

INTERGOVERNMENTAL AGREEMENT

This Intergovernmental Agreement ("IGA") is made and entered into by and between Deschutes County, a political subdivision of the State of Oregon, by and through its elected officials, hereinafter referred to as "County"; the Terrebonne Sanitary District, a special district of the State of Oregon, by and through its elected officials, hereinafter referred to as "District"; and City of Redmond, Oregon, an Oregon municipal corporation, by and through its elected officials, hereinafter referred to as "City," all herein referred to individually or collectively as the "Party" or "Parties."

RECITALS

- A. ORS 190.010 authorizes a unit of local government to enter into a written agreement with any other unit or units of local government for the performance of any or all functions and activities that a party to the agreement, its officers or agencies have the authority to perform.
- B. County and City held a joint work session on November 9, 2021, and subsequently executed a non-binding Memorandum of Understanding related to this matter on November 15, 2021 [DC-2021-922], which included a provision that County would assist the unincorporated community of Terrebonne with formation of a sanitary district.
- C. District was officially formed by voter approval of Measure 9-156 in the March 14, 2023 special election and thereafter by order of the Deschutes County Board of Commissioners on April 12, 2023, as per applicable provisions within ORS 198 and 450.
- D. City is in the process of designing and constructing certain improvements to the City's wastewater treatment system through the Wetlands Complex Expansion Project ("Project"), which will allow City to expand its wastewater treatment capabilities and accept wastewater from District.
- E. District will construct a wastewater collection system that will consist of a septic tank effluent pump ("STEP") system with a single point of connection to City's Project shown in **Exhibit A** ("Connection Point").
- F. The District estimates a buildout sanitary flow of 164,000 gallons per day ("gpd") and has requested a total treatment capacity of 164,000 gpd in the Project ("District Capacity"). The 164,000 gpd request is equivalent to 3.5% of the total treatment capacity of the Project, which is 4.67 million gallons per day.
- G. The Project construction and design costs, minus Project construction and design costs that would not benefit the District, are estimated to be \$63,000,000 in total.
- H. The cost of the District Capacity is estimated to be \$2,205,000, which is approximately 3.5 % of the total Project cost as described in **Exhibit B**. The total Project cost and District portion due to City will be updated based on final Project construction costs and DEQ loan terms.
- I. City desires to receive funding from County for a portion of the District Capacity cost.
- J. County desires to provide funding to City for a portion of the District Capacity cost.

- K. District desires to connect to the Project at the Connection Point and to reserve the District Capacity in the Project for District use.
- L. City desires to allow District to connect to the Project at the Connection Point and to reserve the District Capacity in the Project for District use.
- M. The Parties desire to enter into this IGA to describe their relationship and designate each Party's role in providing septic services to the unincorporated community of Terrebonne within District's boundary.
- N. The Parties recognize that all Project costs in the Agreement are estimates and actual costs will be applied to the Agreement when Project construction is complete.

AGREEMENT

The Parties agree as follows:

1. **Effective Date.** This IGA will become effective as of the date the last signature is applied.
2. **Coordination.** Parties will continue to coordinate efforts regarding design, construction, operation, maintenance, and funding to accommodate discharge of septic tank effluent generated by District directly to the Project pursuant to the obligations identified in Sections 5, 6, 7, and 8 below.
3. **Initial Treatment Capacity.** District will purchase from City and City will sell to District the District Capacity on the terms and conditions set forth below.
4. **Additional Treatment Capacity.** Should District require additional treatment capacity beyond the District Capacity, this IGA may be revisited to develop a methodology for District to purchase additional treatment capacity.
5. **County Obligations.** County will allocate \$1,000,000 (approximately 45.4% of \$2,205,000) to the purchase of District Capacity. This payment is estimated to cover the cost to treat 74,376 gpd of the District Capacity. County will disperse the following payments to City:
 - 5.1. County will disburse a \$500,000 in American Rescue Plan Act (ARPA) allocation awarded to City on August 23, 2023.
 - 5.2. County will disburse a \$500,000 payment to City on or before July 31, 2024.
6. **District Obligations.** District will be solely responsible for the following:
 - 6.1. Purchasing the remaining 54.6% of District Capacity, estimated at 89,624 gpd as outlined in **Exhibit B** of this IGA.
 - 6.2. All activities and costs associated with the implementation and ongoing management of District.
 - 6.3. Designing, constructing, operating, and maintaining, in perpetuity, a collection system and delivery pipeline to the Connection Point as generally shown in **Exhibit A**.

