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## **UPPER FRASER VALLEY WASTEWATER TREATMENT AGREEMENT**

THIS AGREEMENT ("Agreement") is made and entered into by and between the Fraser Sanitation District, the address of which is P.O. Box 120, Fraser, CO 80442, (hereinafter referred to as "FS"), Winter Park West Water and Sanitation District, the address of which is P.O. Box 1390, Fraser CO 80442, (hereinafter referred to as "WPW"), and Grand County Water and Sanitation District #1, the address of which is P.O. Box 3077, Winter Park CO 80482, (hereinafter referred to as "GC").

### **R E C I T A L S:**

FS and WPW, since 1980, have been operating under a cooperative Agreement, the purpose and intent of which was mutually to benefit themselves and their inhabitants by facilitating the joint construction and operation of interceptor sewer lines and sewage treatment and disposal facilities, and to plan for their future expansion and the allocation of costs thereof.

The relationship of FS and WPW, pursuant to the cooperative Agreement, has been generally satisfactory.

GC provides wastewater treatment service through a separate collection sewer system and an aerated lagoon treatment facility.

The three Districts have concluded that they can more effectively and efficiently provide wastewater treatment service to their respective service areas by consolidating ownership, operation and management of a new wastewater treatment plant to be constructed on the existing plant site of the FS and WPW treatment facility north of County Road 8 and a new and/or expanded gravity sewer trunk line from the GC lagoons to a connection point with the existing FS/WPW interceptor line.

It is the desire of FS, WPW and GC to cooperate in the joint construction, maintenance and operation of joint interceptor sewer lines and joint sewage treatment facilities in a manner which will promote the harmonious and efficient provision of service to their residents and accomplish the objectives of each.

The Constitution and laws of the State of Colorado permit and encourage local governmental entities to cooperate with each other for the efficient performance of their responsibilities.

A regional Wastewater Facilities Plan (the "201 Plan") has been prepared to facilitate the development and specify the design of the Joint Facilities.

A Joint Plant Master Plan, as defined in Section 1.20, has been developed by McLaughlin Water Engineers, Ltd., describing a build out of a 6 mgd sewage treatment

plant on the existing FS/WPW treatment plant site. The Districts desire to adhere to the existing Joint Plant Master Plan attached as Exhibit 2.

The Board of Directors of FS, WPW and GC have each determined and hereby declare that it will be economically desirable and in the best interest of each District and the inhabitants therein and in the interest of the public health, safety and welfare to enter into this Agreement.

The Joint Facilities which are subject to this Agreement are defined in Section 1 below. The definition may be amended from time to time.

This Agreement shall supercede the Agreement between FS and WPW dated February 19, 1980.

## A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the parties agree as follows:

### SECTION 1. DEFINITIONS

As used in this Agreement, the following words and phrases shall have the following meanings:

- 1.1 **“Agreement”** is this Upper Fraser Valley Wastewater Agreement and any amendment thereto.
- 1.2 **“Annual Operations and Maintenance Budget”** is an annual budget of revenue, expenditures and capital replacement reserves prepared by the Operating Superintendent, submitted to the Manager and the JFOC for appropriate action, setting forth the revenue and expenditures reasonably necessary to operate the Joint Facilities.
- 1.3 **“Capital Project”** is the initial construction or future expansion of any Joint Facilities.
- 1.4 **“Capital Replacement”** is a replacement of the Joint Facilities not deemed an Operations and Maintenance Cost by the Operating Superintendent or having a cost in excess of \$50,000, increased annually by the CPI, or with a useful life greater than ten years.
- 1.5 **“Capital Replacement Reserve Fund”** is the account established and maintained under this Agreement the proceeds of which are to be used for Capital Replacements.

- 1.6   **“Connected EQRs”** are that number of Reserved EQRs as defined below, which a participating District, has connected to the Joint Facilities.
- 1.7   **“CPI”** is the Denver-Boulder-Greeley, Colorado metropolitan area Consumer Price Index for All Urban Consumers.
- 1.8   **“Design Engineer”** is an engineer chosen by the Manager subject to approval by the JFOC for the purpose of determining the feasibility of and designing an expansion of the Joint Plant.
- 1.9   **“District”** or **“Districts”** are FS, WPW and/or GC as used singularly or collectively.
- 1.10   **“EQR”** is an equivalent residential usage unit, sometimes referred to as a Single Family Equivalent (SFE). Currently an EQR represents a maximum day load of 270 gallons and 0.6 lbs BOD<sub>5</sub>.
- 1.11   **“Existing Facilities”** are the facilities existing and jointly owned by FS and WPW as of the date of execution of this Agreement that shall be incorporated into the Initial Joint Facilities.
- 1.12   **“Legal Interest”** is each District’s owned percentage interest of the Joint Facilities and its Reserved Sewer Capacity in the Joint Facilities as each District may own from time to time.
- 1.13   **“Excess Flow”** is the number of gallons of wastewater per day that the sewerage measured at the flow meter exceeds Connected EQRs multiplied by the average wastewater use characteristics used to establish the current EQRs.
- 1.14   **“Initial Joint Facilities”** are the Joint Facilities as defined below up to 2.7 mgd. Any expansions of the Initial Joint Facilities shall be referred to as “expansions.”
- 1.15   **“Joint Facilities”** are the Joint Plant and Joint Trunk Lines collectively, any related works or improvements, interceptors, or lift stations, and all personal property and fixtures used in connection therewith.
- 1.16   **“Joint Facilities Engineer”** is McLaughlin Water Engineers, Ltd. for the Initial Joint Facilities, or such other engineer as chosen subsequent to the completion of the Initial Joint Facilities by the Manager subject to approval by the JFOC.
- 1.17   **“Joint Facilities Manager”** (or **“Manager”**) is the entity appointed by the JFOC to oversee and manage the Joint Facilities. The Manager may be a third-party selected by the JFOC including one of the Districts. The initial Manager shall be the Fraser Sanitation District.

1.18 **“Joint Facilities Oversight Committee”** or “JFOC” is a nine-member oversight committee comprised of three members of the Board of Directors of each District appointed by the respective District. The committee is not a separate political entity. Each member shall serve at the pleasure of the District which appoints such member.

1.19 **“Joint Facilities Subcommittee”** or “Subcommittee” is a committee appointed by the JFOC consisting of at least one member of the JFOC from each District.

1.20 **“Joint Plant”** is the initial 2.7 mgd Joint Wastewater Treatment Plant as it may be expanded from time to time, and those metering stations deemed necessary by the Manager to monitor the flow and infiltration into the Joint Facilities and Joint Trunk Lines depicted on Exhibit 1 attached hereto.

1.21 **“Joint Plant Master Plan”** is the plan entitled “Fraser WWTP Master Plan” prepared by McLaughlin Water Engineers, Ltd. and attached as Exhibit 2 hereto as amended from time to time.

1.22 **“Joint Project Cost Account”** is the project fund account for the Initial Joint Facilities into which the Districts will deposit their contributions for the design and construction of the Initial Joint Facilities.

1.23 **“Joint Trunk Lines”** are the following, as depicted on Exhibit 1 attached hereto:

- a. Line A, Joint Grand County/Fraser (Maryvale East Side Trunk), from Grand County New Flow Metering Station to Manhole #19;
- b. Line B, referred to as Replacement Trunk Thru Fraser, from Manhole #19 to WPW Metering Station; and
- c. Line C.

1.23 **“Line C”** is the existing 21-inch outfall line or its replacement set forth on Exhibit 1 attached hereto which transmits flows from the Districts to the treatment facilities located north of Grand County Road 8.

1.24 **“Operating Superintendent”** is the superintendent appointed by the Manager.

1.25 **“Operations and Maintenance Costs”** (or **“O&M Costs”**) are those expenses attributable to operating and maintaining the Joint Facilities to be paid out of the Annual Operations and Maintenance Budget. Operations and Maintenance Costs may include direct administrative and billing labor costs, professional fees (for attorneys, accountants, and engineering consultants specifically engaged to provide services to the Joint Facilities), operations, fines and penalties, management fees, repairs, and minor replacements; they

may not include such items as fees or salaries for an individual District's Board of Directors, the cost of preparing an individual District's audit or budget, or other separate expenses. The Operations and Maintenance Costs will be reflected in the Annual Operations and Maintenance Budget.

- 1.26 **"Operations And Maintenance Reserve Fund"** is the fund containing three months' operating expenses to provide for any shortfall in the revenues collected necessary to fund the Operations and Maintenance Costs of the Joint Facilities.
- 1.27 **"Pre-sold EQR"** is an EQR that is sold but is not contemplated to be connected to the system within the next reporting period.
- 1.28 **"Project Costs"** are those costs necessary to complete the design and finish the construction of the Joint Facilities, including engineering costs, jointly incurred legal fees (not related to the negotiation and preparation of this Agreement), 201 Revision expenses, 1041 Plan expenses, Site Application expenses and such other costs determined by the Manager. Such costs may be reviewed and acted on by the JFOC in the same manner as the Annual Operations and Maintenance Budget.
- 1.29 **"Reserved EQR"** is an EQR that a participating District elects to commit to the Initial Joint Facilities or in any approved expansion of the Joint Facilities.
- 1.30 **"Pump Back System"** would be any facilities and trunk lines used to pump outflows from wastewater treated by the Joint Plant Facilities to an upstream location. The Pump Back System would not be a Joint Facility.
- 1.31 **"Reserved Sewer Capacity"** is each District's allocated share of the total Reserved EQR capacity of the Joint Facilities as constructed from time to time.
- 1.32 **"Ultimate Reserve Sewer Capacity"** is that number of Reserved EQRs that shall serve as the ultimate design capacity of the Joint Facilities.

