

Original

INTERGOVERNMENTAL CONTRACT FOR WASTEWATER SERVICES

This Intergovernmental Contract is entered into on this 31st day of May, 2008, between the City of Raymond (hereafter referred to as 'Raymond') and the City of South Bend (hereafter referred to as 'South Bend').

WITNESS

WHEREAS, the City of Raymond in Pacific County, Washington is a Municipal Code City under Title 35A RCW; and

WHEREAS, the City of South Bend in Pacific County, Washington is a Municipal Code City under Title 35A RCW; and

WHEREAS, RCW 39.34.010 permits local government units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage; and

WHEREAS, RCW 39.34.080 authorizes a public agency to contract with another public agency to perform any governmental service which each public agency is authorized to perform, provided that such contract shall be authorized by the governing body of each party to the contract; and

WHEREAS, both Raymond and South Bend have a desire for more reliable wastewater treatment plant performance and accompanying compliance with National Pollution Discharge Elimination System (NPDES) permit requirements, thereby reducing risks of permit violations; and

WHEREAS, the City of South Bend has faced a building moratorium, compliance order and a third-party lawsuit obligating the City to upgrade its existing wastewater treatment plant (WWTP) or construct a new WWTP; and

WHEREAS, the City of Raymond's new NPDES permit requires year-round compliance with secondary standards (for five-day carbonaceous biochemical oxygen demand - CBOD₅, and total suspended solids - TSS), and new water quality-based permit limits resulting from mixing zone studies (ammonia and whole effluent toxicity); and

WHEREAS, both Raymond and South Bend are required to meet new water quality-based permit limits due to the Lower Willapa River Dissolved Oxygen Total Maximum Daily Load (TMDL) Study and Willapa Estuary Resource Management (WERM) agreement limiting summer discharges of ammonia and CBOD₅; and

WHEREAS, siting a regional wastewater treatment plant at the site of the existing Raymond WWTP has been identified by the Department of Health Office of Shellfish and Water Protection as a preferred means of minimizing the shellfish closure zone downstream of South Bend in the Willapa Estuary.

WHEREAS, the engineering firm of Gray & Osborne, Inc. of Seattle, Washington was contracted to prepare a Wastewater Facilities Plan, titled "Regional General Sewer Plan/Wastewater Facilities

Plan,” which was approved and adopted by the Cities of Raymond and South Bend and which was formally submitted and approved by the Washington State Department of Ecology, and said Plan determined that regionalization of wastewater treatment at a single facility provides the most cost-effective and environmentally sound long-term solution for wastewater treatment in the region; and

WHEREAS, the said Wastewater Facilities Plan recommends wastewater system improvements to properly collect, treat, and dispose of sanitary sewage collected by Raymond and South Bend from their respective sewer service areas, and serve the Raymond and South Bend service areas to the year 2027, and as may be mutually extended and agreed upon by the participants; and

WHEREAS, a Value Analysis study conducted by Olympic Associates, and including HDR Engineering and Dr. H. David Stensel, P.E. of the University of Washington, endorsed the regional plant concept, and, specifically, a new mechanical activated sludge plant at the site of the existing Raymond WWTP, as the most cost-effective and reliable means of meeting current and future wastewater treatment effluent limits; and

WHEREAS, both Raymond and South Bend wish to define and clarify their respective rights and obligations relating to the Regional Facilities;

NOW THEREFORE, in consideration of the terms and conditions contained herein, Raymond and South Bend agree as follows:

Section 1: Purpose

It is the purpose of this contract to provide for an intergovernmental contract appropriate to implement new regional wastewater conveyance, treatment, and discharge facilities to serve the Cities of Raymond and South Bend, and other Participants as may be added to the said contract at a later date. Implementation of these Regional Facilities shall include, but not be limited to, construction of a new wastewater treatment plant at the location of the existing Raymond wastewater treatment plant or adjacent property, new wastewater transmission pipelines from the City of South Bend to convey wastewater from that city to the new regional wastewater treatment plant, a new pipeline under the Willapa River to convey the combined wastewater flows from South Bend and Raymond to the new regional wastewater treatment plant, upgrades to existing South Bend Pump Station No. 3 to pump all South Bend wastewater to the regional wastewater treatment plant, upgrades to Raymond Pump Station No. 11 to pump Raymond wastewater to the regional wastewater treatment plant, and a new outfall in the Willapa River to discharge regional wastewater treatment plant effluent, as all described in the said Facilities Plan, and to operate and maintain such facilities.

Section 2: Exhibits

The following exhibits are referred to in, and are part of, this contract:

- Exhibit A – Current and Future Acceptable Service Areas for Raymond and South Bend
- Exhibit B – Description of Regional Facilities
- Exhibit C – Estimated Capital Costs for Regional Facilities and Associated Local Facilities and Proportional Share of Participants
- Exhibit D – Allocation of Regional Facilities Operation and Maintenance Costs
- Exhibit E – Sharing of Additional Capacity in Regional Facilities
- Exhibit F – Method for Inclusion of Additional Participants

Section 3: Definition of Terms

- (a) “Administrative Manager” shall be a non-union authorized representative of the City of Raymond, unless otherwise agreed by the Participants (see Section 10). The Administrative Manager shall meet minimum qualifications set by Participants for this position. The Regional Wastewater Coordinating Committee (RWCC) shall participate in the hiring process, including interviews. The mayors of Raymond and South Bend shall make the final selection from candidates recommended by the RWCC.
- (b) “Ammonia” shall mean a compound containing the elements nitrogen and hydrogen with the molecular formula NH_3 . It is formed as a result of the decomposition of most nitrogenous organic material, and its presence is indicated by its pungent and irritating odor. Ammonia is toxic and exerts an oxygen demand in the aquatic environment.
- (c) “Associated Local Facilities” shall mean the local facilities constructed as part of the Regional Facilities project to convey wastewater to the Regional Facilities, and consisting of: the new South Bend Transmission Line from South Bend Pump Station No. 3 to connection with pressure line from Raymond Pump Station No. 11; new South Bend pressure lines from Pump Stations No. 1 and No. 2 to Pump Station No. 3; upgrades to South Bend Pump Station No. 3; and upgrades to Raymond Pump Station No. 11.
- (d) “Biosolids” shall mean the by-product of municipal wastewater treatment containing nutrients essential for plant growth. Biosolids also contain small amounts of pollutants and some microorganisms which must be properly treated or managed to protect public health and the environment.
- (e) “Bonds” shall mean bonds or notes issued by the Lead City to finance Regional Facilities Costs.
- (f) “Capacity” shall mean the quantity of Maximum Monthly Average Flow, BOD_5 , and TSS allocated to each Participant by this contract or any amendments to it. It does not represent ownership of land, buildings, or equipment which are part of the Regional Facilities.
- (g) “Composite sample” shall mean sewage samples that are collected at regular intervals, usually every hour or two, and pooled into one large sample over a 24-hour period. Each individual sample shall be taken in proportion to the flow existing at the time.
- (h) “Deleterious wastes” shall mean wastes that interfere with the process and methods of the

Regional Facilities, inhibiting biological or other processes which normally render the wastewater safe for discharge into the receiving stream, thus imposing an additional and unplanned-for load on the Regional Facilities, which results in a more complex or additional expense in operation of the treatment process. Deleterious wastes shall also mean any waste that impacts the integrity of the gravity and pressure conduits, appurtenances, pump stations, metering and sampling devices, as well as damage to persons or property of others that cause undue repair, replacement, or rebuilding of the collection system at an undue expense to the Participants.

- (i) "Ecology" shall mean the Washington State Department of Ecology.
- (j) "Excessive flow" shall mean any infiltration of ground water or inflow of surface water into the Raymond or South Bend wastewater systems that exceeds the accepted standard of good design, construction, and maintenance practices.
- (k) "Facilities Plan" shall mean the 2007 Regional General Sewer Plan/Wastewater Facilities Plan for the Cities of Raymond and South Bend, as subsequently updated or amended.
- (l) "Five-day Biochemical oxygen demand" or "BOD₅" shall mean the amount of oxygen utilized in the biochemical oxidation of organic matter as measured in accordance with the appropriate procedure contained in Standard Methods and as expressed in milligrams per liter (mg/L).
- (m) "Five-day Carbonaceous biochemical oxygen demand" or "CBOD₅" shall mean BOD₅ determined in a sample that has had nitrogenous oxygen demand chemically inhibited in accordance with the appropriate procedure contained in Standard Methods and as expressed in milligrams per liter (mg/L).
- (n) "Industrial wastes" shall mean non-aqueous wastes from industrial manufacturing processes as defined by trade or business as distinct from sanitary sewage normally derived from domestic uses.
- (o) "Lead City" shall mean the City of Raymond, Washington for the purposes of this intergovernmental contract.
- (p) "Local Facilities" shall mean sewer facilities other than Regional Facilities owned or operated by Participants for the local collection and transmission of sewage to be delivered to the Regional Wastewater Treatment Plant. "Raymond wastewater system" shall refer to the system of sanitary sewage transmission, collection and appurtenant facilities serving the customers of Raymond, including Pump Station No. 11, lying within the City of Raymond sewer service area, as shown in City of Raymond General Sewer Plan, which may be amended in accordance with Washington Administrative Code (WAC) 173-240-050, and as defined in Exhibit A. "South Bend wastewater system" shall refer to the system of sanitary sewage transmission, collection and appurtenant facilities serving the customers of South Bend, including Pump Station No. 3, lying within the City of South Bend sewer service area, as shown in City of South Bend General Sewer Plan, which may be amended as per said WAC 173-240-050, and as defined in Exhibit A, and the new South Bend Transmission Line from South Bend Pump Station No. 3 to connection with pressure line from Raymond Pump Station No. 11.