- 6.4. Designing and constructing an effluent flow meter and monitoring vault including pipes, valves, sample ports, and PH/strength monitoring equipment and the cost for replacing this equipment, as necessary.
- 6.5. Addressing odor issues that can be attributed to District effluent via testing. If such odor issues arise, District will take additional measures to mitigate odors resulting from the H₂S concentration in its effluent.
- 6.6. Paying monthly rates and administrative fee to City based on the methodology set forth in **Exhibit C**.
- 6.7. Coordinating with City to ensure compliance with City Industrial Pre-Treatment Program, as found in City Code Chapter 4. District customers exceeding established thresholds for significant flow, organic loading, or categorical pollutants will be subject to City discharge permit requirements.
- 6.8. Reporting District sewer connections to City on an annual basis.
- 6.9. Adopting and/or modifying its ordinances and procedures to be consistent with the Federal Clean Water Act, State Water Quality statutes under ORS Chapter 468, applicable administrative rules, City of Redmond Water Pollution Control Facility permits, and City of Redmond Code applicable to the treatment, and disposal of wastewater for the City of Redmond's treatment system. The laws, rules, regulations, and ordinances regarding discharge to the City of Redmond's Water Pollution Control Facility shall apply to any District user who is connected, whether that user is within or outside the corporate boundaries of the Party owning the treatment system. The District shall investigate and enforce City of Redmond sewer use ordinances for users connected to the City Water Pollution Control Facility.

7. City Obligations. City will be solely responsible for the following:

- 7.1. Designing, constructing, operating, and maintaining the Redmond Wetlands Complex, including the Project.
- 7.2. Based on the \$1,000,000.00 County payment to purchase capacity in the Project, reserving District Capacity in the Project of an estimated 74,376 gpd, which corresponds to a metered flow rate of 2.231 MG/month.
- 7.3. Complying with ARPA subrecipient accounting and reporting requirements for the \$500,000 funding allocation from County.
- 7.4. Reserving an additional estimated 89,624 gallons per day, which corresponds to a metered flow rate of 2.689 MG/month, of District Capacity in the Project to meet District's full treatment capacity request.
- 7.5. Providing connection piping from the Project to the Connection Point.
- 7.6. Operating and maintaining District effluent flow meter and monitoring vault including pipes, valves, sample ports, and PH/strength monitoring equipment.
- 7.7. Collecting flow and waste stream data such as flow rate, volume, pH, waste strength, and H₂S/Odor.

7.8. Sending monthly billing statements to District to reflect monthly rates and administrative fees owed to City based on the methodology set forth in **Exhibit C**.

8. **Joint City and District Obligations.** City and District will be jointly responsible for the following:

8.1. Reviewing flow volume, pH, waste strength, and H₂S/odor data on a monthly basis.

8.2. Collaborating to resolve discrepancies as may arise pursuant to Section 18 below.

8.3. Conducting periodic inspections of shared City and District facilities to ensure ongoing compliance with this IGA on an inspection schedule mutually agreed upon by City and District.

9. **Duration.** This IGA will remain in effect until this IGA is terminated pursuant to Section 19 below or is superseded by an Amendment subsequently approved by the Parties pursuant to Section 17 below.

10. **Successors and Assigns.** All rights and obligations of the Parties under this IGA will inure to the benefit of and will be binding upon the successors in interest, assigns, and representatives of the Parties.

11. **Notice.** Any written notice required by this IGA will be deemed sufficient if sent by email with confirmation of the email message being read by the other Party.

If to County: Deschutes County Road Department Director – Chris Doty
Phone: (541) 322-7105, Email: Chris.Doty@deschutes.org

If to City: City of Redmond Operations Manager – Ryan Kirchner
Phone: (541) 504-5072, Email: ryan.kirchner@redmondoregon.gov

If to District: Terrebonne Sanitary District President – Tim Brown
Phone: (541) 848-1239, Email: trbrown541@msn.com

12. **Entire Agreement.** This IGA, including its exhibits, constitutes the entire agreement between the Parties. No change to this IGA or to the rights and obligations created by this IGA is valid unless made by a written amendment signed by all Parties. There are no understandings, agreements, or representations, oral or written, regarding the subject matter of this IGA that are not specified in this IGA.

13. **Waiver.** Failure of either party at any time to require performance of any provision of this IGA will not limit the party's right to require performance of such provision at any future time, nor will any waiver of any breach of any provision be a waiver of any succeeding breach of the provision or a waiver of the provision itself, or any other provision.