## **SECTION 2. CONSTRUCTION OF INITIAL JOINT FACILITIES AND EXPANSION**

### **A. Joint Facilities Manager for Permitting, Design, Construction, and Expansion of Joint Facilities**

- 2.1 **Joint Facilities Manager ("Manager")**. FS shall be the Manager for the permitting, design and construction of the Initial Joint Facilities and the operations and maintenance of said Joint Facilities until such time as another Manager is appointed by the JFOC under Section 4.7.1. The Manager shall have the authority to:

- 2.1.1 **Hiring**. Hire professionals such as engineers, lawyers and accountants to provide services to the Joint Facilities. The JFOC or a subcommittee thereof shall first review and approve said contracts prior to hiring by the Manager except as otherwise specified herein.
- 2.1.2 **Design and Construction**. Let contracts for and supervise the design and construction of the Joint Facilities. The JFOC must approve said contracts and design.
- 2.1.3 **Apply for, Accept Funding**. Make application or coordinate the making of applications for funding, including funding under an EPA grant or other state or federal financial assistance, and accept funding that it deems appropriate. WPW and GC agree by executing this Agreement to enter into such applications or other documents if required.
- 2.1.4 **Execute Contracts**. Execute funding contracts including notes, bond indentures, revolving bond documentation or grant documentation subject to the approval by the JFOC.
- 2.1.5 **Supervise Construction**. Supervise the construction of the Joint Facilities in conjunction with the JFOC Subcommittee.
- 2.1.6 **Other Action**. Take all other appropriate action for the funding, construction, operation, maintenance, expenses or replacement of the Joint Facilities reasonably necessary for the Manager to carry out the purposes of this Agreement. This section shall not supersede, or be construed to grant any powers to the Manager specifically limited by this or other sections of this Agreement.

## **B. Planning, Design and Construction of Initial Joint Facilities**

- 2.2 **Joint Plant Master Plan of Joint Facilities**. McLaughlin Water Engineers, Ltd., prior to creation of this Agreement, has prepared a Joint Plant Master Plan for the Joint Facilities. FS and WPW have relied on the Joint Plant Master Plan in proceeding with the expenditure of funds to acquire the treatment plant site and easements necessary for the construction and use of certain Joint Trunk Lines. All Joint Facilities, including expansions, shall be required to conform to the Joint Plant Master Plan.
- 2.3 **Initial Plant and Trunk Construction**. GC acknowledges that FS and WPW have begun to design the Joint Facilities and agree as follows:
  - 2.3.1 **Documents**. If not already completed, the Engineer is authorized to complete all design drawings suitable for bidding for the construction of

the Joint Facilities. The cost of the work described in this paragraph are Project Costs.

- 2.3.2 **Reimbursement of Sums Paid.** FS, WPW and GC have previously entered into an Agreement relating to the design of the Joint Facilities. These costs shall be Project Costs and will be billed, if not already billed and paid, in the initial Project Cost billings by the Manager.
- 2.3.3 **Authority to Bid and Construct Joint Facilities.** WPW and GC authorize the Manager to bid the Joint Facilities. After review and approval of the bids by the JFOC or Subcommittee the Manager can proceed to accept the appropriate bid and proceed with construction.
- 2.3.4 **Assurance of Payment.** Each District, prior to the Manager advertising for bids or issuing a Notice to Proceed, must satisfy the other Districts that it has adequate funding, or will have adequate funding, to pay its Project Costs or the Manager shall not proceed. Such evidence of financing may take the form provided in Section 2.4.3.1, 2.4.3.2 or 2.4.3.3 infra.

### **C. Expansion of Joint Facilities**

- 2.4 **Procedure for Increased Capacity.** It is understood and agreed that if FS, GC or WPW or any combination thereof find it necessary or desirable to have the sewage plant capacity increased to obtain greater reserved sewer plant capacity, have the Joint Trunk Lines expanded or new trunk lines added, excluding the replacement of Line C, which will be dealt with as provided in Section 2.8 below, the Manager with the authority as set forth in Section 2.1 above, shall proceed as set forth below. No party may request an expansion that would exceed the limit of Ultimate Reserve Capacity, as amended from time to time and as shown on Exhibit 3. Any District may request an increase by the following procedure:

- 2.4.1 **Notice Requirements.** The Board of Directors of such District requesting an increase will give notice in writing to the Board of Directors of the other Districts and to the Manager of the necessity or desirability of increasing the plant capacity. Such increases must be in minimum increments of 1.0 mgd.
- 2.4.2 **Joint Meeting.** The Board of Directors of the District receiving the notice shall within 60 days review that notice and advise the Board of the initiating District and the Manager whether the receiving District also desires an increase in plant capacity. The Districts shall establish a date, time and location for a joint meeting of the Boards of Directors to determine the approximate increase in the sewage plant required by each District and if unable to agree then said meeting shall be at the Fraser Town Hall on the first Monday, after the 60th day. At such meeting, the Manager shall be authorized, within a reasonable time, to cause to be

prepared an engineer's report to show the exact amount of the increase and the estimated cost of such Expansion. The Manager shall designate an engineer for the project to prepare such report. The cost of the engineer's report shall be shared in the allocated proportion each District would have of the total additional Reserved EQRs in the proposed expansion.

2.4.3 **Second Joint Meeting.** The participating Districts shall establish a date, time, and location for a second joint meeting to be held not later than 30 days from the receipt of the engineer's report. At such meeting, the participating Districts shall determine the exact increase of the plant capacity required, and each District shall have 60 days thereafter to provide satisfactory evidence of its financing of its share of the expansion in the form of:

2.4.3.1 **Bonds.** A certified copy of the resolution authorizing the necessary general obligation bonds and a firm commitment from a reputable underwriter to purchase the bonds or act as broker in the sale of the same. In the event an election is necessary to approve the issuance of these bonds, the District shall hold that election as soon as possible consistent with applicable law.

2.4.3.2 **Current Funds.** In the event a District determines to provide its financing out of current funds, it shall provide a statement from its auditor that in the auditor's opinion, there will be funds available for the participating District to use at such times as it must draw upon them.

2.4.3.3 **Funding by the Manager or Joint Funding.** In the event that the Manager can facilitate the funding of the entire project (through State Revolving Fund loans, a bond issue or similar means, or grants), then a contract to assure payment of each District's share of principal and interest shall be signed if agreed to by all parties.

2.4.4 **Contracting for Construction.** The Districts who elect to participate in the expansion (the "Participating Districts") shall enter into a written Agreement with each other (the "Expansion Agreement"). The Expansion Agreement shall set forth, at the minimum, the scope of the expansion, the cost thereof, including the proposed design and construction cost, the engineering and design of the expansion, the bidding of a contract for the expansion, the contract with the expansion contractor, the pro rata amount of all Districts' respective financial participation, and a detailed description of how the Participating Districts will fund their respective participation. When the Participating Districts have arranged for financing and have concluded the Expansion Agreement, the Manager, after

approval from the JFOC which approval shall be considered at a special meeting following the notice requirements set forth in Section 4.6.5.2 Special Meetings , shall let bids for the design and, thereafter, for the construction of the expanded Joint Facilities. Voting and quorum requirements shall follow the rules set forth in Sections 4.6.3 and 4.6.5.3

2.4.5 **Payment for Construction.** The Participating Districts agree to pay for Reserved Sewer Capacity in the expanded Joint Facilities at the time the monies are required to pay for the construction or other acquisition of such Joint Facilities. The Manager shall prepare Project Cost billings for the expansion of the Joint Facilities, which will be due upon receipt.

2.4.6 **Electing Not to Participate.** In the event a District chooses for any reason not to participate in the proposed expansion, the other Participating Districts shall retain an absolute right to go forward with their proposed expansion, and shall retain the entire increase in capacity achieved thereby. Each District's Legal Interest will be adjusted in accordance with the examples set forth in Exhibit 5 and as described in Section 2.5. A District which is not a Participating District may still vote on the JFOC's consideration of matters related to the expansion. A District which elects not to participate in a particular expansion shall not be precluded from participating in subsequent expansions of the Facilities.

2.5 **Capital Project Cost Allocation of Expansion.** Capital Project Cost allocations for future Joint Plant and Joint Trunk Line expansions shall be calculated and allocated between the Districts as set forth in Exhibit 4.B.2 and Exhibit 5.B.2.

2.6 **Expansion Beyond the Joint Plant Master Plan.** Once the Joint Plant has been expanded to 6.0 mgd under the Joint Plant Master Plan and is operating at 80% capacity, the Manager, subject to approval by the JFOC, shall hire a Design Engineer to prepare an amendment to the Joint Plant Master Plan indicating the feasibility of increasing the Joint Facilities capacity beyond 6 mgd at that Joint Plant site, including required trunk modifications and replacements, estimating costs and recommending modifications to the allocation of costs between the Districts if the expense and/or complexity of the Joint Plant Master Plan amendment renders cost allocation under this Agreement unfair or inappropriate. Such amendment shall be approved by Directors of the Boards of FS, WPW, and GC. The vote for such amendment shall follow the procedures outlined in Section 5.1.2.

