory requirements related to wastewater treatment and disposal. Industrial dischargers shall likewise be responsible for obtaining any permits governing their waste discharges and for maintaining any records or reports that may be required by the regulatory agencies. Under no circumstances shall the City incur any liability for the PUD's sewer systems or for industrial waste discharges generated in the PUD collection and conveyance system.

SECTION VII
INFILTRATION / INFLOW

The regulations of the U.S. Environmental Protection Agency require that sewer systems funded by the Agency for improvements not be subject to excessive infiltration / inflow as defined by the Agency. The City therefore reserves the right to require the PUD to take corrective actions to eliminate any excessive infiltration / inflow in their systems.

SECTION VIII
TESTING AND COMPLIANCE

The City shall have the right to sample for testing sewage discharged by the PUD, in order to determine if the sewage is of unusual strength and subject to a surcharge or if constituents incompatible with the treatment process are being discharged in harmful quantities.

SECTION IX
ARBITRATION

It is understood and agreed that all claims, demands, disputes, differences, and

misunderstandings concerning this agreement and its interpretation that may arise between any of the parties hereto from the date hereof until the termination of this contract shall be submitted to and be determined and settled by arbitration in the manner hereinafter set forth:

Each party to dispute shall appoint an arbitrator and the two arbitrators so chosen shall appoint a third arbitrator. In the event the two arbitrators so chosen cannot agree upon a third arbitrator, such third arbitrator shall be appointed by the presiding Judge of the Asotin County Superior Court. Rules of American Arbitration Association shall control.

SECTION X
DETERMINATION OF LEAD CONTENT

If at any time it becomes necessary measure or continue to measure lead or any other contaminant, as required by any governing body, each party shall be responsible for their percentage share of the cost associated therewith based upon a determination of the percentage of lead or other contaminants each party has contributed to the system.

SECTION XII
NOTICE TO BE GIVEN

The City or PUD agrees to give the other party reasonable notice of sixty (60) days regarding any proposed action constituting a change pertaining to the terms of this Agreement, and further agrees to provide that such change shall be reflected in a written document executed by the parties to this Agreement. This section shall also govern termination of this Agreement.

SECTION XIII
JOINT CAPITAL INVESTMENT FUND

The City and PUD shall keep and maintain a joint capital improvement fund for projects and repairs that the parties deem necessary to the system. The parties shall agree on all expenditures to be made from the fund. No expenditure shall be made from the fund except by agreement of the parties. The fund shall be replenished annually in an amount up to $20,000.00 as needed to maintain the balance of the fund. Replacement costs will not be budgeted in an amount that would increase the fund beyond $100,000.00. All interest earned on the fund shall be returned to the fund. Contributions to the fund shall be apportioned and paid on the basis of actual flows by the parties.

SECTION XIV
EFFECTIVE DATE AND TERMS OF THIS CONTRACT

This Agreement shall be in full force and effect and binding upon its execution. This Agreement shall continue in full force and effect for a period of thirty (30) years and one (1) month beginning December 1, 2011 and ending December 31, 2041.

If a new agreement has not been reached by December 31, 2041, this agreement shall continue on a month to month basis until a new written agreement is reached. During this extended period the City shall continue to accept sewage and provide water treatment and disposal services to the PUD. This agreement shall be renewed only upon written agreement between the parties.

Adopted this 1st day of December, 2011.

For the CITY OF CLARKSTON

Donna M. Engle

Donna Engle, Mayor

Approved as to Form:

James Grow, Clarkston City Attorney

Attest:

Vickie Storey, City Clerk

For the PUD NO. 1 OF ASOTIN COUNTY

Tim Simpson, General Manager

Approved as to Form:

Scott C. Broyles, PUD Attorney