14. **Governing Law.** This IGA will be governed by and construed under the laws of the State of Oregon without regard to principles of conflict of laws.

15. **Indemnification.** This IGA is for the benefit of the Parties only. Each Party agrees to indemnify and hold harmless the other Parties and other Parties' officers, directors, employees, and agents, from and against all claims, demands, and causes of action and

suits of any kind or nature for personal injury, death, or damage to property on account of or arising out of services performed, the omissions of the indemnifying Party and its officers, directors, employees, and agents. To the extent applicable, the above indemnification is subject to and will not exceed the limits of liability of the Oregon Tort Claims Act (ORS 30.260 through 30.300).

- 16. Severability.** In the event any phrase, clause, sentence, paragraph, section, article, or other portion of this IGA becomes illegal, null, or void, or against public policy, for any reason, or is held by any court of competent jurisdiction to be illegal, null, or void, or against public policy, the remaining portions of this IGA will not be affected thereby and will remain in force and effect to the fullest extent permissible by law.
- 17. Modification.** The terms of this IGA will not be waived, altered, modified, supplemented, or amended, in any manner whatsoever, except in writing by the Parties.
- 18. Dispute Resolution.** If an impasse or disagreement among the Parties should occur on issues pertaining to the IGA, a collaborative resolution process will be initiated to resolve the difference. The Parties will attempt to informally resolve any dispute concerning either Party's performance or decisions under this IGA, or regarding the terms, conditions, or meaning of this IGA. A neutral third party may be used if the Parties agree to facilitate these negotiations, with the Parties sharing equally in the cost of the neutral third party. In the event of an impasse in the resolution of any dispute, the issue will be submitted to the governing bodies of each Parties for a recommendation or resolution.
- 19. Termination.** Notwithstanding the conflict resolution process outlined in Section 18 above, this IGA may be terminated as follows:
 - 19.1.** By written mutual consent of the parties.
 - 19.2.** By either City or District upon not less than 365 days' written notice to the other party specifying the basis for termination and the termination date, provided that upon notification of termination all sums owed to City become due and payable.
 - 19.3.** Should District fail or refuse to adopt rules and regulations as provided in Section 6.9, such failure or refusal shall be grounds for termination of this Agreement.
 - 19.4.** By City, should District fail to make any full payment billed on or before the due date, after City has given notice to District of failure to pay and City has provided District with ten (10) business days from the date of notice to make the payment. The Director of Public Works may grant an extension to the due date if notified by District in writing of a billing dispute. The extension shall not exceed sixty days.
- 20. Binding Nature.** This IGA is a legally binding document which supersedes any previous discussions or agreements, either written or otherwise and including the Memorandum of Understanding executed by parties on November 15, 2021 [DC-2021-922].
- 21. Counterparts.** This IGA may be executed in several counterparts all of which when taken together will constitute one document for all Parties, notwithstanding that all Parties are not signatories to the same counterpart. Each copy of this IGA so executed will constitute an original.

SIGNATURE PAGE TO FOLLOW

THE PARTIES, by execution of this IGA, hereby acknowledge that their signing representatives have read this IGA, understand it, and fully support it.

