

WATER SUPPLY AGREEMENT

KILCHIS RIVER WATER TRANSMISSION SYSTEM

CITY OF BAY CITY

TILLAMOOK COUNTY CREAMERY ASSOCIATION

JUNO WATER COMPANY

LATIMER ROAD WATER ASSOCIATION

COLE CREEK WATER DISTRICT

NORTHWOOD WATER DISTRICT

November 1, 1980

LATIMER ROAD WATER ASSOCIATION AGREEMENT

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## WATER SUPPLY AGREEMENT

This agreement, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1980, by and between The City of Bay City, referred to as "The City," a municipal corporation of the State of Oregon, and LATIMER ROAD WATER ASSOCIATION, referred to as "Purchaser," with the following understandings:

The City is willing to enter into an agreement on a supply of water for consumers within the Purchaser's service area; and

The City has received authority to issue bonds up to the amount of \$900,000 and is willing under the authority of Oregon law to construct a transmission facility outside the corporate limits of The City; and

The construction of the transmission facility is to the mutual benefit of The City and the Purchaser for the reason that water can be taken from the Kilchis River in an economical way through the cooperative agreement of The City, the Purchaser and other water districts and corporate users; and

The Purchaser fully realizes that sufficient security must be given The City so as to assure timely payment of the bond principal and interest by The City to the bond holders; and

The City has designed a water system for The City and the area to the south of The City for supply of water to districts and corporate users; and

The water from the Kilchis River appears to be in sufficient quantity and quality to supply the water to the Purchaser and The City; and

Now, in consideration of the below mutual covenants and agreements, the parties agree with each other according to the following provisions:

### Legal

1.1 This agreement shall be in force and effect for a period ending 40 years from the date hereof, unless sooner terminated as provided in this agreement.

1.2 No officer, official or agent of The City has the power to amend, modify or alter this agreement or waive any of its conditions or to bind The City by making any promise or representations not contained herein.

1.3 This agreement shall not be assigned or transferred by either party without their prior mutual consent.

1.4 This agreement will be subject to modification or cancellation in the event a court of competent jurisdiction restricts or limits, directly or indirectly, any of The City's rights to obtain, sell, contract for or distribute water from the Kilchis River.

1.5 The City will not be responsible in damages for any interruption or failure to supply water and shall be saved and held harmless by Purchaser from all damage of any kind, nature and description which may arise as a result of making this agreement and furnishing water.

1.6 The Purchaser has the right to renew this contract for an additional 20 years at the end of this agreement under the same terms and conditions of this agreement, subject to negotiation and agreement of the rates paid for the water by Purchaser.

#### Regulations

2.1 The Purchaser may not permit any water furnished hereunder to be used to supply any party outside the Purchaser's territorial limits without specific approval of The City Council of The City. This shall not apply to temporary emergency service provided to other city water users.

2.2 The City reserves the right to require Purchaser to maintain suitable records of the peak hourly, peak daily, and average monthly consumption of water by the consumers and these records shall be available to The City at all reasonable times.

2.3 The Purchaser shall submit to The City, upon request, a report showing the amount of water received from The City and the amount of water furnished and billed to consumers during any period.

2.4 In times of shortage, water use will be curtailed to the extent permitted by law and on the following basis, the first listed curtailment being adopted to meet the least serious situation, and the succeeding curtailments being adopted in addition to prior listed curtailments, with all curtailments applied uniformly to all users:

A. The curtailment of water supply to users under a surplus water agreement.

B. Restriction of uses which can be accomplished without serious injury to person or property, and prohibition of nonessential uses.

C. Prohibition of every use except for domestic use and for essential commercial enterprises and industry.

2.5 Water supplied under this agreement shall not be used for irrigation. Irrigation does not include reasonable domestic lawn irrigation. The City reserves the right to sell water for commercial, industrial or agricultural irrigation on a surplus water basis. Irrigation means the pumping of water for the growing of crops for commercial, industrial or agricultural purposes.

