

INTERLOCAL AGREEMENT

BETWEEN:

IRVIN WATER DISTRICT NO. 6 AND THE CITY OF MILLWOOD

FOR:

WATER SYSTEM INTERTIES FOR CONTINUOUS WATER SERVICE

WHEREAS, Irvin Water District No. 6 (hereinafter the “DISTRICT”) is a water sewer district formed under RCW Title 57, which provides municipal and domestic water service to a portion of Spokane Valley, Washington;

WHEREAS, the City of Millwood (hereinafter the “CITY”) owns and operates its own municipal/domestic water service to customers currently within its municipal boundaries;

WHEREAS, both Parties are public water supply purveyors owning and operating water systems that provide potable water for domestic use and fire protection;

WHEREAS, the DISTRICT and the CITY both border each other’s existing service areas, including the service areas as detailed by the current Spokane County Coordinated Water System Plan, last updated June 1999;

WHEREAS, the current Spokane County Coordinated Water System Plan promotes the creation of water system interties between water purveyors to increase the reliability of water service locally;

WHEREAS, the State of Washington Administrative Code (WAC), Chapter 246-290, specifically section 246,290-132, and Revised Code of Washington (RCW) 90.03.383, both deal with establishing interties between public water systems;

WHEREAS, the DISTRICT and the CITY both border each other’s existing service areas, including the service areas as detailed by the current Spokane County Coordinated Water System Plan;

WHEREAS, the DISTRICT has been in an ongoing moratorium for new connections due to exceeding its annual acre feet of its water rights portfolio;

WHEREAS, the DISTRICT and the CITY, currently draw their water from the same source, the Spokane Rathdrum Prairie Aquifer;

WHEREAS, to serve their existing population and continue to provide new connections, the DISTRICT has need of additional water;

WHEREAS, the CITY adopted Ordinance #545 on February 11, 2025, authorizing the CITY to wholesale water to other water purveyors based on contract;

WHEREAS, the DISTRICT and the CITY have an existing Interlocal Agreement for Emergency Water Services dated February 2, 1998, governing an existing intertie at Butler Stret and Trent Ave., which was installed in 1995 and is being relocated to 3131 N. Butler Rd., in accordance with that certain Water Intertie Easement recorded on September 24, 2025, under Spokane County Auditor's Recording No. 7442929;

WHEREAS, the DISTRICT is willing to pay for wholesale water from the CITY as described herein;

WHEREAS, Title 39 RCW Chapter 34 authorizes the Parties to enter Interlocal Agreements;

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, it is agreed between the CITY and DISTRICT as follows:

ARTICLE 1 – UPDATES TO DOH APPROVED WATER SYSTEM COMPREHENSIVE PLAN & CONDITION PRECEDENT

- 1.1. The CITY shall amend its Washington State Department of Health's Water System Comprehensive Plan to do the following:
 - 1.1.1. Reflect the location of any intertie(s) contemplated by this Agreement; and
 - 1.1.2. Designate the entirety of the DISTRICT'S water service area as a new water service area for wholesale water sold by the CITY.
- 1.2. The DISTRICT shall file a new or amend its existing Washington State Department of Health's Water System Comprehensive Plan to do the following:
 - 1.2.1. Reflect the location of any intertie(s) contemplated by this Agreement; and
 - 1.2.2. Reference this Agreement and the CITY's commitment to wholesale water to the DISTRICT.
- 1.3. Both Parties agree to prepare and submit either their Water System Comprehensive Plan or amendment to such existing Water System Comprehensive Plan to the Washington State Department of Health, after the Parties execute this Agreement. Any costs or expense incurred by the CITY in connection with amending its existing Water System Comprehensive Plan to the Washington State Department of Health in relationship to this Agreement shall be paid or reimbursed by the DISTRICT.
- 1.4. Approval of the Parties' Water System Comprehensive Plans by the Washington State Department of Health and construction of the intertie, a chlorination treatment or filtration system on Irvin's side of the intertie, and appurtenances, shall be a condition precedent to the Parties' obligations to sell and purchase wholesale water. Each Party shall notify the other when their respective condition precedent has been satisfied.