- (q) "Local Shares" shall mean that portion of the capital costs of the Regional Facilities that is provided by each of the Participants, as stated in Exhibit C.
- (r) "NPDES Permit" shall mean National Pollutant Discharge Elimination System Waste Discharge Permit, as issued by the Department of Ecology.
- (s) "Participants" shall mean the City of Raymond and the City of South Bend, at the time that this agreement is executed. Additional Participants may be included in the future in accordance with Exhibit F. The legislative bodies of the Participants are the respective City Councils. The designated authorized officials of the Participants are the respective City Mayors. The official mailing addresses of the Participants are the offices of the respective City Clerks.
- (t) "Project cost" shall have the same meaning as "Regional Facilities Costs" as defined below.
- (u) "Regional Facilities" shall mean the Regional Wastewater Treatment Plant and River Crossing as described in Exhibit B.
- (v) "Regional Facilities Costs" shall include all costs and expenses attributable to the construction and installation of the Regional Facilities and Associated Local Facilities to convey wastewater to the Regional Facilities, and financing thereof, including but not limited to the actual cost of construction, cost of acquisition of land, rights-of-way, franchises and permits, preliminary tests and inspections, preparation of any comprehensive plans or other plans or amendments thereto, compliance with any applicable environmental policy act or procedures, engineering fees, legal fees, financial consultant fees, interest during construction and bond discount, taxes, publication costs, contract administration costs and other costs and expenses relating to the design, construction, and installation and financing of the Regional Facilities and Associated Local Facilities.
- (w) "Regional Facilities Operation and Maintenance Costs" shall mean all costs and expenses relating to labor, fringe benefits, power, light, water, heat, chemicals, equipment, including repair and replacement thereof, tools, materials, supplies, insurance premiums, contract services, inspections and taxes and "in lieu of taxes" directly and properly chargeable to the operation and maintenance of the Regional Facilities, plus administrative overhead expenses, including required audits, chargeable to the Regional Facilities.
- (x) "Regional Sewer Service Charges" shall mean the principal and interest due on the Bonds and Regional Facilities Operation and Maintenance Costs, collected by the Lead City from South Bend or another Participant.
- (y) "Regional Wastewater Coordinating Committee" or "RWCC" shall mean a committee consisting of three representatives from each Participant; two elected officials and one non-elected citizen residing in the respective Participant's service area, as appointed by the respective Participant. The chair of the committee shall be a committee member selected by the committee members each year. The Administrative Manager shall be a non-voting member of the RWCC.
- (z) "Regional Wastewater Treatment Plant" shall mean the conventional activated sludge

treatment plant described in Exhibit B.

- (aa) "River Crossing" shall mean the pipeline under the Willapa River, from the point of connection of the South Bend Transmission Line and the pressure line from Raymond Pump Station No.11 to the Regional Wastewater Treatment Plant.
- (bb) "Sewage" shall mean sanitary sewage only and shall consist of domestic, commercial, and industrial wastewater (but not industrial wastes) from which excessive storm, surface and groundwater is excluded. The average sanitary sewage shall be defined as having a 5-Day Biochemical Oxygen Demand (BOD₅) concentration not in excess of 250 milligrams per liter (mg/L), a 5-Day Carbonaceous Biochemical Oxygen Demand (CBOD₅) not in excess of 200 mg/L, a Total Suspended Solids (TSS) concentration not in excess of 250 mg/L, an ammonia concentration not in excess of 50 mg/L, and a TKN concentration not in excess of 60 mg/L.
- (cc) "South Bend Transmission Line" shall mean the new South Bend Transmission Line from South Bend Pump Station No. 3 to connection with pressure line from Raymond Pump Station No. 11, as described in Exhibit B.
- (dd) "Standard Methods" shall mean the current edition of "Standard Methods for the Examination of Water and Wastewater," published regionally by the American Public Health Association, American Water Works Association, and Water Environmental Federation, or successor publication.
- (ee) "Total Suspended Solids" or "TSS" shall mean the residue from wastewater which is removed with filtration in accordance with the appropriate procedures contained in Standard Methods and as expressed in milligrams per liter (mg/L).
- (ff) "Total Kjeldahl Nitrogen" or "TKN" shall mean the sum of organic and ammonia nitrogen as determined by the appropriate analytical technique in Standard Methods.

Section 4: Duties of the Administrative Manager and Regional Wastewater Coordinating Committee

The Regional Wastewater Coordinating Committee (RWCC) is created to foster cooperation between the Participants under this contract and otherwise perform the duties assigned. The RWCC shall be advisory only to the Participants. The RWCC shall meet no less than once per quarter, and as frequently as special needs arise. The meetings shall be open to the public and formal meeting minutes shall be kept, recorded and distributed to all Participants. A member of the RWCC may volunteer to keep, record, and distribute the meeting minutes, or the RWCC may request that a staff member from the Lead City be hired to perform such duties. If a staff person is hired, the cost for such duties will be part of the Regional Facilities Operation and Maintenance Costs.

The Administrative Manager shall submit information to the RWCC related to the design, construction, and operation and maintenance of the Regional Facilities, including but not limited to engineering consultant contracts, plans and specifications, bid documents, construction contracts, proposed and final construction budgets, change order requests, written operating and maintenance reports, annual operation and maintenance budgets, budget amendments, information related to disputes, and requests for emergency expenditure of funds.

The RWCC shall review and evaluate said information, as well as consider input from the Administrative Manager regarding said input, and provide a report, request, or recommendation to the Lead City, as appropriate. The Lead City shall make a final determination.

In the event of a failure or a spill associated with the Regional Facilities, the Administrative Manager has authority to spend up to \$5,000 without previous approval from the Lead City. In this case, the Administrative Manager shall provide the RWCC and the Participants a written report within ten calendar days, outlining the failure or spill, actions taken, and funds expended to eliminate the problem. The Administrative Manager shall also be responsible for providing any oral or written reports to the Department of Ecology as may be required.

In the case of dispute or issues which cannot be resolved by the Regional Wastewater Coordinating Committee, the Participants shall follow the process outlined in Section 18 of this contract.

Section 5: Design and Construction of Regional Facilities and Associated Local Facilities

Regional Facilities

The Lead City shall enter into a contract with a consulting engineering firm for the preparation of plans and specifications, advertisement for bids, opening of bids, and assisting in the award and/or rejection of the proposals for the Regional Facilities. The Lead City shall also enter into a contract with a consulting engineering firm for construction management and field inspection services, as well as the preparation of 'as constructed' drawings.

After completion of the applicable bidding process, the Lead City shall enter into a contract with a construction firm for the construction of the Regional Facilities.

Associated Local Facilities

The Participants requiring Associated Local Facilities shall each enter into a contract with a consulting engineering firm for the preparation of plans and specifications, advertisement for bids, opening of bids, and assisting in the award and/or rejection of the proposals for the respective Associated Local Facilities. The Participants requiring Associated Local Facilities shall also each enter into a contract with a consulting engineering firm for construction management and field inspection services, as well as the preparation of 'as constructed drawings'.

After completion of the applicable bidding process, the Participants requiring Associated Local Facilities shall each enter into a contract with a construction firm for the construction of the respective Associated Local Facilities.

Change Orders

The Lead City shall direct its engineering consultant to include a line item for 'Minor Changes' in the Regional Facilities construction bid documents. This contract line item shall be for a maximum to be determined by the Lead City and the Participants, but no more than 0.25% (one-quarter of one percent) of the proposal amount of the lowest responsible bidder of the contract under consideration. The amount for Minor Changes shall be a part of the lowest responsible bidder's proposal. At the discretion of the Lead City, the procedure outlined in 1-04.4(1) of the current edition of the

Washington State Department of Transportation Standard Specifications may be used in lieu of the more formal procedures of Change Orders as specified in the Contract Documents for the work being accomplished.