DESCHUTES COUNTY by and through its elected officials

By _____
Patti Adair, Chair

Date _____

REVIEWED FOR DESCHUTES COUNTY

By _____
County Counsel

Date _____

CITY OF REDMOND by and through its elected officials

By _____
Ed Fitch, Mayor

Date _____

REVIEWED FOR CITY OF REDMOND

By _____
City Attorney

Date _____

TERREBONNE SANITARY DISTRICT by and through its elected officials

By _____
District Board President

Date _____

REVIEWED FOR TERREBONNE SANITARY DISTRICT

By _____
District Counsel

Date _____

EXHIBIT A

TERREBONNE WASTEWATER SYSTEM ALT 3 - STEP PUMP TO REDMOND WWTP

DATE: 10/19/2021

Parametrix

ENGINEERING, PLANNING, ENVIRONMENTAL SCIENCES

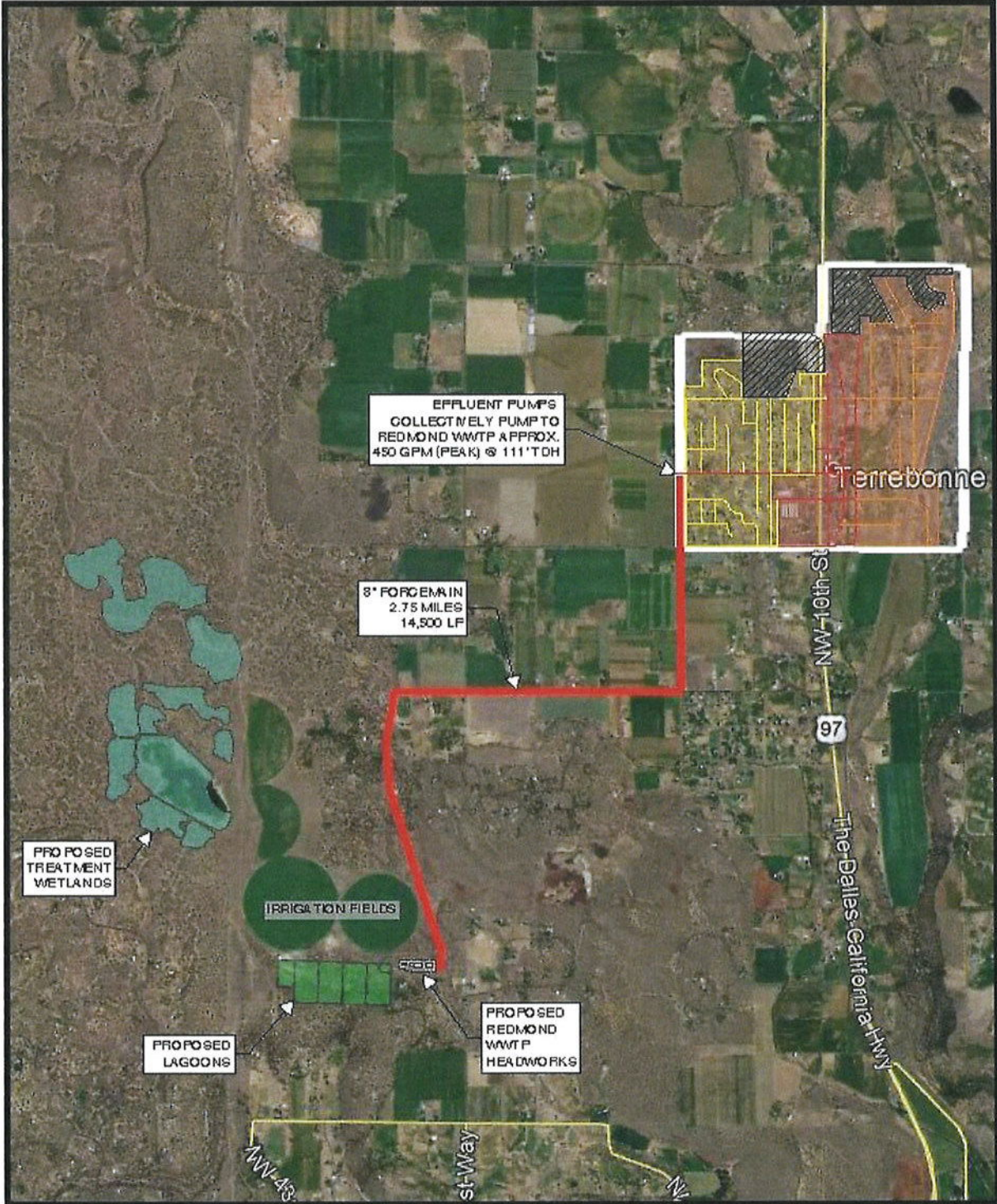


EXHIBIT B

Terrebonne Sanitary District Funding for Additional Treatment Capacity

The County has pledged a \$1,000,000 contribution towards the District Capacity in the Project to accommodate projected effluent flows of 0.164 MGD (164,000 gallons per day) from the District. This amount of flow represents 3.5% of the total treatment capacity of the Project. The cost to design and construct the Project (not including the collection system improvements) is estimated to be \$63,000,000. Based on the estimated Project cost, the cost to construct the requested treatment capacity of 0.164 MGD for the District is estimated at \$2,205,000.

The County's contribution of \$1 million is estimated to cover 45.4% of the cost of the requested treatment capacity from the District. As such, once the \$1 million is paid to the City, the County has purchased an estimated 74,376 gallons per day of treatment capacity for the District. This equates to 2.231 million gallons per month. The City will charge the District to treat its effluent based on the monthly sewer rate as detailed in Exhibit C of this IGA.

The District is required to pay the City for the additional treatment capacity (currently estimated at 89,624 gallons per day = 2.689 MG/month) within the next 20 years, which is currently valued at \$1,205,000 (2023 Dollars). Over 20 years, with debt service payments, this equates to \$1,517,520 based on the City's estimated debt service obligations through the DEQ.