ARTICLE 2 – RESPONSIBILITIES OF THE CITY

- 2.1. Subject to the terms of Chapter 13.11 Millwood Municipal Code, the CITY shall make wholesale water service available to the DISTRICT through the intertie(s) contemplated by this Agreement on a continuous basis, except that:
 - 2.1.1. The CITY shall serve the citizens and businesses located within the CITY first and may regulate the flow of water through the intertie to do so; or
 - 2.1.2. In the event of an emergency or whenever the public health, safety, or equitable distribution of water so demands, the Mayor or his/her designee may authorize changes to reduce or limit water delivery, or temporarily discontinue the delivery of water to the DISTRICT; or
 - 2.1.3. In the event of planned improvements or repairs to the CITY's infrastructure, as determined by the CITY, the wholesale water service may be temporarily interrupted for the purpose of making such repairs and improvements.
- 2.2. If the CITY interrupts service under paragraph 2.1 above, the CITY shall promptly notify the DISTRICT as soon as reasonably practicable of the interruption in service; and for planned repairs such notice shall be served in advance of any disruption in service.
- 2.3. Any wholesale water delivered by the CITY through the intertie to the DISTRICT shall be untreated (i.e., non-chlorinated). The CITY shall not be liable to customers of the DISTRICT due to such lack of filtration or treatment.
- 2.4. The CITY shall read the meter and bill the DISTRICT monthly in accordance with the rates as detailed in the attached *Exhibit A*.
- 2.5. The CITY shall permit the DISTRICT to purchase, at a minimum, the amount of wholesale water stated in the attached *Exhibit A* on an annual basis.

ARTICLE 3 – RESPONSIBILITIES OF THE DISTRICT

- 3.1 The DISTRICT shall be responsible for maintaining any filtration or chlorination system on its side of the intertie to ensure that any wholesale water delivered to the DISTRICT's public water system meets the water quality standards necessary for the DISTRICT's domestic customers. Pursuant to Millwood Municipal Code Section 13.11.020(B), the DISTRICT shall indemnify, hold harmless and defend the CITY from any and all claims, liabilities, actions, suits, causes, injuries (whether known or unknown or contemplated), demands, penalties, costs (including reasonable attorney's fees) and judgments of any kind or nature whatsoever against the CITY, and its respective elected and appointed officials, employees, agents ("Claims"), except for Claims that are the direct intentional act of the CITY, its employees, and/or agents.

- 3.2 The DISTRICT may resell the wholesale water to its customers (domestic and commercial, including irrigation), but shall not resell the wholesale water to other municipal purveyors without express written approval from the CITY.
- 3.3 The DISTRICT shall timely pay for the wholesale water it purchases from the CITY, on the basis and rate described in the attached *Exhibit A*. Payments shall be made monthly, within forty-five (45) days of being billed by the CITY. If due to a faulty meter the metered use is incomplete or inaccurate for a monthly billing period, the CITY may bill the DISTRICT for such period based on estimated water use, which shall be based on the CITY's well pumping records, less accounted for use within the CITY's service area, and less the CITY's standard water loss rate. Based upon existing and anticipated future demand, the DISTRICT commits to purchase the minimum quantity of water stated on attached *Exhibit A*; however, the DISTRICT shall not be obligated to use such minimum quantity of wholesale water during any given month.
- 3.4 Upon satisfaction of the condition set forth in paragraph 1.4 above, the DISTRICT shall pay a Capital Improvement payment to the CITY in the amount of \$35,000.
- 3.5 Except as otherwise set forth herein, the DISTRICT shall be responsible for determining when to allow water to flow through the intertie from the CITY to the DISTRICT, subject to the CITY's rights to interrupt service under section 2.1 above.