Section 6: Financing Construction of Regional Facilities and Associated Local Facilities

The Participants agree to apply for or otherwise seek grants, loans, and other contributions to assist in funding the Regional Facilities and Associated Local Facilities. Each Participant shall be responsible for obtaining the funds to construct its respective Associated Local Facilities. Prior to the commencement of design or construction, the Lead City shall, if needed, obtain interim financing to cover the cost of construction of the Regional Facilities. The interim financing proceeds, along with grants, loans, or other such contributions, shall be used to design and construct the Regional Facilities. The Lead City shall obtain such interim financing from any bank or other financial institution, or it may issue short term debt which is appropriate and approved for such purpose. The cost associated with the interim financing for Regional Facilities shall initially be divided between the Participants on the basis of the formula set forth in Exhibit C. Each Participant shall get credit for any grants, loans or other contribution received and contributed to the cost of Regional Facilities. At the completion of construction, the RWCC shall determine the actual Regional Facilities Costs, if any, not covered by reimbursement proceeds from grants, loans, and other contributions, and shall report same to the Lead City. If the proceeds are insufficient, the Lead City shall, pursuant to the terms of this contract, issue long-term revenue bonds, or other long-term debt (the "Bonds"), sufficient to finance the shortfall amount. Proceeds of the Bonds shall be used to discharge the balance of interim financing obligations, and shall be issued in a manner and with terms and conditions which shall maximize the interests of the Participants and generate sufficient funds as deemed necessary herein.

The Lead City shall establish and maintain two separate funds for accounting and bond issuance purposes for the Regional Facilities (Section 7), if such separate funds are permitted by all parties with which Raymond has outstanding debt on its local sewer system fund. Any costs associated with the retirement of said debt shall not be included as part of the Regional Facilities Costs. Once established, these two new funds shall be used solely for monies issued for, and costs associated with, the Regional Facilities. The Participants agree to provide material information for any disclosure documents prepared for the issuance of the Bonds and shall be given the opportunity to review and comment on any disclosure documents. The Lead City is authorized to acquire bond insurance and other credit enhancement devices for the Bonds. To the extent necessary to comply with applicable securities laws, each Participant agrees to execute a continuing disclosure agreement to provide ongoing disclosure regarding the Participant's wastewater system.

A Participant may provide for the prepayment of all or a portion of its allocable share of the Bonds on any date when the Bonds are subject to optional redemption (at the price set forth in the ordinance authorizing such Bonds) upon at least 60 days written notice to the Lead City. *[Note: Typically bonds may not be prepaid by a Participant during the redemption period (usually the first ten years of the issue). This paragraph allows a Participant to do so by placing money in an escrow account. This usually involves a higher interest rate or purchase of securities.]*

A Participant shall not enter into any contracts with private parties for the management of its Local Facilities or enter into any contracts with a private party or the federal government without providing a copy of any such proposed contract to the Lead City for review and approval of the Lead City and

its bond counsel. *[Note: This means that a Participant may not enter into an agreement with a private party for management of its Local Facilities or with a private party for service or with the federal government without first providing a copy to the Lead City. This provision is intended to make sure that the Bonds do not lose their tax-exempt status.]*

Section 7: Funds and Accounts

The Lead City shall establish and maintain in the office of its clerk-treasurer or successor office two funds relating to the Regional Facilities:

One fund is to be called the Regional Facilities Construction Fund, into which shall be deposited all money received for the purpose of designing, constructing, and installing the Regional Facilities and Associated Local Facilities under the Facilities Plan and adopted by the Participants, including without limitation federal and state grants and the principal proceeds from interim financing and the Regional Facilities Bonds, and from which shall be paid all costs of the Regional Facilities and Associated Local Facilities. After completion of the Regional Facilities and Associated Local Facilities and the payment of all claims against that fund, and the completion of any federal and state audits applicable thereto, all money remaining in the Regional Facilities Construction Fund shall be transferred to the Regional Facilities Fund as required and permitted by any bond ordinance or the terms of any government funding agency contract.

The Lead City shall also create a Regional Facilities Fund, into which shall be deposited and out of which shall be withdrawn money as provided in this contract. Subject to applicable bond covenants, money in that fund when not needed for use may be invested in any investment permitted by law and by the funding agency requirements of the Lead City, and earnings from these investments shall be deposited in the Regional Facilities Fund. Raymond shall collect from each Participant a coverage amount not to exceed 25% (or such lesser amount required by bond ordinance) of the debt service for bonds due in any one year, which amount shall be used for lawful purposes relating to the Regional Facilities, including capital expenditures, additional operation and maintenance costs, debt service, or for any other purposes with respect to Regional Facilities.

The Lead City shall create in the Regional Facilities Fund the following accounts for the following purposes:

- (a) An Operation and Maintenance account into which shall be deposited all money received by the Lead City for operation and maintenance pursuant to this contract;
- (b) Debt service accounts including, but not limited to:
 - (1) A Bond Redemption account, to pay the principal and interest on Bonds;
 - (2) Any debt service reserve account(s) required to be maintained by any Bond ordinance;
 - (3) Any debt service reserve account(s) required by any government funding agency that provides funding for design or construction of the Regional Facilities.

Section 8: Payment of Costs of Regional Facilities and Associated Local Facilities, Regional Facilities Operation and Maintenance Costs, and Coverage

For the time period from commencement of design or construction to completion of construction, any interim financing costs shall be divided between the Participants based on the formula set forth in

Exhibit C. Payment of estimated debt service and reserve requirements on the interim financing shall be made as provided in said issue for that time period and shall likewise be divided between the Participants based on the formula set forth in Exhibit C. The formula for allocating the estimated Regional Facilities Operation and Maintenance Costs for that time period shall be that set forth in Exhibit D.

Starting in the year construction is completed, by October 15 of each year, the Lead City shall notify the RWCC of, and furnish, its proposed budget for the Regional Facilities. This proposed budget shall show the estimate of the debt service and reserve requirements for the Regional Facilities Bonds and any other Bonds hereafter issued to finance the Regional Facilities or future Regional Facilities, Regional Facilities Operation and Maintenance Costs, and the coverage requirements of such Bonds for the ensuing calendar year. After the review of the proposed budget by the RWCC, which shall be completed by November 1, the Lead City shall consider the RWCC's proposed recommendations. The Lead City shall furnish this proposed budget forthwith to the Participants, along with the data and supporting documents. Thereafter the Lead City shall adopt its final budget. Subject to the adjustment provided in this subparagraph, the charges assessed to the Participants for debt service and coverage requirements, and for the Regional Facilities Operation and Maintenance Costs shall be based on that final budget. The share to be paid for capital costs by each Participant shall be established pursuant to the formula set forth in Exhibit C. The share for Operation and Maintenance costs to be paid by each Participant shall be established pursuant to the formula set forth in Exhibit D. Any disproportionate share of design or construction funds provided by a Participant due to available loan amounts from funding agencies shall be accounted for in the calculation of Participants' shares under Exhibit C. By March 1 of each year the Lead City shall determine and notify the other Participant(s) of the actual debt service and reserve requirements for the above Bonds, the actual Regional Facilities Operation and Maintenance Expenses, and the actual coverage requirements for those Bonds for the immediately preceding calendar year, or part thereof, covered by this contract. If the actual requirements and expenses exceeded the total payments made by the Participants pursuant to this paragraph for that preceding calendar year, then each Participant within 30 days after such notification shall pay to the Lead City for deposit in the Regional Facilities Fund its share (based on flows and loadings) of that deficit. If the actual requirements and expenses were less than the total payments made by the Participants pursuant to this paragraph for that preceding calendar year, then the Lead City shall retain those excess payments in the Regional Facilities Fund.

During any fiscal year the Lead City shall operate within its Regional Facilities budget. Should debt service and reserve requirements for the above Bonds, or Regional Facilities Operation and Maintenance Expenses, or coverage requirements increase above budget estimates, or should the money in the Operation and Maintenance account of the Regional Facilities Fund be insufficient to meet and pay those requirements and expenses in that calendar year, the Lead City may amend its budget and increase the amount to be charged to the Participants (based on flows and loadings) after first submitting the proposed budget amendment and charge increase to the RWCC for review and recommendations.

The coverage requirement payments may be used and applied toward meeting any reserve requirements of the above Bonds and to the extent that such money is so used and applied, it may be credited against the reserve requirement computation for the ensuing year's budget. Any surplus in

the Operation and Maintenance account of the Regional Facilities Fund shall be considered in computing the estimated charges for the ensuing year.

Semi-annually, or as requested by any Participant or the RWCC, split composite samples shall be taken for testing of BOD₅ and TSS. Such split composite samples shall be sent to an agreed-upon certified independent testing laboratory to verify the data collected by the Administrative Manager. The cost for each semi-annual split composite sample shall be borne equally by the Participants. If any Participant requests a split composite sample in addition to the semi-annual sample, that Participant shall pay for the testing of that sample. Either Participant may request the Administrative Manager to have a certified independent laboratory analysis made of the composite samples that are collected at the South Bend wastewater sampling site and the influent structure at the Regional Wastewater Treatment Facilities to compare the results to the sampling results of the operations staff of the Regional Facilities.

Section 9: Covenant to Make Payment

South Bend and each additional Participant irrevocably covenants, obligates, and binds itself to pay to the Lead City the Participant's share of all Regional Facilities Costs and Regional Sewer Service Charges out of the gross sewer revenues of that respective Participant, or from such other money legally available to such Participant, for such purpose as determined by the Participant. Such Regional Sewer Service Charges shall, subject to the qualification below, be deemed operation and maintenance expenses of the South Bend system and the system of any other Participant, respectively, at least to the extent that service is provided from the Regional Facilities, in any future bond issue or other financing of those Participants payable in whole or in part from the revenues of such systems and shall be payable and constitute a charge prior and superior to any charge or lien of any revenue bonds issued by those Participants payable from the gross revenues of their respective systems.