There are a variety of funding mechanisms available to the District, including, but not limited to, the following:

- Include a surcharge in the overall rate structure
- Assess a standalone surcharge on monthly bills
- Assess system development charges at time of connection to the collection system
- Grants and loans

The District commits to paying for the additional capacity as noted above but reserves the right to utilize various funding mechanisms / strategies as determined by the District to be in its best interest.

Project construction costs and the District's 3.5% portion due to City will be updated to match final construction costs and DEQ loan agreements. The Parties recognize that current estimates are not final, and the actual District costs may be higher or lower than the estimates herein.

Calculating the District Funding for Additional Treatment Capacity:

Capacity required for District is 3.5% of Project total capacity

Current estimate for construction of project is \$63,000,000

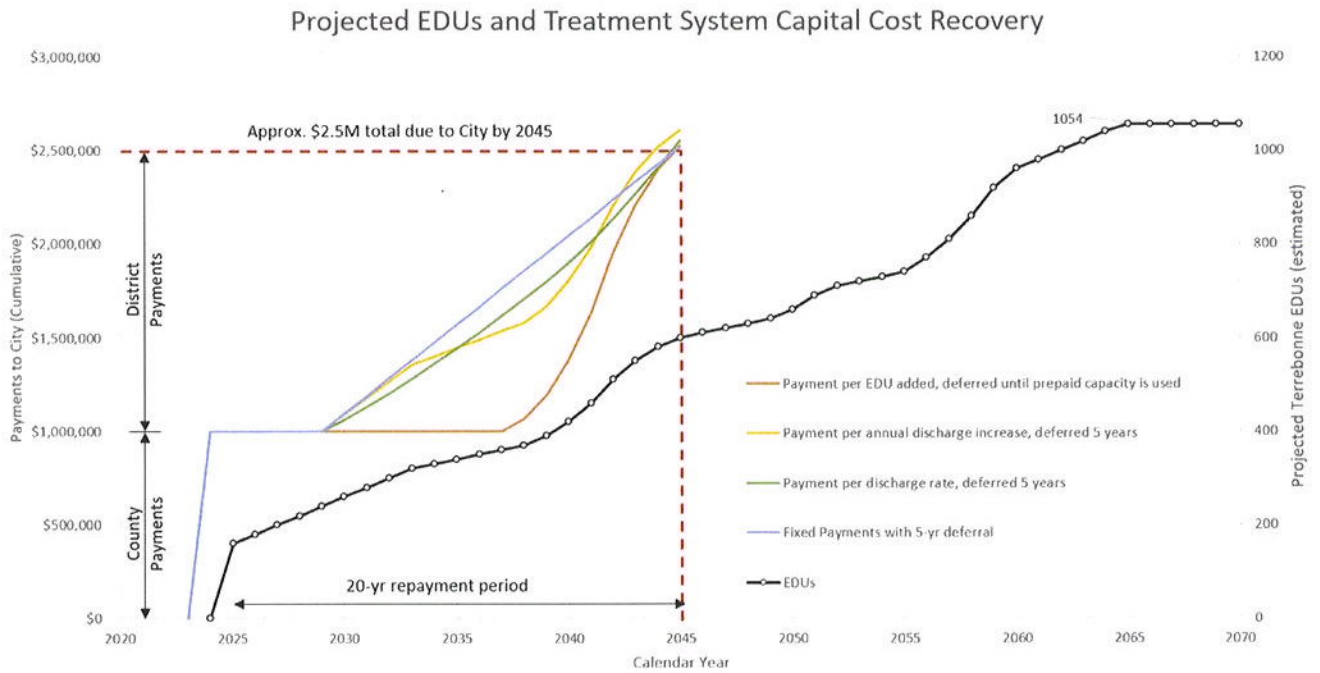
*.035 * \$63,000,000 = \$2,205,000*

County has pledged \$1,000,000 for Project construction costs to "buy down" District's costs

Actual Project construction costs = X

*.035 * X - \$1,000,000 = District's actual treatment capacity costs*

Projected City capital cost recovery payments from the Terrebonne Sanitary District and County, assuming EDU growth projections as shown and several example repayment methods:



Note: Graph is provided to illustrate payment methodology and the actual capital cost recovery payments per year will differ from projections.