2.7 **Mandated Upgrades.** The cost of any upgrades to the Joint Facilities mandated by state or federal governmental procedures, rules or regulations shall be calculated and allocated between the Districts as set forth in Exhibit 4.B.2 and Exhibit 5.B.2. All Districts must participate in the cost of such mandated upgrades.

#### **D. Replacement of Line C**

2.8 **Line C Replacement.** Line C, an existing 21-inch trunk line, is predicted to have adequate capacity for the initial project. WPW and FS are contributing the initial Line C to the Joint Facilities in exchange for the Agreement by GC that upon any expansion of the Reserved Sewer Capacity in the Joint Facilities, which will cause a recommendation by the Joint Facilities Engineer designing the expansion to increase the Line C size, GC will pay all Project Costs to have Line C designed and upgraded or replaced to accommodate the total Ultimate Reserve Sewer Capacity as set forth in Exhibit 3 attached hereto. Such upgrade or replacement cost shall not be included in any equity calculation relating to the Joint Facilities but shall be a separate and discreet cost of GC. Upon completion of the upgrade or replacement of Line C, Line C shall be a part of the Joint Facilities, ownership shall be in the same percentage that exists for the other Joint Facilities and all Districts shall participate in future repair, replacement or upgrade projects in proportion to their Reserved Sewer Capacity.

### **SECTION 3. OWNERSHIP OF AND CAPITAL PROJECT COST ALLOCATIONS OF JOINT FACILITIES**

#### **A. Title and Legal Interest in Joint Facilities**

3.1 **Title to Joint Facilities.** Title to the Initial Joint Facilities shall be vested in FS, WPW and GC in accordance with their respective Legal Interest after completion of the Initial Joint Facilities. FS, GC and WPW shall own the Legal Interests in the Initial Joint Facilities as calculated on Exhibits 4 & 5. Upon completion of the initial and any major plant expansion, these Legal Interests will be recalculated and the deed to the real property shall be amended to reflect these changes in Legal Interests.

3.2 **Legal Interest in Initial Joint Facilities.** Each District's percentage of the total Reserved Sewer Capacity in the Initial Joint Facilities will constitute that District's Legal Interest in the Initial Joint Facilities.

3.3 **Ownership Rights to and Repair of Fraser Sanitation District Lines.** The District's recognize that the lines transiting through the Fraser Sanitation District are unique in nature because they serve as both collection lines for the Fraser Sanitation District and combined Joint Trunk Lines for the Joint Facilities. As such, it is agreed by all District's that the lines within the Fraser Sanitation District boundaries will forevermore be the sole property of the Fraser Sanitation District. Except as to replacement of Line C as discussed in Section 2.8 above, other Districts using and contributing to the cost of the lines shall own Reserved Sewer Capacity in these lines as calculated in Exhibit 3 and Exhibit 5, which shall be equal to their respective percentages of their contributions to the total contributed capital. In addition, as a byproduct of this arrangement, FS shall

always have the right to alter or repair any section of these lines and pay for any costs associated therewith. The other Districts owning Reserved Sewer Capacity in these lines agree to pay any bills submitted by FS for such changes or repairs in the proportion of their Reserved Sewer Capacity.

3.4 **Sale of Equity in Existing Facilities for Use in Joint Facilities.** FS and WPW currently own and operate the existing treatment plant and the current plant site and the easements in which Line C is located (the "Existing Facilities"). The ownership is FS 46.49% and WPW 53.51%. Both FS and WPW have agreed to contribute the current plant to the Joint Facilities for a value for the purposes of this Agreement of \$800,000 and the plant site and easements for the value paid to acquire the same in condemnation of \$200,000. GC shall pay to FS \$154,970 and WPW \$178,370 as payment for its initial Legal Interest in the Initial Joint Facilities which interest shall become effective upon completion of the Joint Facilities. Payment shall be made in two equal installments. The first installment shall be paid upon the recording of the deed reflecting GC's Legal Interest in the Existing Facilities. The second installment shall be made on or before the date of substantial completion of the Initial Joint Facilities. No interest shall accrue on the second installment. This total payment of \$333,340 shall be used to calculate GC's Legal Interest upon the completion of the Initial Joint Facilities under Exhibit 4. It is agreed by all Districts that GC is acquiring legal title only and not any rights to capacity in the existing facility. These reserved capacities will be recalculated and transferred to GC when the Initial Joint Facilities become operational.

#### **B. Cost of and Reserved Capacity in Initial and Ultimate Joint Facilities**

3.5 **Initial and Ultimate Joint Plant Ownership, Reserved Sewer Capacity and Ultimate Reserve Sewer Capacity.** The Legal Interest after construction of the initial expansion, the Reserved Sewer Capacity in the initial expansion and the Ultimate Reserve Sewer Capacity in the master planned plant facility are reflected in Exhibit 3.I.

3.5.1 **Payment Obligations.** Each District shall contribute an amount equal to its change in equity in the plant before and after the initial 2.7 mgd expansion. Such contribution shall be calculated as follows:

3.5.1.1 **Legal Interest After Project Completion.** The amount of Legal Interest each District shall have in the Joint Plant after completion is calculated by multiplying each District's Reserved Sewer Capacity in the initial Joint Plant by the total value of the Joint Plant after completion. For illustration purposes the total value of the Joint Plant is projected to be \$9,900,000 (\$8,900,000 estimated for the Project Costs plus \$1,000,000 for the agreed upon value of the existing facilities), as demonstrated in Exhibit 4.A.2(b). The

actual Project Costs will be substituted for the estimated Project Costs.

3.5.1.2 **Legal Interest Prior to Completion.** FS and WPW have a Legal Interest in the existing plant as set forth in Exhibit 4.A.2(a). .

3.5.1.3 **Cost Allocation.** The costs shall be allocated to each District by subtracting the dollar amount of each District's Legal Interest prior to completion from the dollar amount of the each District's Legal Interest in the project after completion as set forth in Exhibit 4.B.2(c).

3.5.1.4 **Billing and Payment for Project Costs.** The Manager shall bill regularly for Project Costs to each District and payment is due upon receipt of the billing. Payment shall be made to the Joint Project Cost Account.

3.6 **Initial Joint Trunk Lines.** The Legal Interest after construction of the Initial Joint Facilities, the Reserved Sewer Capacity therein and the Ultimate Reserve Sewer Capacity in the master planned trunk lines are reflected in Exhibit 3.II.

3.7 **Adjustment to Costs.** The parties acknowledge that the payment obligations for the initial Joint Plant and Joint Trunk Lines set forth above are initial estimates only and will be adjusted to reflect actual Project Costs.

3.8 **Depreciation.** Each District shall depreciate the treatment facilities at the rate of two and one-half percent (2½%) per year, and one and one quarter percent (1.25%) per year for Joint Trunk Lines.

### **C. Expansion of Joint Facilities**

3.9 **Ultimate Reserve Sewer Capacity.** The Joint Facilities may be expanded to the maximum Ultimate Reserve Sewer Capacity under the Joint Plant Master Plan governing the expansion of the Joint Facilities. The master planned Ultimate Reserve Sewer Capacities at the time of signing this Agreement are set forth in Exhibit 3.

## **SECTION 4. OPERATION AND MAINTENANCE OF JOINT FACILITIES AND COST ALLOCATIONS**

### **A. Joint Facilities Manager ("Manager")**

4.1 **Joint Facilities Manager ("Manager").** FS shall be designated the initial Manager for the operations and maintenance of the Joint Facilities. For every action that may be reviewed by the JFOC in accordance with the terms of this Agreement, the Manager shall submit a preliminary proposal (identified as

“preliminary” on the first page of the proposal) to the JFOC for its review and comment at least 30 days prior to submission of the final proposal (identified as “final” on the first page of the proposal) for approval by the JFOC. The Manager shall consider the comments of the JFOC to the preliminary proposal in its preparation of the final proposal. The Manager shall:

- 4.1.1 **Operating Superintendent.** Appoint an Operating Superintendent to supervise to perform the responsibilities described in Section 4.D of this Agreement. The Operating Superintendent shall have a valid current license of the type required by the Joint Plant Discharge Permit. The JFOC shall be consulted prior to the final selection of the Operating Superintendent and the Manager shall consider the JFOC’s comments prior to final selection. After consideration of any objections the Manager shall make the selection. The Operating Superintendent shall be an employee of the Manager and shall have the responsibilities set forth below. The initial Operating Superintendent shall be Joe Fuqua.
- 4.1.2 **Annual Operations and Maintenance Budget.** Receive and review the Annual Operations and Maintenance Budget submitted by the Operating Superintendent. The Manager shall provide a copy of the Budget to the JFOC sufficiently in advance of the time necessary to permit the individual Districts to include the Annual Operations and Maintenance Budget, after action by the JFOC in each District’s own budget. The Manager shall follow the procedures for JFOC budget approval outlined in Section 4.7.2.
- 4.1.3 **Capital Construction.** Work in conjunction with the JFOC or its Subcommittee to monitor the course of construction on capital contracts issued for the Joint Facilities.
- 4.1.4 **Rules and Regulations and EQRs.**
  - 4.1.4.1 **Rules and Regulations.** Propose Rules and Regulations to govern the operation and maintenance of the Joint Facilities, including Rules and Regulations relating to the availability of service from, the connection with, the use of, the disconnection from, infiltration in, prohibited discharge to and industrial wastes. The Rules and Regulations may be amended from time to time and must be approved by the other participating Districts through the JFOC as described in Section 4.7.5.
  - 4.1.4.2 **Characteristics of EQRs.** Amend the EQR schedules from time to time as historic use data are obtained. The characteristics defining an EQR shall be the average wastewater use characteristics of a single-family home. The EQR schedules as

initially established are set forth in Exhibit 6 attached hereto and may be amended from time to time as described in Section 4.7.5.