The Participants irrevocably covenant and agree to establish rates and collect fees for sewer service which shall be at least sufficient to pay the Regional Sewer Service Charge to the Lead City and to pay the other maintenance and operation expenses of their respective Local Facilities and the principal of, and interest on, all such revenue bonds issued by them and to meet the coverage covenants thereof which will constitute a charge upon the gross revenues of those respective systems.

Any Participant other than the Original Participants shall agree to enter into covenants and agreements equivalent to those the Lead City and South Bend made in this contract.

South Bend shall provide customer billing services to their customers including billing, receipting, and depositing. South Bend shall make a bimonthly payment to the Lead City in the amount of the sum of all service charges received during the previous billing cycle. A record of each billing transaction and associated payment received shall be provided along with the bimonthly billing. All charges shall be due and payable on or before the tenth day of the month following the billing for which service is provided. Those charges not so paid shall become delinquent and there shall be added to the charge five (5) percent of the billed amount as a penalty for late payment, and interest shall commence to accrue on such unpaid charges at the current market rate. The Finance Department of the Lead City may extend the due date by thirty (30) days. Any additional extension requested beyond the thirty days must be brought before the City Council of the Lead City. A partial

payment of any past due charge shall be applied first towards the accrued interest, then the penalty and finally on the delinquent service charge. South Bend shall notify the Lead City in writing of any delinquencies.

Section 10: Operation and Maintenance

Regional Facilities

The Administrative Manager shall oversee collection of operations data, maintenance of records, testing and the scheduling of operating personnel as required for routine maintenance, upgrading and replacement of equipment, metering, telemetry, safety, security, operation of the Regional Facilities, as well as, the continuing education and training of operational personnel, as required by law or Ecology.

The operating personnel of the Regional Facilities shall be Lead City employees and shall be managed under that city's Personnel Policies and Procedures.

The Administrative Manager shall oversee operation and maintenance of the Regional Facilities in accordance with the then-current standards and requirements established by applicable state and federal agencies having jurisdiction over such operation and maintenance. Included with such operation and maintenance shall be the carrying of fire, extended coverage, public liability, and such other insurance with limits in accordance with standard practice at any such time for similar utilities.

Flow – The sewage flow into the Regional Wastewater Treatment Plant shall be metered upstream of the point at which the wastewater from the South Bend Transmission Line combines with the wastewater from Raymond, and at the point at which the combined wastewater enters the Regional Wastewater Treatment Plant. The flow-metering installation at each monitoring facility shall be calibrated at least annually and equipped with a totalizer and a 24-hour, continuous recorder. Daily maintenance at each monitoring facility shall include at least a check of the primary element of the flow meter for obstructions and a visual check of all other elements of the installation for normal operation. A daily log shall be kept in which all maintenance operations performed and any abnormalities observed shall be noted. The totalizer reading shall also be recorded daily in the log. At the end of each month, the average daily flow during the month shall be determined by using all the valid data collected during the month.

5-Day Biochemical Oxygen Demand (BOD₅) and Total Suspended Solids (TSS) – Each monitoring facility shall contain an automatic liquid sampling device which shall be integrated with each flow-metering installation in a manner such that sewage samples can be collected and stored on a flow-weighted basis. A composite sample shall be prepared from all samples collected during a uniform 24-hour period to coincide with the treatment plant testing. The BOD₅ and TSS of each sample shall be determined and recorded in the daily log. At the end of each month, the average BOD₅ and TSS during the month shall be determined by using all the valid data collected during the month.

South Bend Transmission Line

South Bend shall maintain and operate the South Bend Transmission Line in accordance with the then-current standards and requirements established by applicable state and federal agencies having jurisdiction over such operation and maintenance. Included with such operation and maintenance

shall be the carrying of fire, extended coverage, public liability and such other insurance with limits in accordance with standard practice at any such time for similar utilities.

The Administrative Manager shall monitor upstream of the point at which the wastewater from the South Bend Transmission Line combines with the wastewater from Raymond. Regular monitoring shall be conducted to determine flow rates and waste strength received by the Regional Wastewater Treatment Plant. This information shall be the basis for allocating the Regional Facilities Operation and Maintenance Costs to Participants, as set forth in Exhibit D.

If a failure or error in flow recording occurs, the flow during such period shall be considered to be equal to the average of the daily flow recorded for the 24-hour period immediately preceding and the 24-hour period immediately following the failure or error.

Insurance for Regional Facilities

The insurance coverage for the Regional Facilities shall be under the umbrella of the Lead City. The insurance provider shall inform the Lead City of the portion of overall insurance coverage costs attributable to the Regional Facilities. The insurance coverage shall be complete and all inclusive to provide replacement, property damage, personal injury, fire, public liability and such other insurance with limits in accordance with standard practice as is common in the industry. The costs for the insurance coverage are part of Regional Facilities Operation and Maintenance Costs. As the operators and plant personnel are Union members, they shall also be covered by the Washington State Department of Labor and Industries.

Insurance for Local Facilities

Each Participant shall secure and maintain insurance as is customarily maintained with respect to Local Facilities. Any claims, actions, or liability incurred by any Participant as a result of the operation and/or maintenance of its Local Facilities shall be the sole liability of that Participant. With respect to claims for damages arising out of the operation and maintenance of a Participant's Local Facilities, that Participant will indemnify, hold harmless, and defend the other Participant from such claims not caused in whole or in part by action or omission of the other Participant(s).

The Participants shall be required to file with the Lead City certified copies of their insurance coverage and any changes of any policy or other changes or modifications to their coverage that may occur, including changes (e.g., termination) of the carrier of the insurance.

Section 11: Maintenance of Local Facilities

The Participants shall maintain and operate their respective Local Facilities in conformity with the standards established by the state and federal agencies having jurisdiction over the same. If there are any deficiencies in the respective Local Facilities, such deficiencies shall be corrected by the applicable Participant with all practical speed.

Section 12: Participants Responsible for Preventing Deleterious Wastes from Local Systems Entering Regional Facilities

Deleterious wastes shall not be put into Local Facilities of any Participant or the Regional Facilities. Each Participant shall hold the other Participant(s) harmless and shall indemnify the other Participant(s) from all damage to the Regional Facilities caused by the discharge by such Participant

of such deleterious wastes, as defined in this contract. Such responsibility shall not be a regional liability with the other Participant(s), but shall be the sole and several liability of the Participant discharging such deleterious wastes. The Administrative Manager shall monitor at the point at which the wastewater leaves the each Participant's Local Facilities and enters the Regional Wastewater Treatment Plant to determine whether deleterious wastes are being received into the Regional Facilities. Other ways to detect deleterious waste may also be used.

All Participants shall establish a public relations program that shall inform its customers that deleterious wastes are not to be discharged into Local Facilities. If deleterious wastes are found in Local Facilities, the respective Participant shall be responsible for finding the source of the deleterious waste. Once the discharger is identified, the Participant shall take immediate steps to terminate the discharge of the deleterious waste into its Local Facilities.

The Participant and the discharger shall be held responsible to Ecology for any legal action and fine that may be levied. The Participant and the discharger shall also be held responsible for any costs associated with the investigation, repair and replacement of any part of the Regional Facilities damaged by the said deleterious discharge.

Section 13: Construction of Future Regional Facilities

The Department of Ecology requires that once a wastewater treatment plant reaches 85 percent of its rated capacity, the owner(s) shall begin planning to provide additional capacity. Any future facilities acquired or constructed by any Participant shall be required to be constructed in accordance with the then-existing sewer construction standards and requirements of the state and federal agencies having jurisdiction over the same.

Nothing in this agreement allows any Participant to impede progress in planning for expansion and execution of expansion projects whether deemed necessary by the Department of Ecology or by local planning of any Participant and whether such expansion is planned regionally or independently.

Prior to the construction of any Future Regional Facilities, Participants shall agree on their respective shares of such Regional Facilities Costs and shall pay for that part of such costs not paid for by grants by paying for their respective shares of the debt service and reserve requirements of revenue bonds issued to pay such costs, which shares shall be determined by use of the procedures prescribed in Section 8 above, unless another procedure is agreed upon. If the Participants shall fail to agree on the amount of their respective shares, any Participant may submit the question to dispute resolution pursuant to Section 18 herein.

Notwithstanding the provisions for payment for Future Regional Facilities set forth above, to the extent that there are uncommitted moneys in the Regional Facilities Fund described in Section 7, unless all Participants agree otherwise, the Lead City shall use those moneys to pay the Regional Facilities Costs of such Future Regional Facilities before it shall issue and sell additional sewer revenue bonds for such purposes.