ARTICLE 4 – JOINT OBLIGATIONS

- 4.1 The CITY and the DISTRICT shall install an intertie at or improve the existing intertie at 3131 N. Butler Rd., within the City of Millwood, as detailed on the attached *Exhibit B*. The intertie shall meet the plans and specifications approved by each Party and the Parties' respective engineers. The intertie shall be metered, with such meter to be owned and maintained by the CITY. Except as provided in the attached *Exhibit B*, each party shall be responsible for maintaining any infrastructure, including but not limited to water mains, on their respective side of the intertie. The Parties shall jointly be responsible for maintaining the intertie; provided, however, the District shall be responsible for all costs and expense associated with maintaining the intertie.
- 4.2 If the DISTRICT contaminates or damages the water system of the CITY, through a direct intentional act of the DISTRICT or a DISTRICT agent, then the DISTRICT shall pay the cost of correcting, removing and eliminating the contamination or damage incurred by the CITY, whether foreseen or unforeseen. Furthermore, the DISTRICT shall indemnify and hold harmless the CITY for injury to persons or property resulting from such contamination or damage. The requirement of an "intentional act" under this provision does not require that the resulting contamination or damage was intended, but rather that the act itself was intentional.
- 4.3 To minimize the possibility of contamination between systems, the Parties agree to provide each other notice of any contamination detected through a water sample as follows: (1) at the time of detection; (2) after the system has been declared free of the contamination; and

(3) at the time any disinfection methods are discontinued. For purposes of this provision, contamination means that a water sample has resulted in a sampling that shows an action level of contamination or concentration exceeding maximum contaminant levels (MCLs) or maximum disinfectant levels (MRDLs) as are set by the Washington State Department of Health or the federal Environmental Protection Agency – depending on which standard governs.

ARTICLE 5 – DURATION

This Interlocal Agreement shall remain in full force and effect, unless: (1) it is terminated or otherwise modified in writing signed by both Parties or (2) it is terminated by the DISTRICT upon thirty (30) days' notice to the City. The CITY may not unilaterally terminate this Agreement, unless the DISTRICT has found an alternative source of water sufficient to serve its existing connections and the CITY has obtained approval from the Washington State Department of Health to do so.

ARTICLE 6 – ATTORNEY FEES, COSTS, & DISPUTE RESOLUTION

In the event of a dispute between the Parties, the proper jurisdiction and venue shall be Spokane County Superior Court. Neither Party shall commence a Court proceeding without first providing sixty (60) days' written notice of the dispute and claim to the opposing party. The prevailing party in any court proceeding shall be entitled to recover its reasonable attorney fees and costs, including expert witness fees and those fees and costs incurred on any appeal.

ARTICLE 7 – NOTICES

Any notice to be given under this Agreement may be physically delivered to or mailed via certified mail, return receipt requested to the following addresses:

If to the DISTRICT:

Irvin Water District No. 6
Attn: District Manager
11907 E. Trent Ave. #1
Spokane Valley, WA 99206

If to the CITY:

City of Millwood
Attn: City Mayor
9103 E. Frederick Ave.
Spokane, WA 99206

In the event of an emergency or contamination event, the Parties should seek to first provide notice via email and/or telephone prior to following up with formal written notice to any relevant contacts to provide coordination to form an emergency response.

// SIGNATURES //

CITY OF MILLWOOD:

By: _____ Date: _____
Mayor

CERTIFIED AS TO FORM:

By: _____ Date: _____
CITY CLERK

IRVIN WATER DISTRICT NO. 6:

By: _____ Date: _____
[NAME]: _____
[TITLE]: Board Chair

CERTIFIED AS TO FORM:

By: _____ Date: _____
District Secretary

Exhibit A
Wholesale Water Rates & Billing

1. Minimum and Maximum Commitments

The DISTRICT agrees to purchase from the CITY a minimum of three hundred acre-feet (300 AF/Qa) of water per calendar year. The CITY agrees to permit the DISTRICT to purchase up to a maximum of one thousand acre-feet (1,000 AF/Qa) of water per calendar year. If the DISTRICT purchases 1,000 AF/Qa, the DISTRICT shall have the option to provide notice to the CITY and increase this maximum to one thousand three hundred acre-feet (1,300 AF/Qa); provided however that the CITY shall first confirm that it can meet such new requirement.