**4.1.4.3 Discharge Permit.** FS, WPW and GC agree to obtain a joint discharge permit for the Initial Joint Facilities and later Expanded Facilities. The Manager shall operate the Initial Joint Facilities and Joint Facilities consistent with the discharge permit. All parties listed on the discharge permit agree to be responsible for their prorata share of any fees, fines, or other costs resulting from the discharge permit obligations. Prorata share shall be defined as each District's proportional share of Connected EQRs.

**4.1.5 Joint Accounts.** The Manager shall follow Generally Accepted Accounting Principles in accounting for all costs of the Joint Facilities. At a minimum, the accounting system for the Joint Facilities Costs shall provide that costs be recorded into the following cost categories:

- a. Joint Plant, including site and the existing WPW and the new GC metering stations.
  1. Operations and Maintenance
  2. Capital Projects
  3. Capital Replacements
- b. Joint Trunk A.
  1. Operations and Maintenance
  2. Capital Projects
  3. Capital Replacements
- c. Joint Trunk B.
  1. Operations and Maintenance
  2. Capital Projects
  3. Capital Replacements
- d. Joint Trunk C.
  1. Operations and Maintenance
  2. Capital Projects
  3. Capital Replacements

**4.1.6 Operations and Maintenance.**

**4.1.6.1 Fees.** The Manager will set Operations and Maintenance basic fees based on Connected EQRs. Fees for each category shall be established during the Joint Facilities budget process. In addition to the basic fee, an excess fee for processing costs due to excess infiltration, any material change in raw wastewater temperature or any material increase in wastewater strength shall be charged to

each District in proportion to the amount attributable to such District. The fees shall be allocated to each District as set forth in Section 4.9.

4.1.6.2 **Operations and Maintenance Reserve Fund.** The Manager shall establish, accumulate and maintain an Operations and Maintenance Reserve Fund. Such reserves shall be accumulated by regular monthly charges and shall be adequate for the payment of three months' Operations and Maintenance Costs. The initial contributions to the fund shall be made over a three-year period from the date of the first joint billing of Operations and Maintenance Costs.

4.1.6.3 **Plant Capacity Evaluation.** The parties agree to evaluate the useable capacity in the plant five years after the initial date the plant begins operations or at any point in time when any District reaches 80% of its Reserved Sewer Capacity. The process shall involve the Manager and the JFOC whom together shall evaluate and consider whether Operations and Maintenance fees and/or plant capacity should be adjusted to account for seasonal variations in the strength of wastewater and flow delivered to the Joint Facility in addition to Connected EQRs. To facilitate this analysis, the parties agree that the Manager shall maintain such records as will allow them to determine the seasonal variations in the strength of wastewater and flow contributed to the Joint Facility by each of the Districts as well as the fixed and variable costs of operating the Joint Facility. Each of the Districts agrees to conduct an EQR analysis with their respective District to determine as accurately as possible the actual gallons of wastewater and flow generated on a per EQR basis. The parties further agree to evaluate and consider the most accurate and fair manner in which each District shall determine if an expansion of the Joint Facility is necessary to provide wastewater treatment to its service area, including without limitation the ratio of Connected EQRs then in use to Reserved EQRs and the percentage of Reserved Sewer Capacity then in use by the District considering expansion. The Manager and the JFOC shall utilize the Joint Facilities Engineer to assist in this evaluation. Within one year of the date of this Agreement and, thereafter, when any District reaches 80% of its Reserved Sewer Capacity, the Manager shall contract with an independent engineer to conduct an independent analysis of Connected EQRs in each District and shall report the findings to the JFOC. The JFOC may direct the Manager to contract for additional independent audits at any time.

#### 4.1.7 **Capital Replacements.**

4.1.7.1 **Fees.** A Capital Replacement Reserve shall be accumulated by regular monthly fees in an amount equal to 1/12<sup>th</sup> of the amounts identified for capital replacements in the Capital Replacement Reserve Study prepared annually pursuant to Section 4.1.7.3. Capital Replacement Costs are allocated to each District based upon that District's Reserved Sewer Capacity in the Joint Facilities.

4.1.7.2 **Capital Replacement Reserve Fund.** The Manager shall accumulate and maintain a reasonable reserve for the current Reserved Sewer Capacity Capital Replacements. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds. Separate sub accounts will be maintained detailing each District's accumulated contributions and annually interest will be apportioned to each District's balance in the account.

The Manager shall prepare the initial Capital Replacement Reserve Study as set forth below which shall be completed to coincide with the date the Joint Plant becomes operational. The Capital Replacement Reserve Study shall be prepared annually thereafter. The balance of the Capital Replacement Reserve Fund shall be determined by the JFOC for the respective Joint Facility for which such account is maintained. The Manager shall determine expenditures from the reserve funds subject to the approval of the JFOC for any expenditure greater than \$50,000, increased annually by CPI. If reserves are inadequate for any reason, including nonpayment by any District, the Manager may levy a further assessment, which will be a charge against each District in proportion to their respective Reserved Sewer Capacity on the date of assessment. Such special assessments are due when the billing in which it is included is due. The Manager shall serve notice of any such further assessments on all Districts by a statement in writing giving the amount and reasons therefore, and such further assessments shall, unless otherwise specified in the notice, become effective with the next monthly billing

4.1.7.3 **Capital Replacement Reserve Study.** The Manager shall prepare a study of the Capital Replacement Reserve Account requirements. The cost of the study shall be considered part of the operating expenses of the Joint Facilities. The study required by this section at a minimum shall include:

- a. **Anticipated Maintenance and Replacements.** Identification of the major components which the Districts are obliged to repair, replace, restore or maintain, which as of the date of the study have a remaining useful life of less than 30 years;
- b. **Useful Life.** Identification of the probable remaining useful life of those components of the Joint Facilities anticipated to be replaced or restored;
- c. **Cost Estimate.** An estimate of the cost of replacement or restoration of each component identified during and at the end of its useful life; and
- d. **Annual Contribution.** An estimate of the total annual contribution necessary to defray the cost to replace or restore each component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

4.1.7.4 **Inclusion in Legal Interest Calculations.** It is understood by FS, GC, and WPW that depositing funds into these reserves will affect the recurring calculation of each District's Legal Interest in the Joint Facilities at the time they are expended. When expended the Legal Interests shall be adjusted as described in Exhibit 4 as if there had been a Joint Facility expansion.

4.1.8 **Monthly Billing.** The Manager shall bill for the Operations and Maintenance fees described in Section 4.1.6.1 and the Capital Replacement fees described in Section 4.1.7.1 monthly. Payments shall be due upon receipt of the bill. Billing statements shall reflect a charge for operations and maintenance and capital replacement for each facility. If payment is not made within 30 days of receipt of the bill the Manager shall charge 1% per month on the unpaid balance. Joint Facility costs shall be billed to each District on a monthly basis once the Joint Plant is operational.

4.1.9 **Liens and Encumbrances.** The Manager shall keep the Joint Facilities and related assets free and clear of all liens and encumbrances.

4.1.10 **Ultimate Users.** The Manager shall have no obligation to bill or collect fees from any ultimate user of wastewater services.

4.1.11 **Fees in Respective Service Areas.** Nothing in this Agreement shall preclude a District from assessing any fees for service in its respective service area additional to the fees assessed by the Manager.

- 4.1.12 **Infiltration**. The Manager shall keep the JFOC informed on a regular basis regarding infiltration levels.
- 4.1.13 **Bonding**. The Manager shall be bonded. The amount of the bond shall be reviewed and set annually by the JFOC. The cost of bonding shall be included in the operating budget.
- 4.1.14 **Permits and Taxes**. Make or arrange for all payments required by permits, contracts and other Agreements related to operating the Joint Facilities and pay all taxes, assessments and like charges affecting operations of the Joint Facilities.
- 4.1.15 **Financial Records**. Keep and maintain all required accounting and financial records necessary or incident to operating the Joint Facilities in accordance with customary procedures in the field of wastewater treatment. Each of the Districts shall further have the right, at any time during regular business hours, to review and inspect the accounting, financial and billing records maintained by the Manager or the Operating Superintendent.
- 4.1.16 **Insurance**. Obtain and maintain insurance customarily maintained by similar public utilities, which insurance shall identify all the Districts as insureds and shall be in an amount, as determined by the Districts, sufficient to reimburse the Districts for all damages and costs incurred by them in the event of negligent and, if possible, intentional malfeasance of the operator. The obtaining or maintaining of insurance shall not be construed to waive or otherwise impact the governmental immunity on any District.
- 4.1.17 **Emergency Repairs**. The Manager may cause to be made those repairs deemed to be necessary by him, the cause of which materially threatens the operations of the Joint Facilities. In the event such an emergency repair arises, the Manager shall have the authority to hire a contractor(s) to make emergency repairs or acquire needed parts, materials, and equipment to restore the Joint Facilities to operational condition. The Manager shall advise the Districts of the emergency repairs within 7 business days of the emergency.
- 4.1.18 **Reserved Sewer Capacity Reporting**. Advise a District if that District is approaching 80% of its Reserved Sewer Capacity.
- 4.1.19 **Billing**. Perform all tasks necessary to compile, issue and track the billing for all Districts with connected EQRs on a monthly basis for the fees set forth in Section 4.1.8 above.

