SEWER INTERCEPTOR AGREEMENT

THIS AGREEMENT, made and entered into this 22 day of JUNE, 1994, by and between the **CITY OF CHEHALIS, WASHINGTON,** a municipal corporation, the **CITY OF NAPAVINE, WASHINGTON,** a municipal corporation, and **LEWIS COUNTY SEWER DISTRICT NO. 1, WASHINGTON,** a municipal corporation,

W I T N E S S E T H:

WHEREAS, the parties hereto entered into a Sewer Service Agreement dated June 24, 1976, wherein the parties set forth all the parties' rights and responsibilities for the construction, maintenance, and operation of the sewer interceptor line, including each party's municipal sewer facilities; and

WHEREAS, the parties are desirous of updating the Agreement to set forth the rights and responsibilities of each party based upon the history of both the interceptor line and the relationship of the parties; and

WHEREAS, it is the intent of the parties to fully establish the ownership of the line together with the authority of each party to operate respective sewer facilities; now, therefore,

IN CONSIDERATION of the above referenced recitals and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. A. Purpose. The purposes of this Agreement are to:

(1) Provide for an economical and efficient means of providing sanitary sewer service to the parties of this Agreement and areas as agreed upon;

(2) Provide for the interception of sanitary sewage from each entity together with areas which are within the sphere of influence of each entity; and

(3) Provide for the operation and maintenance of the sewer interceptor line.

B. Definition. Equivalent Residential Unit (ERU) shall be defined as the use of two hundred fifty (250) gallons of capacity per day.

2. **Treatment Facilities.** All parties to this Agreement covenant and agree that the city of Chehalis shall operate the city's sewage treatment plant(s) and provide for treatment of all sewage coming through the sewer interceptor line from the respective entities up to the capacity of each entity as allocated. The city of Chehalis shall provide for treatment and disposal of said sewage in accordance with the terms of all applicable federal, state, and local regulations, subject to the ability of the city of Chehalis to adjust charges in accordance with the applicable costs for said treatment. The city of Chehalis agrees to make all necessary modifications to the treatment plant(s) to maintain the capacity of the sewer interceptor line as originally designed, together with any upgrades of the interceptor line as agreed to by all of the parties hereto. Any upgrades so agreed upon shall be done at the cost of all parties in proportion to their respective allocation of additional capacity.

3. **Sewer Interceptor Line.** The existing sewer interceptor line shall belong to each entity in a percentage of ownership as designated on Exhibit "A" attached hereto and incorporated herein by this reference. Each entity shall be responsible for maintenance of their portion of the line. With respect to ownership, any potential connection to the interceptor line which shall occur shall be the responsibility of the entity within the closest proximity to the hookup location. Should that entity decline to allow connection to the system, any other entity shall be allowed to extend capacity available to them for the connection, so long as it does not use or infringe upon any other entity's capacity. Any dispute as to which entity is not within the closest proximity shall be resolved by the Sewer Operating Board.

4. **Sewer Operating Board.** There is hereby created and established a sewer operating board composed of one representative from each of the parties hereto. Said representative shall be an elected official of the respective parties. The sewer operating board shall adopt bylaws for its own government and operation. The board may conduct business with a quorum of not less than two (2) members.

The sewer operating board shall have the general responsibility for the overall policy decisions made with regard to the sewer interceptor line, the rules and regulations for the use of the sewer interceptor line, a policy review of the rate structure and user charges for the use of said facilities, and such other items as may be necessary to assure

the proper allocation of capacity and equitable assessment of costs of operation of the sewer interceptor line.

5. **Sewer Service Charges.** The city of Chehalis shall establish rates to be charged to other parties for sewer service including delivery and treatment of sewage, which rates shall be based upon the applicable costs of maintenance and operation of the system, principal and interest on outstanding indebtedness and required indebtedness reserves, any financial requirements of state or federal agencies involving the sewage system, and reserves for future expansion or improvement of the general facilities. The rates to be proposed by the city of Chehalis shall be presented to the sewer operating board for their comment. The sewer operating board shall be given an opportunity to comment on the rates before the same are adopted by the city. Both the city of Napavine and Lewis County Sewer District No. 1 agree to pay to the city of Chehalis monthly sewer service charges as shall be established from time to time by the City Council of the city of Chehalis, Washington. Said charges shall be paid bi-monthly within thirty (30) days after receipt of the billing from the city.