2. Consumptive Rate

The DISTRICT shall pay thirty-eight cents (\$0.38) per one hundred (100) cubic feet of water delivered (the “Consumptive Rate”). The amount billed each month for the Consumptive Rate shall be based on the volume delivered during that billing period, prorated as applicable.

3. Capital Contribution Charge

In addition to the Consumptive Rate charge, the DISTRICT shall pay ten cents (\$0.10) per one hundred (100) cubic feet of water delivered. The amount billed each month for the Capital Contribution Charge shall be based on the volume delivered during that billing period, prorated as applicable. The Capital Contribution Charge shall be subject to negotiation and adjustment if the DISTRICT purchases eight hundred acre-feet (800 AF/Qa) of water per calendar year for two (2) consecutive calendar years.

4. Adjustment of Base Rate

The “Base Rate” is the total of the “Consumptive Rate” combined with the “Capital Contribution Charge”. The established Base Rate for this agreement is forty-eight cents (\$0.48) per hundred cubic feet of water delivered. The Base Rate shall be adjusted annually, each January commencing January 1, 2027, using the percent change in the CPI-U West Fuels and Utilities (Table 1, https://www.bls.gov/regions/west/news-release/consumerpriceindex_west.htm), as published by the US Department of Labor, Bureau of Labor Statistics; provided, however, such adjustment shall not reduce the Base Rate.

5. Special Adjustment for Energy Charge

The Base Rate shall be adjusted if the “Energy Charge” for Avista Utilities Rate Schedule 31, Pumping Service – Washington (<https://www.myavista.com/about-us/our-rates-and-tariffs/washington-electric>) increases by greater than 10 percent (10%). Such adjustment shall be the percentage increase of the then-current Base Rate equal to the amount of Energy Charge increase greater than 10 percent (10%). For example, if the “Energy Charge” for Avista Utilities Rate Schedules 31, Pumping Service – Washington increases by 14 percent (14%), the Base Rate shall increase by four percent (4%).

6. Billing and Payment

Bills shall be rendered monthly and are payable within forty-five (45) days of the billing date. Any unpaid balance after the due date shall accrue interest as provided under applicable law or as specified in the wholesale water supply agreement.

7. Annual Minimum Purchase Adjustment

At the end of each calendar year, if the DISTRICT has purchased less than the minimum annual quantity of 300 AF/Qa the CITY shall bill the DISTRICT for the unused portion of the minimum amount (i.e., 300 AF/Qa minus the quantity purchased) at the Consumptive Rate and Capital Contribution Charge. The DISTRICT shall remit payment for this balance within sixty (60) days of the year-end billing.

8. Adjustments and Modifications

Except as otherwise set forth herein, the rates, charges, and purchase quantities established herein may be reviewed and adjusted periodically as mutually agreed upon by both parties in writing. However, the above charges shall be the only applicable charges billed absent such agreement.

9. Effective Date

The rates and requirement to pay are subject to the conditions precedent in the foregoing Interlocal Agreement.

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Exhibit B
Description of the Intertie

Location: The intertie is or will be located upon Spokane County Assessor Parcel Number 45056.0413, with the more precise location being within the Easement Area described in that certain Water Intertie Easement recorded under Spokane County Auditor's Recording No. 7442929.

Millwood's Responsibilities to Maintain: The CITY shall maintain all infrastructure on the CITY's side of the meter and shall maintain the meter. Said meter shall be placed just outside of the Easement Area described in that certain Water Intertie Easement recorded under Spokane County Auditor's Recording No. 7442929. Notwithstanding the foregoing, the costs to replace said meter, if faulty, shall be borne by the DISTRICT.

Irvin's Responsibilities to Maintain: The DISTRICT shall maintain all infrastructure on the DISTRICT's side of the meter. Said meter shall be placed just outside of the Easement Area described in that certain Water Intertie Easement recorded under Spokane County Auditor's Recording No. 7442929. Notwithstanding the foregoing, the cost to replace said meter, when faulty, shall be borne by the DISTRICT.