For the construction of future upgrades, the Lead City shall be that jurisdiction recommended by the Regional Wastewater Coordinating Committee and approved by the Participants. The so designated Lead City shall be responsible for and oversee the design and construction of any future Regional

Facilities. The RWCC shall review all reports, plans and specifications, and cost estimates for the project before submittal to the Participants.

Section 14: Ownership of Regional Facilities; Ownership of Capacity in Regional Facilities

To satisfy the requirements of clear title to the Regional Facilities, the Lead City shall be the recognized owner. South Bend will, however, have the clear right to the system capacity as discussed in the “South Bend Share” in Exhibit C.

The Lead City and South Bend each own a percentage of the rated capacity of the Regional Wastewater Treatment Plant in proportion to their estimated contributions, as specified in Exhibit C. Exhibit E provides a method for dealing with the need for additional capacity, assignment of the cost of additional capacity, and apportioning of ownership of capacity after each such addition to capacity.

Section 15: Indemnification and Hold Harmless

The Lead City shall indemnify and hold harmless South Bend, and future Participants, from all suits, claims, actions or liability whatsoever arising out of the Lead City’s planning, actions, design, construction, or maintenance of Regional Facilities undertaken pursuant to this intergovernmental contract.

Section 16: Leasing of Capacity of Regional Facilities and South Bend Transmission Line

Any of the Participants may lease its capacity in the Regional Facilities, or any part thereof, to any of the other Participants as long as such lease does not impact the tax-exempt status of any Bonds, as determined by bond counsel to the Lead City. Such lease of capacity shall be initiated by execution of a written interlocal agreement between Participants who are party to the lease. Prior notice of such lease shall be given in writing to all Participants of the contract so that their approval may be obtained prior to execution of the lease. Such approval of a capacity lease shall not be unreasonably withheld by any Participant.

If Raymond, or future Participants, desire to connect new sewer customers to the South Bend Transmission Line from South Bend to the point of connection to the Regional Facilities, South Bend shall determine the cost to Raymond, or future Participants, of connecting to the South Bend Transmission Line.

Section 17: Books and Records

The books and records that relate to the Regional Facilities and the Participants are open for review according to the Public Records Act (42.56 RCW). Quarterly reports will be available for review by the RWCC. All funds will be audited according to the State Auditor’s schedule.

The RWCC may appoint an auditor or accountant to review any such books or records, and the costs of such review shall be charged equally to the Lead City and other Participant(s).

Section 18: Disputes

In the event of a dispute between the Participants relating to any issue arising under this contract, the involved Participants shall provide a written document outlining their position, date and sign the document and present it to the RWCC and the Administrative Manager. Every effort shall be taken by the RWCC and the Administrative Manager to resolve the issue(s) in a timely manner. The RWCC

and the Administrative Manager shall present their findings and provide a written responding document to the presenters of the issue.

If the dispute is resolved at this stage, the Participants involved shall develop and execute a Resolution Document which shall outline the resolution of the dispute and be binding on the parties to the dispute.

If the procedure described above fails to resolve the dispute, the Participants shall attempt to settle the dispute using the following steps, in this order:

1. A joint special session of both City Councils shall be called by the respective mayors of the Participants involved. The mayors shall decide the place and time of the meeting and set the agenda for the meeting. The respective councils of the Participants shall attempt to reach a mutually agreeable resolution, which shall be binding upon all involved Participants. Formal action shall then be taken at their respective next regularly-scheduled council meetings. A member of the RWCC shall provide the written consensus document to each council for the appropriate council actions. If this process fails, the following process shall be used:

2. A mediator shall be selected by the RWCC, and negotiations shall be held in good faith to seek a mutually agreeable resolution. If agreement is reached in the dispute, the terms shall be set out in a written document which shall be binding on all involved Participants. The cost of the mediator shall be equally divided between the Participants to the dispute. If resolution is not achieved at this stage, the following process shall be used:

3. Either Participant may submit the dispute to arbitration as provided by Chapter 7.04A RCW. In the event court intervention is required in any aspect of the said arbitration, the Participants agree that the Superior Court of Pacific County shall be the court to which the matter is submitted. The rules of such arbitration shall be determined by the arbiter so appointed. Such arbitration shall be limited to the interpretation and application of this contract and may not impair the contract and debt obligations of either Participant. All costs of arbitration shall be apportioned equally between the Participants involved. Each Participant shall bear its own attorney's fees and any additional expenses incurred.

Section 19: Access to Regional Facilities and South Bend Transmission Line – Cooperation

The Participants enter into this contract committing all sewage discharges from their Local Facilities within the wastewater service area, as shown in Exhibit A, to be transported to the Regional Facilities for treatment and disposal.

All Participants will be using Regional Facilities, and South Bend will be transporting sewage collected in its Local Facilities through the political jurisdiction of Raymond. The Participants declare and agree that this contract is not intended as an instrument to permit one Participant to control the amount of sewer collection service furnished by the other. The Participants shall cooperate to provide the other with reasonable access for sewage flow to the Regional Facilities by permitting the acquisition of necessary rights-of-way, franchises and permits through and under public streets and property.

Raymond agrees to grant easements and/or right-of-way franchise agreements as necessary for the

construction and maintenance of the South Bend Transmission Line.

Section 20: Amendment of Intergovernmental Contract

Any Participant or the RWCC may suggest, from time to time, proposed changes to this Intergovernmental Contract. Said proposals shall be reviewed in good faith by the Participants. Approval of all Participants shall be required to amend this Intergovernmental Contract.

The RWCC shall have the responsibility to address, coordinate and respond to any proposed amendments to this contract in a timely manner. Every effort shall be made by the RWCC to place the amendment(s) before the governing bodies of the Participants within five (5) business days of their respective regularly scheduled council meetings. The RWCC shall present the findings to all Participants by written notice for their review and formal action by their respective councils.

The approval of any proposed modification, clarification and/or change to this contract shall require a written document signed and dated by the authorized representative(s) of the Participants.

Section 21: Notices and Agreements

The RWCC shall issue official notices and normal correspondence to the Participants. Notices given to Participants shall be deemed given when mailed through U.S. Mail to the City Clerk of the Lead City and the City Clerk of South Bend, and other future Participants. Critical mail shall be sent by registered mail. Notices regarding Regional Facilities that are served on one Participant shall thereafter be served on the City Clerk, or equivalent office, of other Participants. Where agreement is required of Participants, such agreement shall be by the legislative bodies thereof.

Section 22: Intergovernmental Contract Supersedes Prior Agreements

This Intergovernmental Contract for Wastewater Services between Participants supersedes all prior agreements and contracts, whether verbal or written, between Participants related to Regional Facilities.

Section 23: Contract Binding – Assignment

This contract shall be binding upon Participants and the successors to them, and may not be assigned in any respect without the consent of all Participants.

Section 24: No Separate Entity

For the purposes of Chapter 39.34 RCW, no separate legal entity is created by this Intergovernmental Contract.

Section 25: Severability

It is intended that each section of this contract be given meaning to the Participants. Therefore, if any section or provision is determined to be illegal or unconstitutional by a court of competent jurisdiction, the remaining sections or provision shall remain in full operation and effect.

Section 26: Effective Date – Term of Contract

The effective date of this contract shall be May 31, 2008. Because this contract gives Participants rights to use, and therefore, interest in, the Regional Facilities, such rights must continue until they are terminated by agreement. Commencing on the effective date specified above, this contract shall

be for a term of at least twenty (20) years, or for such period as may be required to ensure retirement of any outstanding loans and/or any Bonds issued and sold to finance all or part of any Regional Facilities, or the payment thereof is not fully provided for, secured, or funded. In the latter case, this contract shall continue thereafter until all Bonds are discharged and the contract is terminated by the agreement of all Participants.

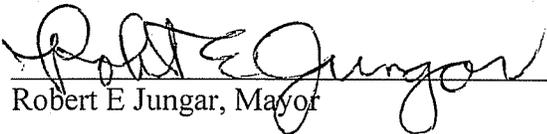
Any Participant may individually withdraw from the obligations of this contract with the consent of the other Participant(s) after all Regional Facilities Bonds are retired or payment thereof is fully provided for, secured and funded.

This contract contains the entire understanding between the Participants concerning the subject matter hereof. No prior understandings, whether verbal or written, between the Participants or their agents are enforceable unless included in this agreement.

EXECUTED on the date first written above.