The city of Chehalis shall have the authority to establish rates for all categories of service, including, but not limited to, residential, commercial, and industrial use. It is agreed that the city of Chehalis shall have the final say on all rate structures and user charges for the sewage system, and for the operation of all sewage system facilities located in Chehalis.

6. **Capital Costs.** Whenever, as set forth in this Agreement, any party participates in the capital costs of any facility, such participation shall be by one of the following methods:

A. Cash payment in the amount of the party's obligation at the time the participation is required; or

B. Cash payments as required to satisfy the debt service (principal and interest) for the improvement; or

C. An adjustment to the monthly sewer service charge with adequate provisions to guarantee full recovery of principal and interest; or

D. An agreement to provide reimbursement at a later date as connections are made (latecomer charges); or

E. Any combination of the above.

Any of the above options of participation shall be mutually agreed upon prior to construction of the facility.

7. **Records and Reports.** Each party hereto agrees that, at the request of any other party hereto, they will exchange any and all records or data pertinent to any portion of this Agreement.

The city of Napavine and Lewis County Sewer District No. 1 shall prepare and submit to the city of Chehalis a report containing the number and class of user of all sewer connections, and will allow the city of Chehalis to verify said reports at its option. Such reports shall be submitted to Chehalis Public Works Department.

The city of Napavine and Lewis County Sewer District No. 1 shall prepare and certify a report of the monthly water consumption of all nonresidential users which are connected to the sanitary sewer system in their respective service areas. This report shall be submitted with the payment stipulated in Paragraph 5 above if requested and, in any event, it shall be submitted annually on or before the 30th day of April of each year. The city of Chehalis shall prepare and certify a similar report to the city of Napavine and Lewis County Sewer District No. 1 of all nonresidential users lying with the Chehalis service area which are connected to the interceptor sewer line.

8. **Term of Contract.** This Agreement shall be binding upon the parties hereto, their successors and assigns, until the 22 day of JUNE, 2004. This Agreement shall continue thereafter from year to year until terminated by the agreement of a majority of the parties hereto. Any party to this Agreement shall have the right to request renegotiation of the terms and conditions hereof, other than any provisions relating to the payment of capital costs for upgrading the treatment plant and interceptor sewer line. A request to renegotiate this Agreement shall be given to all parties not less than thirty (30) days prior to their intent to commence negotiations, it being the intention of the parties hereto that any renegotiation shall be done with the input of all parties to this Agreement.

9. **Insurance.** Each party hereto agrees to carry insurance to cover loss or damage to their respective sewage facilities and against public and other liability. All parties agree that the said insurance will be in an amount to reasonably protect against

the possible hazards incurred by the construction and/or operation of the sewage facilities contemplated by this Agreement. Evidence of said insurance shall be submitted by each party to the other parties.

10. **Ordinances.** Each of the parties hereto shall adopt appropriate ordinances and/or resolutions so as to conform and comply with the intent of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