### Rights

3.1 The City reserves the right to require the Purchaser to deposit, in advance, a sum equal to the estimated costs for water during a period of 90 days at the prevailing metered rate.

3.2 The City reserves the right to inspect, test, repair and replace the master water meter as required. Such replacements or repairs shall be charged to and paid by the Purchaser or charged as an amortized cost of maintenance.

3.3 Either party reserves the right, either in law or equity, by suit, mandamus or other proceeding, to enforce or compel performance of any or all covenants herein contained.

3.4 Kilchis Regional Water Board. Purchaser is eligible to designate one representative for participation in the Kilchis Regional Water Board. This group shall meet regularly, not less than once annually, to communicate with, make recommendations to, and advise The City regarding matters relating to The City's sale of water pursuant to the terms of this contract, including but not limited to review of those portions of the annual budget and capital improvement program that affect outside City purchasers. The Board shall comply with the Oregon public meeting laws. The Board shall have no powers other than comment and recommendation to The City with regard to water supplied to users outside The City.

### Water Quality

4.1 The City shall supply the Purchaser with water of a quality commensurate with the Oregon Health Department and the Federal Environmental Protection Agency rules, standards and regulations for public water supply.

4.2 The City shall supply, upon request, a comprehensive chemical analysis report of the water supplied to the Purchaser.

4.3 The Purchaser shall receive its supply of water from The City by a means or method approved by The City's Engineer. The City's water system must be safeguarded by means specified by The City's Engineer, including but not limited to a required backflow preventer any time a second source of water is physically connected to the water supply. When the requirement for a receiving reservoir is waived to permit a direct connection for emergency use, a backflow preventer, approved by The City Engineer must be installed.

4.4 The City bears no degree of responsibility for the water quality at any point beyond the transmission main. The Purchaser bears the responsibility for maintaining the water quality at any point beyond the point of Purchase and within the Purchaser's distribution system.

4.5 The Purchaser shall notify and keep The City informed of their responsible certified water supply operator as required by public regulation.

4.6 The Purchaser shall immediately notify The City's Public Works Superintendent of any emergency or condition which may affect the quality of water in either party's system.

4.7 The City reserves the right to make inspections of those facilities which may affect the quality of the water supplied to the Purchaser and perform required tests.

#### Equipment and Operation

5.1 The Purchaser shall provide and maintain all service mains and valves and bear the costs for connecting to the mains of The City system after the initial construction. The service main shall be equipped with a valve located on The City transmission and said valve shall be under the sole and complete control of The City and will mark the limit of The City's responsibility for maintenance of the transmission system.

5.2 The City's representatives will regularly inspect the master meter measuring the supply of water furnished and will repair or replace the meter or part of a meter if the meter is not functioning properly.

5.3 The water supply furnished shall be drawn by the Purchaser at a rate prescribed by and controlled by The City throughout 24 hours of each day of the year as prescribed in this agreement.

5.4 The Purchaser shall be responsible for collection of all water bills from the consumers located within the service area of the Purchaser and for all maintenance and repair of the water system located within the service area of the Purchaser beyond the master meter owned by The City.

5.5 In the event Purchaser has a consumer directly connected to the transmission main of The City, The City shall read that consumer's meter to determine the amount of water delivered to the Purchaser. The Purchaser shall pay The City a surcharge, determined by The City, for the reading of meters on the transmission main which are in addition to the master meter.

## Rates

6.1 Charges for water furnished to the Purchaser for consumers within the territorial limits of the Purchaser shall be at the rate fixed for like large quantities of water furnished through master meters to other water districts, the rate being fixed by agreement and subject to change by agreement at any time after 30 days notice from the party initiating the change.

6.2 The Purchaser shall pay The City within 20 days of the receipt of The City's billing the following amounts:

A. After completing Phase I, the sum of \$ 78.66 each month for capital costs, and the sum of \$ 42.80 for operating costs.