## B. Districts' Obligations

4.2 **Extension of Services.** Each District may extend sewer services to customers or users within or without its own corporate boundaries as presently existing or hereinafter constituted, without approval of the other Districts; provided, however, that no such extension of services is permitted unless such District has the necessary excess Reserved Sewer Capacity to provide those customers or users service.

4.3 **Existing Capacities.** No District shall have the right to utilize, in any manner, the proprietary capacity of another District without the written consent and Agreement of the District which owns such capacity.

4.4 **Quarterly Reporting of EQRs.** Each District shall quarterly report to the others the number of EQRs it has sold during the preceding quarter under the terms of this Agreement, including Pre-sold EQRs. Additionally the Manager shall on a tri-annual basis require the Joint Facilities auditor to audit the EQR accounts of each District and each District shall cooperate with the auditor. Each District may review the EQR calculations of the other Districts.

4.5 **Rules and Regulations.** Each District shall establish and enforce Rules and Regulations concerning the use of the system by its customers or users that reflect the Rules and Regulations established by the Manager under Section 4.1.4 above and are consistent with the rules and regulations of any and all state and federal agencies having jurisdiction over their operations.

## C. Joint Facilities Oversight Committee

### 4.6 Establishment of Joint Facilities Oversight Committee.

4.6.1 **Creation.** There is hereby created and established the Joint Facilities Oversight Committee ('JFOC').

4.6.2 **General Purpose.** The JFOC shall be established as an oversight committee to represent the three Districts generally for the purposes of constructing, expanding, operating, managing and maintaining the Joint Facilities for the benefit of the Districts, and communicating with the Joint Facilities Manager.

4.6.3 **Composition and Quorum** The JFOC shall be composed of nine Members. Three Members shall be appointed by each of FS, WPW and GC. Each Member shall serve on the JFOC at the pleasure of his / her appointing District. Each Member shall have one vote on all matters to come before the JFOC. The names of the initial Members are set forth in the attached Exhibit 7. Each District may permit any member of its Board not appointed to the JFOC to act as an alternate at any meeting of the

JFOC. All official business of the JFOC shall be conducted only during such regular or special meetings at which at least six of the nine members are present. Proxies are not permitted. Attendance is required to vote on any issue. If a quorum is not present at any meeting the members present shall continue the meeting to a date and time certain not longer than 15 days from the original meeting.

4.6.4 **Compensation.** Members shall or shall not receive compensation for their services as determined by the individual District appointing such member.

4.6.5 **Meetings.**

4.6.5.1 **Regular Meetings.** Regular meetings of the JFOC shall occur not less than semiannually, at a specific time and place to be determined by the JFOC with such notice as required by Section 32-1-903 of the Colorado Revised Statutes as now enacted or as hereafter reenacted or amended.

4.6.5.2 **Special Meetings.** Any District may call special meetings of the JFOC at any time, and it shall thereupon be the duty of such District to cause notice of such meetings to be given as hereinafter provided. The District calling such meeting shall inform the other Districts of the date, time, and place of such special meeting, and the purpose for which it is called, by mailing written notice thereof to each District, postage prepaid, at least seven (7) days prior to the special meeting and by posting notice as provided in Section 32-1-903(2) of the Colorado Revised Statutes as now enacted or as hereafter reenacted or amended. Special meetings of the JFOC shall be held at such time and place reasonably convenient to all of the Members and shall be fixed in the Notice. Attendance of a Member at any meeting of the JFOC shall constitute a waiver by such Member of notice of such meeting, except when such Member attends such meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully convened.

4.6.5.3 **Voting.** JFOC Members shall have one vote on all matters to come before the JFOC. All measures voted on by the JFOC must pass based on the table below and including a minimum of one (1) affirmative vote from each District, except in the event that one District fails to attend JFOC meetings duly noticed pursuant to Sections 4.6.5.1 and 4.6.5.2 of this Agreement or a meeting continued or rescheduled pursuant to Section 4.6.5.4. Failure to attend a meeting called under the process identified in either

4.6.5.1, 4.6.5.2 or 4.6.5.4 shall cause the District failing to attend to forfeit its right to vote on the issues at said meeting:

<u>Members in Attendance</u> <u>to pass</u>	<u>Affirmative votes required</u>
6	5
7	5
8	6
9	6

Failure to take affirmative action on an item after two votes in two separate meetings shall cause the matter at question to be considered under Section 5, Dispute Resolution.

4.6.5.4 **Continuation and /or rescheduling.** Regular or special meetings may be continued to a date, time and place certain by the JFOC. Also at the written request of any Board a regular or special meeting shall be rescheduled to a date and time certain not longer than 15 days from the originally scheduled meeting. Such request must be received by the other two Boards three days prior to the originally scheduled meeting. Only one such rescheduling shall be granted for each District for each regular or special meeting and the District requesting rescheduling shall be required to provide proper notice for such rescheduled meeting according to the procedures set forth above.

4.6.5.5 **Open Meetings.** Meetings of the JFOC shall comply with the Open Meetings Law (24-6-401, *et seq.* of the Colorado Revised Statutes as now enacted or as hereafter reenacted or amended). Records of the JFOC, the Manager and the Superintendent shall be subject to the Open Records Act (24-72-201, *et seq.* of the Colorado Revised Statutes as now enacted or as hereafter reenacted or amended).

4.6.5.6 **Secretary.** The JFOC shall appoint a Secretary, who may not be a member, to prepare minutes and to maintain the official records of the JFOC. The Secretary shall be compensated for his or her services.

4.7 **Duties of Joint Facilities Oversight Committee.** The Joint Facilities Oversight Committee shall:

4.7.1 **Appoint a Manager.** The JFOC shall appoint a Manager to manage, direct and control the operations of the Joint Facilities and coordinate construction of new Expansions and do all other acts reasonably necessary to maintain the Joint Facilities. The initial Manager shall be the Fraser

Sanitation District. The JFOC shall enter into such compensatory arrangements with the Manager as it deems necessary. A new Manager may be designated by the JFOC at year intervals. The old Manager shall continue to serve until the new Manager has been selected. The Manager may be removed prior to the expiration of such Manager's term for a material breach of this Agreement or action constituting gross negligence in accordance with the voting procedures set forth in Section 5.1.2.

**4.7.1.1 Non District as Manager** The Districts recognize that the Managers duties specified in Section 4.A apply to the appointment of a District as Manager and these same duties and powers may not be applicable or appropriate in the event a non District is appointed as Manager. If a non District is appointed to be the Manager, the Districts agree to review the Manager's duties, amend Section 4.A to reflect changes appropriate to appointing a non District as Manager, and to then include those duties and powers in a separate contract with the non District Manager.

**4.7.2 Review and Approve Annual Operations and Maintenance Budget.**

The JFOC shall review and vote on the Joint Facilities Annual Operations and Maintenance Budget, in accordance with the voting procedures set forth in Section 4.6.5.3. If the JFOC disapproves the Budget it must notify the Manager immediately of such disapproval. The Manager may then consider the comments of the JFOC and resubmit an amended Budget to the JFOC to address those comments or submit the Budget to a hearing of all three Boards. If the Budget cannot be approved under the process set forth in Section 4.1.2 and this Section 4.7.2, including Dispute Resolution in Section 5.1.2, the Manager may continue to operate using the current years Budget, plus inflation indexed to the CPI set forth in Section 1.7, and adjustments made to reflect the increase in connected EQRs since the last approved Budget or a six percent (6%) increase whichever is greater. Voting shall follow the procedures set forth in 4.6.5.3.

**4.7.3 Review and Approve Rates.** Review and approve the Rates as submitted to the JFOC by the Manager. The procedures for approval shall be the same as that set forth above in Section 4.7.2. If a rate change cannot be affirmatively approved, the rates shall remain the same.

**4.7.4 Review Operating Superintendent, Joint Facilities Engineer and Design Engineer Selection.** Review and approve the selection of the Operating Superintendent, the Joint Facilities Engineer and the Design Engineer by the Manager. The procedures for approval of the Manager's selection of a Joint Facilities Engineer, following completion of the Initial Joint Facilities, and the Design Engineer shall be the same as that set forth in Section 4.7.2.

- 4.7.5 **Review Rules and Regulations and Characteristics of EQRs.** Review and approve the Rules and Regulations proposed by the Manager that govern the Joint Facilities and the EQR schedules as amended by the Manager. The procedures for approval shall be the same as that set forth in Section 4.7.2
- 4.7.6 **Review Discharge Permit Requirements.** Review the requirements of the Discharge Permit obtained for the operation of the Joint Facilities.
- 4.7.7 **Appoint a Subcommittee to Review Capital Construction.** Review and approve contents of requests for proposals for facilities design, final design and construction drawings, construction contracts and capital construction reports issued by the Manager. The JFOC or its Subcommittee shall advise the Manager within 30 days of receipt of any of the above of any concerns or deficiencies it finds regarding the construction and/or supervision of construction of the Joint Facilities.
- 4.7.8 **Audit.** Contract for the preparation of an annual audit of the Joint Facilities operations, including the Joint Accounts described above.
- 4.7.9 **Provide Direction to the Manager.** Make decisions and convey them to the Manager on all of the above within the time frame provided in the request for review.