CITY OF CHEHALIS, WASHINGTON,
a municipal corporation

By _____ 3-28-94
Its Mayor

Attest: _____
Its City Clerk

CITY OF NAPAVINE, WASHINGTON,
a municipal corporation

By Ruby V. Guido 6-15-94
Its Mayor

Attest: _____
Its Clerk-Treasurer

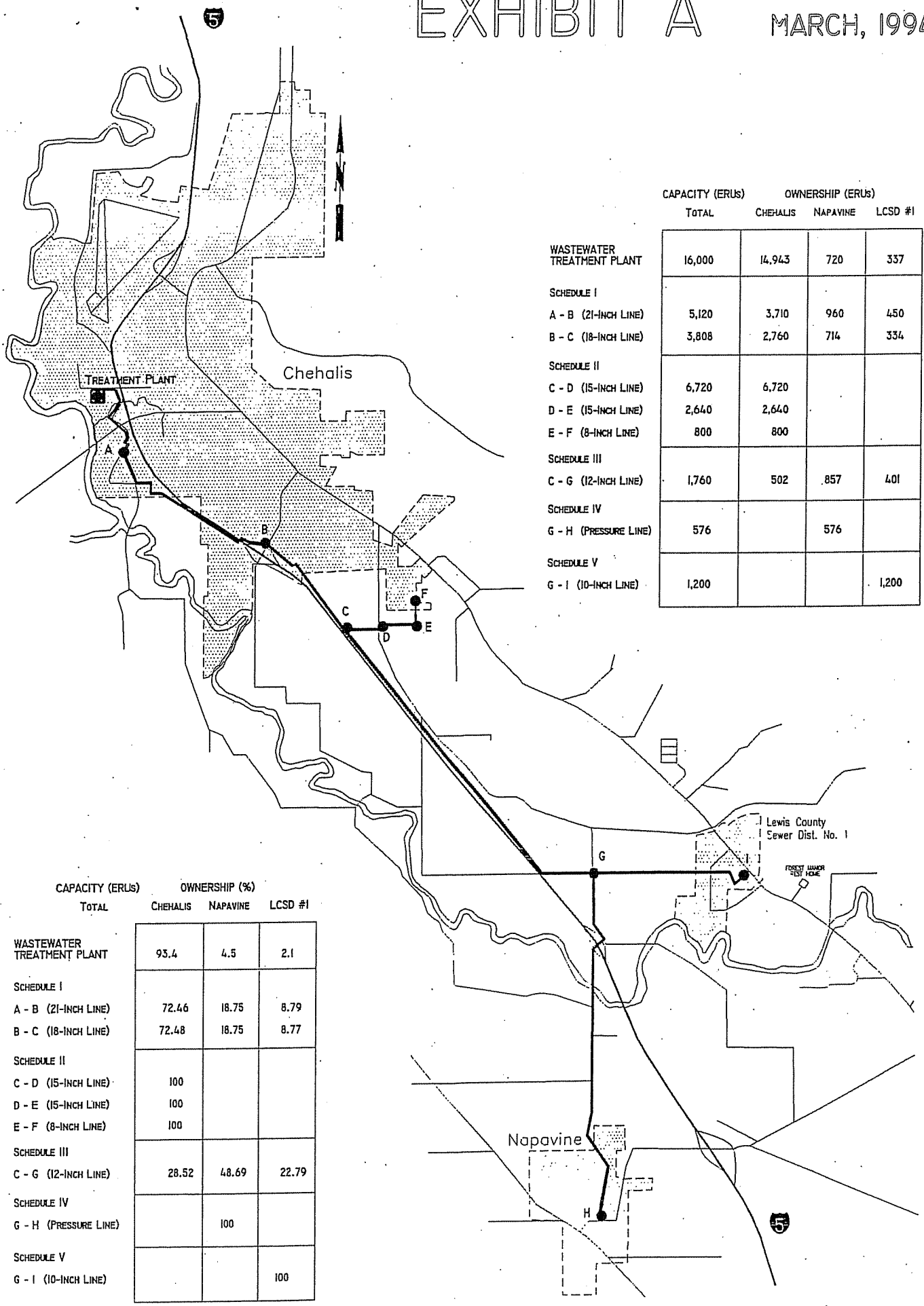
LEWIS COUNTY SEWER DISTRICT NO. 1,
a municipal corporation

By _____
Its Chairman

Attest: _____
Its Secretary

EXHIBIT A

MARCH, 1994



	CAPACITY (ERUs) TOTAL	OWNERSHIP (ERUs) CHEHALIS	NAPAVINE	LCSD #1
WASTEWATER TREATMENT PLANT	16,000	14,943	720	337
SCHEDULE I				
A - B (21-INCH LINE)	5,120	3,710	960	450
B - C (18-INCH LINE)	3,808	2,760	714	334
SCHEDULE II				
C - D (15-INCH LINE)	6,720	6,720		
D - E (15-INCH LINE)	2,640	2,640		
E - F (8-INCH LINE)	800	800		
SCHEDULE III				
C - G (12-INCH LINE)	1,760	502	857	401
SCHEDULE IV				
G - H (PRESSURE LINE)	576		576	
SCHEDULE V				
G - I (10-INCH LINE)	1,200			1,200

	CAPACITY (ERUs) TOTAL	OWNERSHIP (%) CHEHALIS	NAPAVINE	LCSD #1
WASTEWATER TREATMENT PLANT	93.4	4.5	2.1	
SCHEDULE I				
A - B (21-INCH LINE)	72.46	18.75	8.79	
B - C (18-INCH LINE)	72.48	18.75	8.77	
SCHEDULE II				
C - D (15-INCH LINE)	100			
D - E (15-INCH LINE)	100			
E - F (8-INCH LINE)	100			
SCHEDULE III				
C - G (12-INCH LINE)	28.52	48.69	22.79	
SCHEDULE IV				
G - H (PRESSURE LINE)		100		
SCHEDULE V				
G - I (10-INCH LINE)			100	