B. After completion of Phase II, the capital and operating costs shall be adjusted for the additional construction and operating costs.

C. The amount paid by the Purchaser in §6.2B shall replace the amount paid in §6.2A after completion of Phase II.

For any quantity of water used through the master meter, The City shall make an additional charge monthly for the quantity of water exceeding 1.35 million gallons. All charges shall be calculated under the policy of this section and as outlined in the cost breakdown to be provided Purchaser.

6.3 The cost of the water exceeding the amount stated in §6.2 shall be calculated based upon the actual cost to The City for the operation and maintenance of the transmission of water and treatment and pumping of water from the well to the master meter. This rate shall be calculated on a yearly basis and shall be attached to and made a part of this agreement on or before June 30 of each year, in accordance with the rate policy of this agreement.

6.4 The operation of the water system is considered to be "non-profit." The revenues shall be matched as reasonably as possible to the expenses. The revenues may also generate a reserves fund to meet expected capital demands for repair and replacement. The operating revenues from the transmission system shall be accounted for by The City in a separate and distinct fund called the "Transmission Water Operating Fund."

6.5 Charges for the water used will be based on the sum of the following:

A. Capital retirement for the portion of system capacity allocated to each purchaser. This charge will be at a uniform rate for all purchasers.

B. Operating expenses for the amount of water used during the billing period. This charge will be at a uniform rate for all purchasers.

C. Reserves requirements based on the amount of water used during the billing period. This charge will be at a uniform rate for all purchasers; and

D. Delayed repayment of original capital investment. This charge will be levied against Purchasers of guaranteed water supply capacity who enter the system after construction of the transmission line is completed. This charge shall be based on capacity reallocated and be credited to the original purchasers yielding the allocation by rate adjustment and over the remaining life of this agreement or by immediate lump sum payment by the new purchaser.

6.6 Operating revenues, including surpluses, will not be transferred from the Transmission Water Operation Fund to any other accounting fund of The City, except for payment of principal and interest on the water bonds of The City relating to the transmission system.

#### Service to be Furnished

7.1 The City agrees to furnish and the Purchaser agrees to purchase and take a supply of water in accordance with the terms and conditions hereof. The supply of water shall be taken through an existing service by means of a ten inch meter, connected to The City's ten inch water main located at \_\_\_\_\_.

7.2 The water furnished shall be used for supplying consumers within the 1979 service boundaries and the 1979 distribution system of the Purchaser unless otherwise mutually agreed, and subject to rate policy of this agreement. The Purchaser furnishes an accurate map of the service boundary and distribution system of the Purchaser, which is attached to this agreement as Exhibit "B."

7.3 The average daily supply of water furnished shall meet all reasonable requirements of consumers regularly supplied by the Purchaser insofar as is possible under the laws governing the allocation of Kilchis River water by the State of Oregon. The average daily supply of water furnished is hereby established as not to exceed 0.045 million gallons per day.



### Reservoirs

8.1 The City shall be responsible for the maintenance and operation of the 200,000 gallon and the 500,000 gallon reservoir which are part of the transmission system.

8.2 The City reserves the right to require the Purchaser to provide and maintain reservoirs of sufficient capacity to store twice the Purchaser's daily average consumption of water under any of the following conditions:

- A. When 24 hours water usage is consumed in less than 12 hours;
- B. The primary service level of the Purchaser is above the base level of 200-220 feet USGS; or
- C. Purchaser's water usage creates an abnormal impact on the transmission system.

### Equipment

9.1 The City shall provide, install, maintain and operate at its own cost and expense, and at such locations as shall be designated by the Engineer of The City, the following:

- A. Chlorination equipment and chlorine residual monitor system.
- B. Standby power.
- C. Reservoir water level sensors and transmitters.