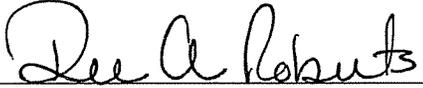
CITY OF RAYMOND

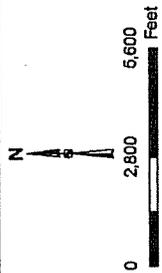
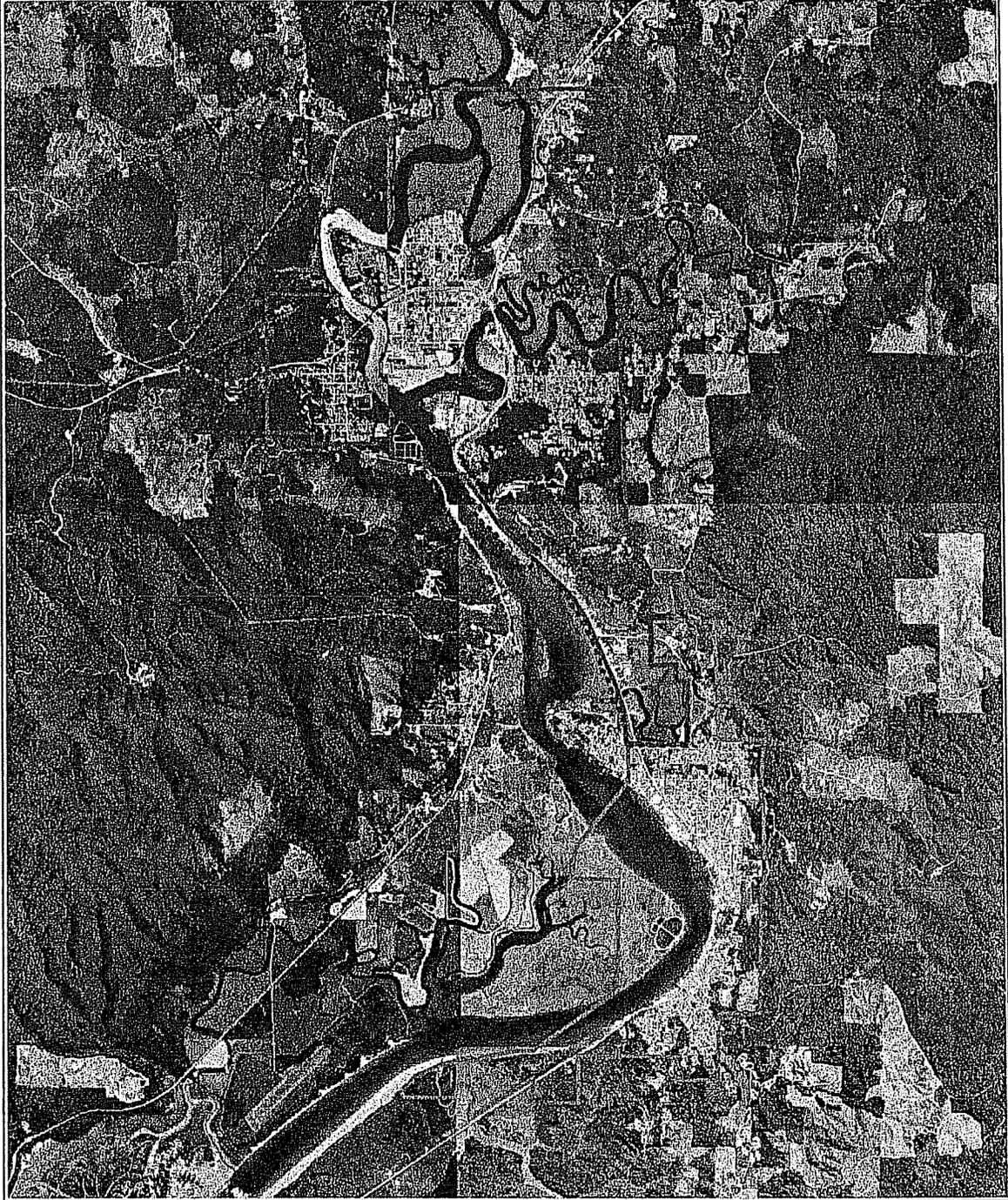
CITY OF SOUTH BEND


Robert E Jungar, Mayor


Karl W. Heinicke, Mayor

Attest: 
Hester L. Gilleland, City Clerk-Treasurer

Attest: 
Dee A. Roberts, City Clerk-Treasurer



LEGEND:
 [Thick dashed line] RAYMOND UGA BOUNDARY
 [Thin dashed line] SOUTH BEND UGA BOUNDARY
 [Solid line] CITY LIMITS OF SOUTH BEND
 [Solid line] CITY LIMITS OF RAYMOND

**CITIES OF SOUTH BEND
 AND RAYMOND**
 REGIONAL GENERAL SEWER/WASTEWATER
 FACILITY PLAN
 FIGURE 2-2
 SEWER SERVICE AREA

Gray & Oshroff, Inc.
 CONSULTING ENGINEERS

DATE: 01/15/2010
 PROJECT: REGIONAL GENERAL SEWER/WASTEWATER FACILITY PLAN

EXHIBIT B: Description of Regional Facilities

The Regional Facilities include the Regional Wastewater Treatment Plant and River Crossing.

REGIONAL WASTEWATER TREATMENT PLANT

The Regional Wastewater Treatment Plant is a conventional activated sludge (CAS) treatment plant at the site of the existing City of Raymond WWTF sized to treat the 2027 projected combined flows from the cities of Raymond and South Bend.

The treatment plant includes influent flow monitoring, headworks with screening, grit chamber, secondary clarifiers, UV disinfection facility, effluent pump station, outfall, non-potable water system, solids handling and treatment, and the control building with office and laboratory facilities.

Headworks/Preliminary Treatment

The headworks consists of influent flow measurement using a Parshall flume, influent screening with a mechanical fine screen, a bypass bar screen, and an aerated grit chamber with grit removal equipment. Grit removal from the aerated grit chamber is accomplished by pumping settled grit to a cyclone/classifier, which washes and removes grit from the slurry. Washed grit from the grit classifier and headworks screenings are discharged into a dumpster.

Aeration Basins

The plant has two, parallel aeration basins. The total aeration basin volume provides for a minimum 15-day Solids Retention Time (SRT) for the regional plant. Additional volume is provided for bioselector and anoxic zones.

Flow is distributed to the basins using a flow-splitter box with overflow weirs. The flows entering each basin pass through selector zones designed to promote the rapid uptake of soluble substrate, yielding a mixed liquor with good settling characteristics. Downstream of the selector zones are two anoxic zones, each equipped with a submersible mixer. Downstream of the anoxic zones are aerobic zones equipped with membrane air diffusers.

Each aeration basin is equipped with a submersible, internal recycle pump in an aerobic zone to recycle nitrate-rich mixed liquor back to the anoxic zones for denitrification.

The aeration basins are aerated and mixed using a fine bubble air diffuser and blower system.

A caustic chemical storage tank and feed pump system is provided to increase the alkalinity of the aeration basin contents and prevent the nitrification process from reducing the pH below about 7.

Secondary Clarifiers

Two secondary clarifiers and RAS/WAS and scum pump stations are provided. The clarifiers will be circular center feed units, designed for both solids separation and solids thickening.

Each clarifier is equipped with an energy-dissipating inlet (EDI) well within a center flocculating feed well (FFW) and an effluent weir located around the perimeter of each tank. Influent flow passes

down below the FFW into the clarifier tank. The clarifiers are equipped with spiral scrapers to improve solids removal in the unit.

A common scum pump station is located adjacent to the secondary clarifiers for pumping scum to the solids handling facilities. Each of the secondary clarifiers is equipped with a RAS/WAS pump station from which return activated sludge (RAS) can be returned to the aeration basins and waste activated sludge (WAS) can be pumped to the solids handling facility

Effluent Disinfection and Flow Measurement

An effluent channel consisting of an ultraviolet (UV) disinfection system and a Parshall flume are provided. The UV disinfection system has multiple banks of low-pressure, high-intensity UV lamps. The UV system can disinfect the peak day flow with all UV banks energized. A canopy is constructed over the disinfection facility.

Non-Potable Water System

A non-potable water system pumps effluent through a distribution piping system to in-plant uses. The non-potable water system consists of two pumps, a hydro-pneumatic pressure tank, and a distribution pipe system. The non-potable water system supplies water to the process equipment and yard hydrants located around the treatment facility for wash down.

Aeration System

Blowers are installed in a Blower Building to supply air to the aeration basins, the digester, and the aerated grit chamber. Each aeration basin blower is capable of supplying sufficient air to one of the basins for aeration and mixing. All blowers are provided with acoustic enclosures.

Laboratory and Control Building

An expansion and renovation of the existing laboratory and control building is provided, including office space and a lunchroom.

Effluent Pump Station

A pump station is provided to pump the plant effluent through an effluent pipeline to the new outfall in the Willapa River.

Solids Treatment

This solids treatment system consists of a two-cell aerobic digester to accommodate the entire projected maximum month sludge loading.

Waste activated sludge (WAS) is pumped from the plant through the rotary screen thickener (RST) to the aerobic digester using WAS pumps. A fine bubble diffuser system is provided in the aerobic digester for oxygen supply and mixing, and external sludge pumps for sludge conveyance. A pump is installed to pump directly into a haul truck, and the second pump is provided to feed the dewatering unit.

Sludge Dewatering System

A dewatering system is provided to dewater the digested biosolids to about 20 percent solids concentration prior to hauling to a permitted land application site. The sludge dewatering system consists of a dewatering unit, polymer addition system and a sludge feed pump. The dewatering unit is located in the new solids handling building. Digested sludge is pumped from the digester to the feed line of the dewatering unit, where it is mixed with the polymer solution and enters the unit.