#### **D. Operating Superintendent**

- 4.8 **Operating Superintendent Responsibilities.** The Joint Facilities shall be operated and maintained by the Operating Superintendent selected by the Manager. Under the direction of the Manager, the Operating Superintendent shall manage, direct and control the daily operations of the Joint Facilities and do all other acts reasonably necessary to maintain the facilities and its related assets. The Operating Superintendent shall:
  - 4.8.1 **General Duties.** Implement the decisions of the Manager, make all expenditures necessary to carry out the directions of the Manager and promptly advise the Manager if insufficient funds are available to implement any such direction or program adopted by it.
  - 4.8.2 **Annual Operations and Maintenance Budget.** Prepare a budget for the reasonable and necessary revenues and expenses for the operations and maintenance of the Joint Facilities and the Capital Replacement Costs and submit such budget to the Manager's Board of Directors no later than August 1<sup>st</sup> of each year. The Annual Operations and Maintenance Budget shall set forth the following:

- a. **Expenses**. All proposed budget expenditures including reasonable Capital Replacement Reserves and reserves for emergency contingencies for the upcoming fiscal year;
- b. **Revenues**. Anticipated revenues for the budget year including recommended fees for EQR, Excess Flow, infiltration, and temperature and composition changes;
- c. **Balances**. Estimated beginning and ending fund balances;
- d. **Prior Year Actual Figures and Estimates**. The corresponding actual figures for the prior fiscal year and estimated figures projected through the end of the current fiscal year, including disclosure of all beginning and ending fund balances, consistent with the basis of accounting used to prepare the budget;
- e. **Statement**. A written budget message describing the important features of the proposed budget, including a statement of the budgetary basis of accounting used and a description of the services to be delivered during the budget year; and
- f. **Schedules**. Explanatory schedules or statements classifying the expenditures by object and the revenues by source.

4.8.3 **Record Keeping**. Keep records for the Joint Facilities. These records shall be open for inspection by the other Districts at any time during regular business hours.

4.8.4 **Purchasing**. Purchase or otherwise acquire all material, supplies, equipment, utility and transportation services required for the daily operation of the Joint Facilities.

4.8.5 **Operation of Facilities**. Operate and maintain the Joint Facilities in good working order and in accordance with all applicable industry practices and standards. Each of the Districts shall have the right, at any time, to inspect the Joint Facilities for any purpose.

4.8.6 **Compliance**. Apply for all necessary permits, licenses and approvals; comply with applicable federal, state and local laws and regulations, including without limitation, such laws, regulations and permits related to wastewater treatment, health and safety; promptly notify the Manager of any allegations of substantial violation thereof; and prepare and file all reports or notices required to operate the Joint Facilities.

4.8.7 **Reports**. Keep FS, GC and WPW apprised of all matters related to the operation of the Joint Facilities by, at a minimum, submitting quarterly

reports to the Districts which include statements of expenditures and comparisons of such expenditures to the budget, a summary of operations of the Joint Facilities including amounts of wastewater treated, the source thereof and discharge of treated effluent and such other reports as are prepared by the Operating Superintendent in performance of his duties.

- 4.8.8 **Reserved Sewer Capacity Reporting.** Keep the Manager apprised of the Reserved Sewer Capacity usage of each District on a regular basis and advise the Manager if a District is approaching 80% of its Reserved Sewer Capacity.
- 4.8.9 **Emergency Repairs.** The Operating Superintendent may cause to be made those repairs deemed to be necessary by him, the cause of which materially threatens the operations of the Joint Facilities. In the event such an emergency repair arises, the Operating Superintendent shall have the authority to hire a contractor(s) to make emergency repairs or acquire needed parts, materials, and equipment to restore the Joint Facilities to operational condition. The Operating Superintendent shall make every effort to advise the President of the Manager within 24 hours of the emergency if possible or as soon thereafter as the President may be reached.
- 4.8.10 **Miscellaneous.** Undertake all other activities reasonably necessary to fulfill the foregoing.

#### **E. Operations Cost Allocations**

- 4.9 **Allocation of O&M Costs.** Operations and maintenance expenses for the Joint Facilities shall be allocated to each of the participating Districts in proportion to the total Connected EQRs processed by the plant and attributable to each District plus additional processing costs due to excess infiltration, any material decrease in raw wastewater temperature or any material increase in wastewater strength that is attributable to any District. A flow meter installed in each Joint Trunk Line just before the entrance to the joint interceptor will measure the flow and any Excess Flow shall be included in the percentage of flow of the District from which it emanates. If the flow meter fails, the Operating Superintendent in his sole discretion shall estimate the amount of excess flow attributable to each District: provided, however, that the Operating Superintendent shall arrange for repair or replacement of such flow meter as soon as practicable.
- 4.10 **Infiltration.** The Districts agree that infiltration or leakage into the Joint Facilities must be limited to provide economical treatment and to comply with Discharge Permits. They further agree that the infiltration and/or leakage into the Joint Facilities shall be limited to standards as prescribed by the Joint Facilities Engineer. Each District shall retain the right to enter upon the other's property to inspect for infiltration.

4.11 **Prohibited Discharge**. Each District shall be prohibited from discharging into the system any gasoline, oils, greases, other toxic substances, or other contaminants that might interfere with the treatment processes, and each agrees to prevent the discharge of such substances by customers into the Joint Facilities.

4.12 **Rules and Regulations**. The standards for Sections 4.10 and 4.11 regarding discharge into the Joint Facilities will be governed by the Rules and Regulations adopted pursuant to Section 4.1.4.1 and Section 4.7.5 for the Joint Facilities which Rules and Regulations shall be adopted by each District.

## **SECTION 5. DISPUTE RESOLUTION**

5.1 Any dispute arising under this Agreement shall follow the following procedures for resolution:

5.1.1 **Procedure 1**. Unless the JFOC is a party to such dispute, the parties will first submit the dispute for consideration to the JFOC, which shall review the matter and decide how to resolve the matter. The voting on the matter shall be in accordance with the procedures set forth in Section 4.6.5.3. Failure to resolve the matter after two votes in two separate meetings shall cause the matter at question to be considered under Section 5.1.2.

5.1.2 **Procedure 2**. The matter will be presented to a publicly noticed regular or special meeting of all District Boards to be held not earlier than 10 days nor later than 30 days after the matter is submitted to the Boards for consideration. The Boards will review the matter and decide how to resolve the matter. The decision of the Joint Boards must be made by a quorum of at least ten Board Members based on the table below and including a minimum of two (2) affirmative votes from each District, except in the instance when one District fails to attend the meeting. Failure to attend a meeting shall cause the District failing to attend to forfeit its right to vote on the issues at said meeting:

<b><u>Members in Attendance</u></b>	<b><u>Affirmative votes required to pass</u></b>
10	7
11	7
12	8
13	8
14	9
15	9

Any District may request continuation or rescheduling of the meeting of the Boards in accordance with the procedure identified in Section 4.6.5.4 above.

5.1.3 **Procedure 3**. If the forgoing measures do not produce an acceptable resolution of the dispute, the matter shall be submitted to, and resolved by,

binding arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association (“the Association”), using a three-person arbitration panel. Expenses of the arbitration, excluding attorney’s fees, shall be awarded by the arbitration panel to the party it deems to be the subsequently prevailing party. Any award in arbitration may be filed with the District Court in and for Grand County and may thereafter be fully enforced as the judgment of the District Court.

## SECTION 6. INDEMNIFICATION

- 6.1 Each of the Districts severally agrees to indemnify and hold harmless the other Districts from and against all actions, causes of action, claims, counterclaims, demands, liabilities, losses, damages and expenses, including costs and attorney’s fees, which may be sustained or incurred by them in connection with any action, cause of action, claim, counterclaims or demand arising from or related to agreements entered into by any of the parties hereto to which the other Districts are not parties.

## SECTION 7. PUMPBACK, RELOCATION AND WASTEWATER OWNERSHIP

- 7.1 **Pumpback for Aesthetic and Related Purposes.** The parties may, but shall not be obligated to, enter into a separate Agreement or Agreements, along with the Towns of Winter Park and Fraser, provided that the terms thereof shall be acceptable to each of them, for the purpose of contributing or funding acquisition of easements, providing for engineering, constructing, operating and maintaining a pipeline to pumpback treated wastewater to secure stream flow for aesthetic, recreational, and fish and wildlife preservation and propagation purposes through the Town of Fraser if the same shall hereafter be determined by each of them to be both desirable and feasible.
- 7.2 **Potential Purchase of Capacity.** If GC constructs a new wastewater treatment plant at an upstream location (which determination shall be made in the sole and exclusive discretion of GC), the parties agree that, prior to any expansion of the Joint Facilities, the District seeking expansion will determine whether it is in its interest to purchase GC’s Reserved Sewer Capacity and/or GC’s Connected Capacity in the Joint Facilities. If a decision not to purchase is reached, that decision shall not be used by GC in any proceeding to delay or stop such an expansion.
- 7.3 **Indemnification.** GC shall indemnify and hold FS and WPW harmless from any claim, cause of action or liability whatsoever including costs and attorney’s fees arising out of ANY DISPUTES CONCERNING the Pump Back System. GC shall have no obligation to indemnify another District pursuant to this section in

the event that such District initiates an action against GC concerning the Pump Back System. This indemnity shall not be affected if a District asserts a cross-claim or a counterclaim against GC in an action that is already initiated.