EXHIBIT C

Monthly Sewer Rates based on Metered Flows

The District will install a flow meter at the Connection Point to the City Project. Both parties will review meter data on a monthly basis to record effluent volume discharged. City will charge the District an agreed-upon monthly rate based on the effluent volume discharged to the RWC headworks, in terms of gallons.

This flow rate charge is based on the current City residential monthly rate multiplied by the percentage of the operating budget allocated to the wastewater treatment system operations & maintenance (currently 75%) and applied to the metered flow from the District. Starting July 1, 2023, the City's monthly sewer rate is \$34.56. This rate is adjusted to a monthly rate of \$25.92 for the District for Fiscal Year 2024.

The rate will be adjusted annually based on the City's adopted budget based on the percentage of the operating budget allocated to wastewater treatment system operations and maintenance. The District and City shall update the residential monthly rate and percentage of the operating budget allocated to wastewater treatment annually based on the City's adopted budget and rate schedule.

Terrebonne Sanitary District Monthly Sewer Rate:

*Current City monthly rate for 5/8" meter * 0.75 = \$25.92*

Average wastewater flow per EDU = 6200 gallons/month

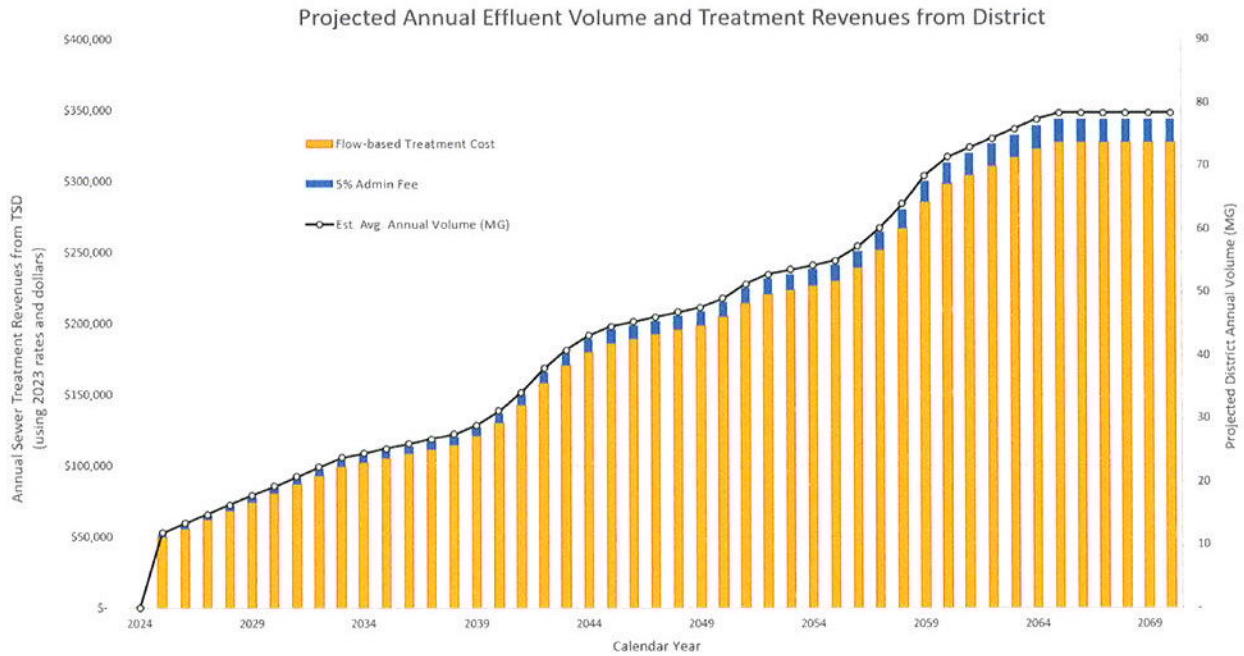
*Treatment cost per 1000 gallons of flow = (\$25.92/6200 gallons per month) * 1000 = \$4.18*

District will be charged a rate of \$4.18/1000 gallons of flow metered at the discharge point on a monthly basis.

Monthly Administrative Fee:

An administrative fee of 5% will be applied to monthly billings to cover administrative and other maintenance costs associated with billing, maintenance of meter vaults, calibrating meters (3rd party service provider), and sampling services.

Projected City revenues from the Terrebonne Sanitary District, assuming 2023 dollars & rates:



Note: Graph is provided to illustrate the monthly treatment rate and maintenance fee methodology. Actual annual revenues will differ from projected revenues. 2023 rates and dollars were used, so actual annual revenues will escalate upward as City rates are increased.