Class A Biosolids Treatment System

The Class A Biosolids Treatment System consists of a dewatering unit, a lime storage and feed system, a polymer storage and feed system, a boiler, a steam-heated screw press, biosolids feed pumps, biosolids transport system, control system and associated appurtenances. The System is installed in a new building.

Auxiliary Generator

A diesel-powered generator is provided for emergency power to the electrical loads at the new WWTF.

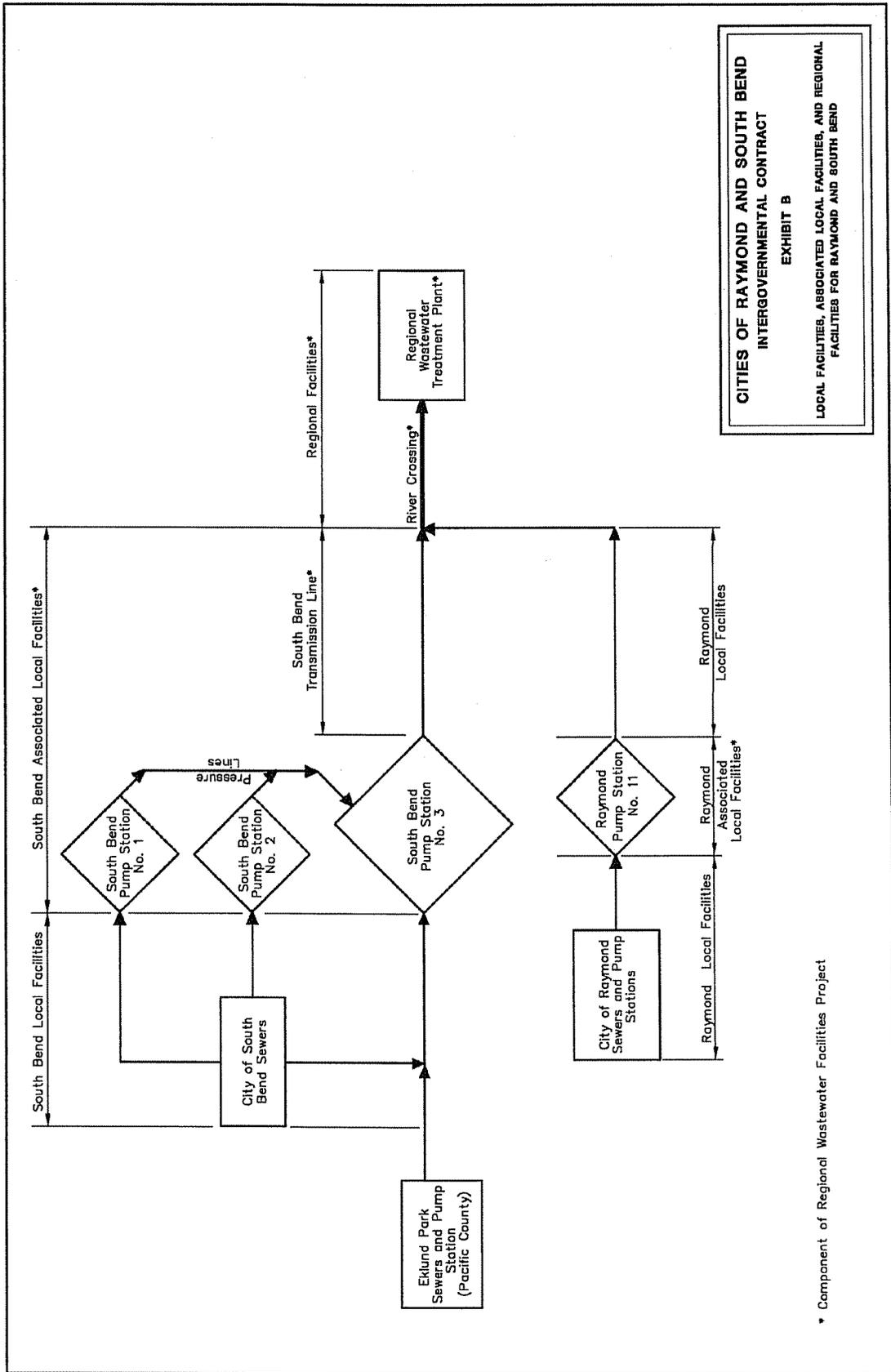
Outfall

A new outfall and diffuser is installed to discharge the Regional Plant's effluent to the Willapa River.

RIVER CROSSING

The River Crossing includes the new pipeline under the Willapa River, from the point of connection of the South Bend Transmission Line and the pressure line from the Raymond Pump Station No. 11 to the Regional Wastewater Treatment Plant.

The figure below shows a schematic of the Regional Facilities, Associated Local Facilities, and some of the Local Facilities.



* Component of Regional Wastewater Facilities Project

EXHIBIT C: Estimated Capital Costs for Regional Facilities and Associated Local Facilities and Proportional Share of Participants

The capital costs for the design and construction of the Regional Facilities and Associated Local Facilities, as indicated in the Facilities Plan, shall be shared by the cities of South Bend and Raymond. Costs for Regional Facilities shall be shared in proportion to the Cities' respective capacities in these facilities, as described below. Costs for each of the Associated Local Facilities shall be paid by the city which currently owns the local facility, or, in the case of the new South Bend transmission line, will own the facility once it is constructed.

All facilities at the existing Raymond WWTF that are used for Regional Facilities are provided by Raymond at no capital cost to regional participants.

The capacities in the Regional Facilities allocated to each city shall be consistent with the flows and loadings indicated in the Facilities Plan for each city for the planning period. These flows and loadings, which combined shall equal the total capacity of the Regional Facilities, are as follows:

Average Maximum Monthly Flow

Raymond:	2.048 mgd
South Bend:	0.862 mgd
Total:	$2.048 + 0.862 \text{ mgd} = 2.91 \text{ mgd}$

Flow Capacity ratios:	Raymond: $2.048/2.91 = 0.70378$
	South Bend: $0.862/2.91 = 0.29622$

Average Maximum Monthly BOD₅

Raymond:	1,484 lb/day
South Bend:	734 lb/day
Total:	$1,484 + 734 \text{ lb/day} = 2,218 \text{ lb/day}$

BOD ₅ Capacity ratios:	Raymond: $1,484/2,218 = 0.66907$
	South Bend: $734/2,218 = 0.33093$

Average Maximum Monthly TSS

Raymond:	1,994 lb/day
South Bend:	897 lb/day
Total:	$1,994 + 897 \text{ lb/day} = 2,891 \text{ lb/day}$

TSS Capacity ratios:	Raymond: $1,994/2,891 = 0.68973$
	South Bend: $897/2,891 = 0.31027$

The proportional share of the capital cost of the Regional Facilities shall be based on the above flow, BOD₅ and TSS capacities, as weighted by the fraction of the total Regional Facilities capital cost determined to be attributed to each of these capacity parameters. The weighting factors are as follows:

Fraction of total Regional Facilities capital cost determined to be attributed to flow = 0.4
 Fraction of total Regional Facilities capital cost determined to be attributed to BOD₅ = 0.4
 Fraction of total Regional Facilities capital cost determined to be attributed to TSS = 0.2

Therefore, the proportional share of the capital cost of the Regional Facilities for each city shall be based on the following formulas:

$$\text{Raymond Regional Facilities Cost Share} = (0.4)(0.70378) + (0.4)(0.66907) + (0.2)(0.68973) = 0.6871$$

$$\text{South Bend Regional Facilities Cost Share} = (0.4)(0.29622) + (0.4)(0.33093) + (0.2)(0.31027) = 0.3129$$

Consequently, Raymond's share of the capital cost of the Regional Facilities shall be $0.6871 \times 100\% = 68.71\%$. South Bend's share shall be $0.3129 \times 100\% = 31.29\%$. As indicated above, the shares of total project costs shall consider the costs of both the Regional Facilities and the Associated Local Facilities.

The proportional share of the capital cost of the Regional Facilities and Associated Local Facilities for each city shall be determined by the formulas below. Project design costs (\$1,900,000) are agreed to be shared in the same proportion as the share of total project capital costs.