7.4 **Wastewater Ownership.** Each District shall retain whatever ownership, dominion and control it has rights to over its respective wastewater and treated wastewater prior to its discharge to the Fraser River. Execution of this Agreement and any District's participation in this Agreement shall not be used by any party hereto or any third-party to establish ownership, dominion or control over the Districts' respective wastewater, treated wastewater or other return flows.

## **SECTION 8. TERMINATION AND DISSOLUTION.**

8.1 **Termination.** This Agreement may be terminated upon

- (1) the unanimous consent of all Districts;
- (2) if the Joint Plant or other major facilities are ordered shut down permanently by any governmental agency; or
- (3) if the Joint Plant can no longer comply with governmental regulations and cannot be used for the purposes for which it was intended.

8.2 **Distribution on Dissolution.** In the event of the termination of this Agreement, assets shall be liquidated and each District shall receive it's pro rata share based upon its Legal Interest in the Joint Facilities at the time of dissolution.

## **SECTION 9. MISCELLANEOUS COVENANTS**

9.1 **Records.** Each District shall maintain the records, accounts and audits required by statute, and copies of such audits shall be exchanged.

9.2 **Competing Systems.** No District shall allow a competing private system to be constructed within its corporate limits.

9.3 **Abandonment.** Upon the abandonment of any portion of the facilities of FS, WPW or GC, the District abandoning the facilities shall retain all rights guaranteed by the laws of the state of Colorado and shall remain liable under the applicable laws of the state of Colorado.

9.4 **Effective Date.** The effective date of this Agreement shall be as set forth above, and this Agreement shall be binding upon the successors and assignees of the parties hereto.

9.5 **Assignment.** Assignability of this contract and any of the rights and liabilities hereunder shall be made only after written consent of a majority of the members of the Board of Directors of each District. This provision shall specifically include but not be limited to any assignments of rights or responsibilities of the Manager to any other entity. In the event of a permitted assignment, the terms and conditions of this agreement shall be binding upon the permitted successors and / or assigns of the respective parties.

9.6 **Severability.** In the event that any provision of this contract is held to be of no effect by a Court of competent jurisdiction, such finding, order or judgment shall not affect any other of the covenants of this contract.

9.7 **Limited Rights.** The parties to this contract acknowledge that this Agreement constitutes the sole Agreement between them and that neither party is relying upon any oral representation made by a party or an agent or officer of a party.

9.8 **Obligations.** All bonds, notes, or other obligations of each District either referred to in this Agreement or to be issued by each District shall, for all purposes of this Agreement, be the sole obligation of the District which is issuing such bonds, notes or other obligations, and shall not in any way be deemed a debt or liability of the other party to this Agreement.

9.9 **Legality.** This Agreement shall not be construed to be in violation of the laws of the United States or the State of Colorado, and the provisions of this Agreement shall not be construed in any manner that will adversely affect or diminish the bonding capacity of either FS, WPW, or GC with reference to either sewer improvement revenue bonds or general obligation sewer bonds.

9.10 **Amendment.** This Agreement may be amended from time to time by written Agreement duly authorized by unanimous Agreement of the Districts.

9.11 **Paragraph Headings.** The paragraph headings are inserted only for convenient reference and do not define, limit or prescribe the scope of this Agreement.

9.12 **Fiscal Year.** The fiscal year for purposes of this Agreement shall be the calendar year.

9.13 **Principal Place of Business.** The principal place of business of the JFOC shall be Fraser, Colorado.

9.14 **201 Facilities Plan.** In the event that the 201 Facilities Plan to be submitted to the State for approval is not approved or is approved with terms and conditions that make construction of the Joint Facilities impracticable, infeasible or uneconomic, as determined by each of the Districts in its sole discretion, this Agreement shall be voidable by each of the Districts. A District shall have 30 days from the approval of the 201 Facilities Plan to advise the remaining Districts

it desires to declare this Agreement void. If no notification is given this Agreement will remain in full force and effect. In the event any District declares this Agreement void, the District shall explain all of the bases for the District's decision. The parties shall work cooperatively to return all of the Districts to the positions occupied by them prior to execution of this Agreement, subject to any unconditional commitments to pay for or reimburse the other Districts for cost incurred in connection with this Agreement or consolidation. The withdrawing District shall also reimburse each District not withdrawing for the expenses the Districts have incurred to the date of withdrawal for the engineering and design of the Joint Facilities to the extent that that work is of not useable by the non-withdrawing Districts. All aspects of this section may be submitted to dispute resolution pursuant to Section 5 above, and this Agreement shall not be deemed void or terminated until all such disputes have been finally resolved.

9.15 **Termination Based Upon Construction Costs.** In the event that all qualified and otherwise acceptable bids for construction of the Initial Joint Facilities shall exceed \$13,000,000 this Agreement shall be voidable by each of the Districts. A District shall have 30 days from the closing of the bidding process to advise the remaining Districts it desires to withdraw from the consolidation efforts and to declare this Agreement void. If no notification is given this Agreement will remain in full force and effect. In the event any District declares this Agreement void, the District shall explain all of the bases for the District's decision. The parties shall work cooperatively to return all of the Districts to the positions occupied by them prior to execution of this Agreement, subject to any unconditional commitments to pay for or reimburse the other Districts for cost incurred in connection with this Agreement or consolidation. The withdrawing District shall also reimburse each District not withdrawing for the expenses the Districts have incurred to the date of withdrawal for the engineering, design and any joint facility construction including but not limited to pipeline construction of the Joint Facilities to the extent that that work is of not useable by the non-withdrawing Districts. All aspects of this section may be submitted to dispute resolution pursuant to Section 5 above, and this Agreement shall not be deemed void or terminated until all such disputes have been finally resolved

9.16 **Notice.** Anytime notice is required under this Agreement whether to the parties or to the JFOC members it may be given by depositing the same in the U.S. Mail addressed to the address of the District or by hand delivery. Notice shall be complete upon receipt. Each District shall be responsible for advising its Board Members of the notice. The address of each District is set forth in the initial paragraph of this Agreement and may be changed by providing a written request to the Manager.

9.17 **Governmental Immunity.** Nothing in this Agreement shall serve as a waiver of governmental immunity for any District.

9.18 **Third Party Beneficiaries.** Nothing in this Agreement shall be interpreted to provide for or make any person or entity not a party to this Agreement a third party beneficiary to or of this Agreement or of any District.

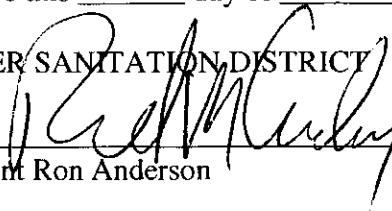
9.19 **Annual Appropriation.** Each District's rights and obligations under this Agreement shall be subject to annual appropriation by the Districts' respective Boards of Directors. In the event that a District fails to appropriate funds as required by this Agreement or as necessary to fulfill its obligations hereunder, any other District may seek relief, at law or in equity as appropriate, in the District Court in and for Grand County, including without limitation discontinuation of wastewater treatment services to the District failing to appropriate funds.

9.20 **Attorneys' Fees.** The JFOC shall not authorize or institute litigation. In any litigation between or among the Districts, each District shall pay its own attorneys' fees. The Manager shall be reimbursed for its attorneys' fees as a normal operating expense under this Agreement in any action in which it prevails.

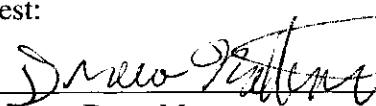
THE REMAINDER OF THIS PAGE HAS BEEN  
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IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective this \_\_\_\_\_ day of \_\_\_\_\_, 2001.