9.2 These devices required by the City Engineer for the purpose of controlling the water supply furnished and taken hereunder shall be of such type, size and design and be installed in a manner meeting with the approval of the said City Engineer.

### Pledge and Security

10.1 Purchaser agrees to pledge sufficient revenues to pay the above rates for the period of this contract. Purchaser grants a security interest in the Purchaser's water supply equipment and water distribution facilities to The City as and for a guarantee and security for the payment of the agreed amounts.

10.2 Purchaser shall establish customer (retail) water rates in sufficient amounts to pay The City for water capacity and delivered water as established by this agreement. The Purchaser shall further provide sufficient revenues through the retail rates to maintain the Purchaser's distribution system in a reasonable, businesslike condition adequate to maintain the water pressure on the transmission system.

10.3 In the event the Purchaser fails to make timely payments as provided in this agreement, The City may, after 20 days notice to the Purchaser, cut off delivery of water to the Purchaser. The cutoff of water to the Purchaser does not relieve Purchaser of the obligation to pay the minimum fixed sum as provided in §6.2 of this agreement.

Execution

The authority of the officials of The City to execute this agreement is evidenced by the resolution of The City Council of The City of Bay City, given on the 16th day of October, 1980.

The authority of the President and Secretary of the Board of Directors of the Purchaser to execute this agreement is evidenced by the resolution passed by the Board of Directors of the Latimer Road Water Association at a regular meeting of the Board duly held on the 25th day of November, 1980.

CITY OF BAY CITY

Virgil M. Simmons  
Virgil Simmons, Mayor

Byron L. Davis  
President

William A. Batusic  
William A. Batusic, City Recorder

Kenneth E. Vere  
Secretary

PHASE I

CAPITAL AND OPERATING COSTS

<u>ENTITY</u>	<u>MONTHLY CAPITAL</u> <u>COST</u>	<u>MONTHLY OPERATING</u> <u>COST</u>	<u>TOTAL MONTHLY</u> <u>COST</u>	<u>TOTAL ANNUAL</u> <u>COST</u>
BAY CITY	\$1,311.64	\$ 715.20	\$2,026.84	\$24,322.08
TILLAMOOK CREAMERY	\$1,276.74	\$ 695.80	\$1,972.54	\$23,670.48
JUNO	\$ 136.22	\$ 74.20	\$ 210.42	\$ 2,525.04
LATIMER ROAD	\$ 78.66	\$ 42.80	\$ 121.46	\$ 1,457.52
COLE CREEK	\$ 20.82	\$ 11.40	\$ 32.22	\$ 386.64
NORTHWOOD	\$ 236.00	\$ -0-	\$ 236.00	\$ 2,832.00

WATER NEEDS

<u>ENTITY</u>	<u>PRESENT (MGD)</u>	<u>30 DAY (MG)</u>	<u>YEAR 2000+50% (MGD)</u>	<u>CAPITAL</u>	<u>OPERATING</u>
BAY CITY	0.318	22.50	0.750	.4285	.4643
TILLAMOOK CREAMERY	0.420	21.90	0.730	.4171	.4520
JUNO	0.035	2.34	0.078	.0445	.0482
LATIMER ROAD	0.024	1.35	0.045	.0257	.0278
COLE CREEK	0.004	0.36	0.012	.0068	.0074
NORTHWOOD	0.045	4.05	0.135	.0771	-0-
	<u>0.846</u>		<u>1.750</u>	<u>100%</u>	<u>100%</u>

OPERATING COST

1. ELECTRICAL POWER

32,200 kwh per month

MONTHLY POWER COST	\$387.80
ANNUAL POWER COST	\$4,653.60

2. CHLORINATION COST

MONTHLY:	\$152.00
ANNUAL:	\$1,820.00

3. OPERATOR

MONTHLY:	\$1,000.00
ANNUAL:	\$12,000.00

<u>TOTAL ANNUAL OPERATING COST</u>	<u>\$18,473.00</u>
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