Raymond Share:

$$\text{Raymond Cost} = [\text{Total Project Cost} - \text{Cost of South Bend Transmission Line} - \text{Cost of Pressure Lines between South Bend Pump Stations} - \text{Cost of Upgrade to South Bend Pump Stations No. 1, 2 \& 3} - \text{Cost of Demolition of Existing South Bend Wastewater Lagoon} - \text{Cost of Upgrade to Raymond Pump Station No. 11} - \text{Project Design Cost}](0.6871) + \text{Cost of Upgrade to Raymond Pump Station No. 11} + \text{Raymond Share of Design Cost}$$

For example, if the total project cost is \$30 million, the calculation would be as follows:

$$\text{Raymond Cost} = [\$30,000,000 - \$3,109,090 - \$1,450,910 - \$630,000 - \$89,000 - \$390,000 - \$1,900,000](0.6871) + \$390,000 + \$1,068,400 = \mathbf{\$16,870,423}$$

(However, the actual amount will depend on construction bids)

South Bend Share:

$$\text{South Bend Cost} = [\text{Total Project Cost} - \text{Cost of South Bend Transmission Line} - \text{Cost of Pressure Lines between South Bend Pump Stations} - \text{Cost of Upgrade to South Bend Pump Station No. 1, 2, \& 3} - \text{Cost of Demolition of Existing South Bend Wastewater Lagoon} - \text{Cost of Upgrade to Raymond Pump Station No. 11} - \text{Project Design Cost}](0.3129) + \text{Cost of South Bend Transmission Line} + \text{Cost of Pressure Lines between South Bend Pump Stations} + \text{Cost of Upgrade to South Bend Pump Stations No. 1, 2 \& 3} + \text{Cost of Demolition of Existing South Bend Wastewater Lagoon} + \text{South Bend Share of Design Cost}$$

For example, if the overall total project cost is \$30 million, the formula would be as follows:

$$\text{South Bend Cost} = [\$30,000,000 - \$3,109,090 - \$1,450,910 - \$630,000 - \$89,000 - \$390,000 - \$1,900,000](0.3129) + \$3,109,090 + \$1,450,910 + \$630,000 + \$89,000 + \$831,600 = \mathbf{\$13,129,577}$$

(However, the actual amount will depend on construction bids)

The cost sharing formulas above are used to present the estimated project cost breakdown in the table on the following page.

Raymond and South Bend Regional Wastewater Facilities Project
Estimated Project Cost Share

(Assuming Total Project Cost = \$30,000,000)

Project Component	Notes	Estimated Amount	Proposed allocation of capital costs	
			Raymond	South Bend
Design	1	\$ 1,900,000	\$ 950,000	\$ 950,000
South Bend Transmission Line	2	\$ 3,109,090	\$ 0	\$ 3,109,090
Pump Station No. 1, 2, 3 in South Bend		\$ 630,000	\$ 0	\$ 630,000
Pressure Line b/w South Bend Pump Stations		\$ 1,450,910	\$ 0	\$ 1,450,910
Demolition of South Bend WWTP		\$ 89,000	\$ 0	\$ 89,000
Pump Station No. 11 in Raymond		\$ 390,000	\$ 390,000	0
Remainder of project (WWTP, river crossing, outfall, etc.)	3, 5	\$ 22,431,000	\$ 15,412,023	\$ 7,018,977
Adjustment for design costs	1	\$ 0	\$ 118,400	\$ (118,400)
Total project cost	4	\$ 30,000,000	\$ 16,870,423	\$ 13,129,577
Total capital cost responsibility			56.23%	43.77%

Notes:

1. Based on their overall share of construction capital costs, South Bend's share of design costs would be 43.77% (\$831,600) and Raymond's share would be 56.23% (\$1,068,400). However, because each community is only eligible for up to \$1 million from P WTF for design, the cities agree to each pay \$950,000 for design (with \$50,000 in reserve per City), and the difference is made up in the construction costs. See "Adjustment for design costs" in above table.
2. South Bend Transmission Line cost is paid entirely by South Bend since 100% of transmission line is owned by South Bend.
3. Cost share based on share of design flows and loadings, weighted as follows: Flow (40%); BOD (40%); TSS (20%). Each city's share is a fraction of the total project cost, equal to:
Raymond = $0.4 \times (2.048 / (0.862 + 2.048)) + 0.4 \times (1484 / (734 + 1484)) + 0.2 \times (1994 / (897 + 1994)) = 0.6871$
South Bend = $0.4 \times (0.862 / (0.862 + 2.048)) + 0.4 \times (734 / (734 + 1484)) + 0.2 \times (897 / (897 + 1994)) = 0.3129$
4. Mid-range estimate of total project cost after completion of Value Analysis, escalated to expected mid-point of construction.
5. All facilities at the existing Raymond WWTF that are used for Regional Facilities are provided by Raymond at no cost to South Bend.

Any disproportionate share of design or construction funds provided by a Participant due to available loan amounts from funding agencies shall be accounted for in the calculation of Participants' shares under this Exhibit.

EXHIBIT D: Allocation of Regional Facilities Operation and Maintenance Costs

The data collected from flow metering and sampling equipment for the Regional Facilities shall be used by the Lead City to calculate the share of the total Regional Facilities Operation and Maintenance Costs which shall be charged to South Bend and Raymond, and any future Participants. The method of calculation of Regional Facilities Operation and Maintenance Costs to be so charged shall be as follows:

$$C_i = [E V_i / V] [a + b(BOD_{5i} / BOD_{5c}) + c(TSS_i / TSS_c)]$$

Where

C_i = O&M charge to user i during billing period

E = Operation and Maintenance Costs for the Regional Facilities for the preceding year, times an inflation factor set by the Lead City, plus any contingency amount, and plus or minus any shortfall or excess from the Operation and Maintenance Account, and divided by 12 (the number of billing periods per year). The first year's Operation and Maintenance Costs will be estimated by the engineering consultant.

V_i = average daily wastewater flow of user i during billing period

V = average daily flow into Regional Wastewater Treatment Plant during billing period

a = fraction of E determined to be attributable to flow (0.4)

b = fraction of E determined to be attributable to BOD₅ (0.4)

c = fraction of E determined to be attributable to TSS (0.2)

BOD_{5i} = average daily BOD₅ concentration of wastewater from user i during billing period

BOD_{5c} = average daily BOD₅ concentration of total Regional Wastewater Treatment Plant during billing period

SS_i = average daily TSS concentration of wastewater from user i during billing period

SS_c = average daily TSS concentration of total Regional Wastewater Treatment Plant during billing period

The Lead City shall establish the Operation and Maintenance budget annually, in accordance with Section 8 of the Intergovernmental Contract.

Any Participant which has a non-residential sewer user whose wastewater has a BOD₅ and/or TSS value higher than the average of 250 mg/L for domestic wastewater shall be charged and pay an additional surcharge calculated according to the formula in this exhibit. Charges for wastewater with ammonia and TKN values higher than average sanitary sewage (50 mg/L and 60 mg/L respectively)

shall be determined by the Administrative Manager using a method that calculates the actual cost of treating higher amounts of these wastes.

EXHIBIT E: Sharing Of Additional Capacity in Regional Facilities

This Exhibit describes the obligation of Participants to pay costs of expansion for additional capacity and how ownership of capacity will be apportioned after each addition to capacity.

Obligation to participate in expansion: If a Participant is using 85% or greater of its capacity, based on either average maximum monthly flow, BOD₅ or TSS, when 85% of the overall treatment plant rated capacity is used and expansion must be planned, then that Participant is obligated to participate in expansion. However, if a Participant is using less than 85% of its capacity when expansion is planned, then that Participant may request to enter into negotiations for the purpose of reducing the fraction of expansion borne by the requestor.

Added capacity goes to a single funding Participant: If one Participant negotiates out completely and the other Participant fully funds an expansion, then all of the added capacity will be owned by the funding Participant.

Added capacity is apportioned if other than full participation in funding is negotiated. If one Participant negotiates out of its existing share of participation in favor of participation to a lesser degree in an addition of capacity, then that Participant's share of owned capacity and obligation to pay certain costs will be equal to its percentage of participation. This condition has no effect on obligation to pay variable costs.

EXHIBIT F: Method for Inclusion of Additional Participants

It is mutually agreed that additional Participants will be considered. However, any new Participant(s) shall be required to purchase capacity rights in the initial Regional Facilities. If the existing Participants' capacity rights are committed, then the new Participant shall be totally responsible for increasing the capacity of the Regional Facilities that are impacted. The original Participants are not obligated to make their initial design capacity available to the new Participant(s).

The new Participant(s) shall be required to pay for construction of additional capacity and to make payment in full to the existing Participants for their respective shares of existing initial capacity in the Regional Facilities that will be used. The RWCC and the Administrative Manager will distribute these funds in accordance with Exhibit C, to the original Participants. The original Participants will determine the purchase cost of any existing initial capacity in the Regional Facilities.

The new Participant(s) shall be required to enter into the Intergovernmental Contract for Wastewater Services that exists between the Cities of Raymond and South Bend and shall conform to all the conditions and terms therein.

The new Participant(s) shall apply for capacity in the Regional Facilities through the RWCC, who in turn shall present the request to the existing Participants for their consideration and approval.

Any additional capacity provided to the Regional Facilities shall be totally financed by the new Participant(s). The RWCC shall be involved as described in Section 4 of this contract to ensure continuous and uninterrupted operation of the Regional Facilities. The City of Raymond shall be the Lead City as per Section 3 (o).

The purchase of capacity rights in the Regional Facilities does not give the new Participant(s) a controlling right in the operation, maintenance or management of the Regional Facilities. The new Participant(s) shall be a partner with the original Participants in accordance with their vested capacity rights. Once the new Participant(s) signs the Intergovernmental Contract and purchases capacity rights in the Regional Facilities, the new Participant(s) shall appoint their members to the RWCC as per Section 3(y).