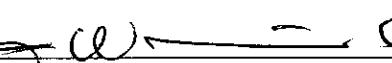
FRASER SANITATION DISTRICT

BY:   
President Ron Anderson

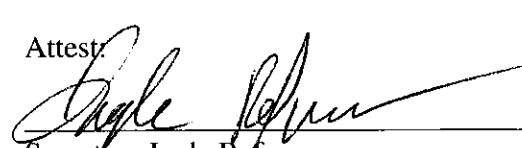
Attest:

  
Secretary Drew Matteson

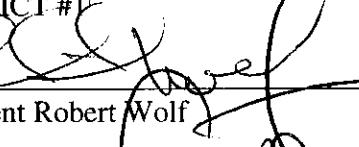
WINTER PARK WEST WATER & SANITATION DISTRICT

BY:   
President John Westerlund

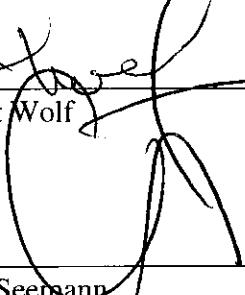
Attest:

  
Secretary Ingle Refvem

GRAND COUNTY WATER AND SANITATION  
DISTRICT #1

BY:   
President Robert Wolf

Attest:

  
Secretary Chris Seemann

Witnesses:

Kirk Klancke

Steve Sumrall

Dennis Soles

Joe Fuqua *oper*

Randy Atwater

*Joe Brownson*  
Joe Brownson

*Michael A. La Porte*  
Michael A. La Porte

*Jim Cordell*  
Jim Cordell

Ross Caldwell

*Gary Cooper*  
Gary Cooper

Vince Turner

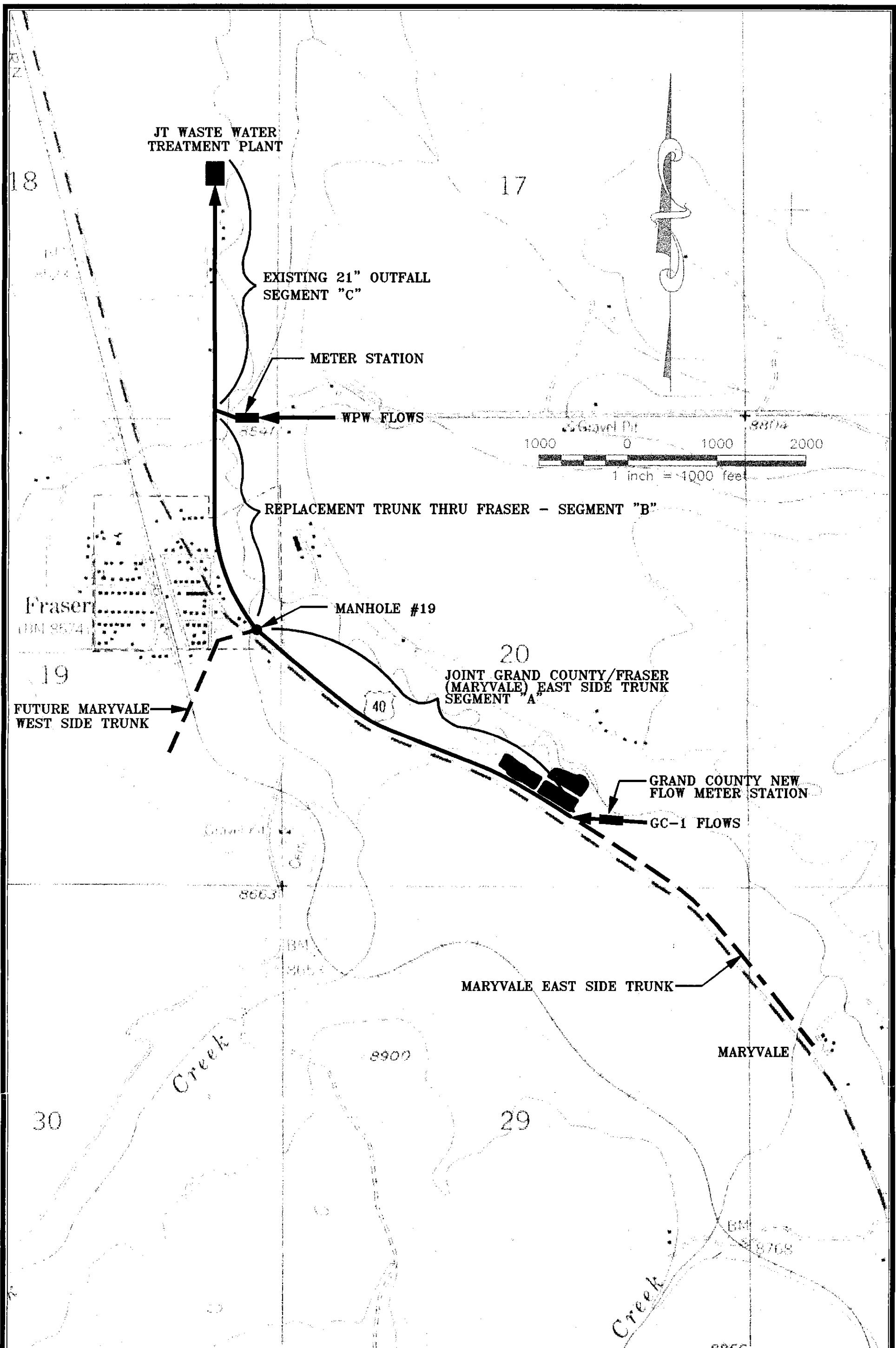
*Bruce Hutchinson* sew's  
manager  
Bruce Hutchinson

**Exhibits:**

- 1 Drawing and Map of Joint Facilities and Joint Lines
- 2 Joint Plant Master Plan
- 3 Capacity Reservations in Consolidated Wastewater Facilities
- 4 Illustration of Plant Capital Cost Allocations
- 5 Illustration of Joint Trunk Lines
- 6 Flat Rate/Equivalent Residential Unit Schedule for Joint Facilities
- 7 Names of members and Alternates to the Joint Facilities Oversight Committee

**EXHIBIT 1**

**MAP OF JOINT FACILITIES  
AND  
JOINT LINES**



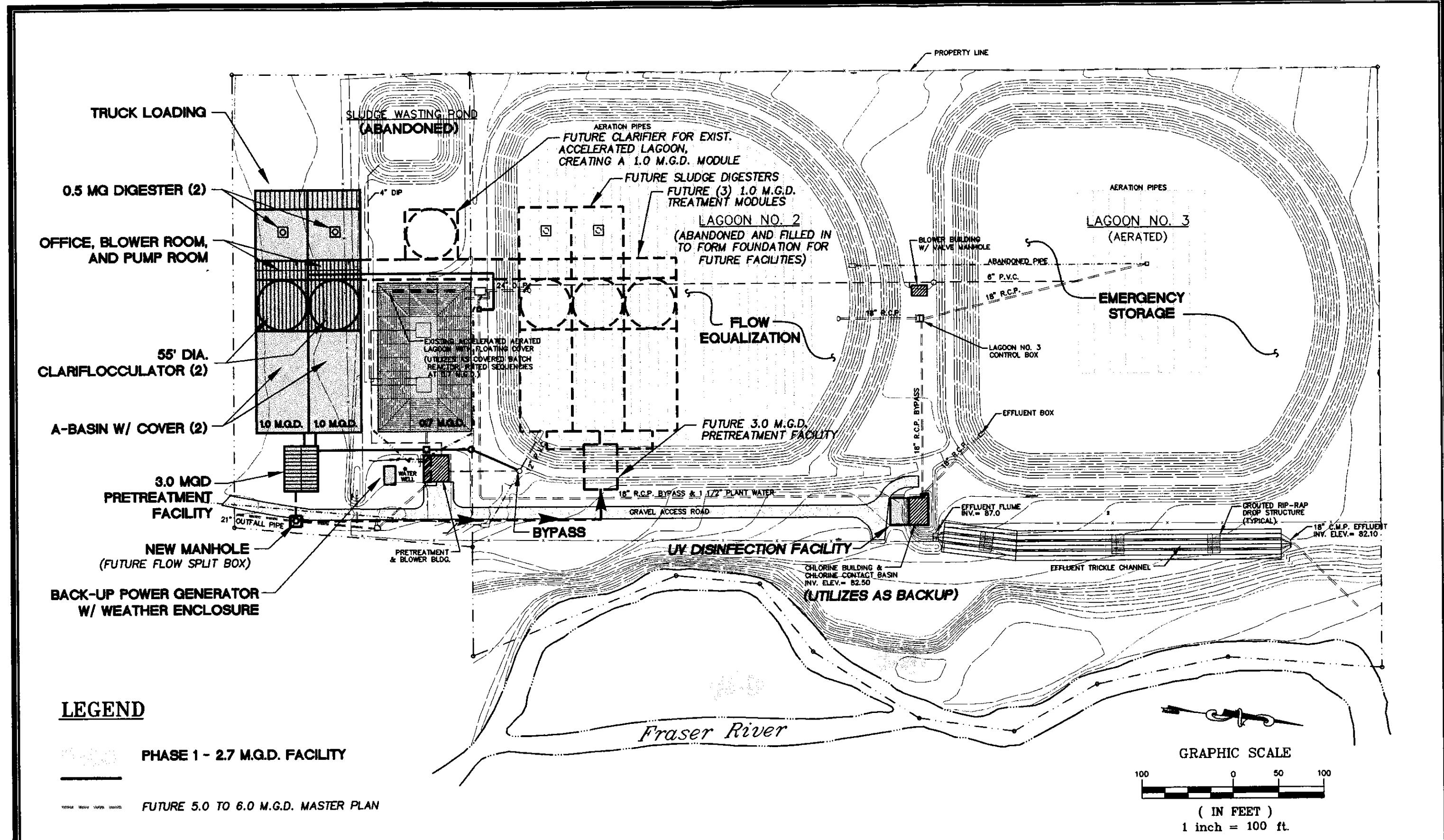
**FRASER / WPW / GC-1  
JOINT TRUNK SEWER SCHEMATIC**

**McLaughlin Water**

12595 West Bayaud Avenue, Suite 200  
Lakewood, Colorado 80228  
Phone: 303.458.5550 Fax: 303.480.9766  
email: mwe@mwewater.com

**EXHIBIT  
1**

**EXHIBIT 2**  
**JOINT PLANT MASTER PLAN**



### **Exhibit 3**

## **CAPACITY RESERVATIONS IN CONSOLIDATED WASTEWATER FACILITIES**

The following are agreed upon reservation shares in the Joint Facilities. Reservations are in terms of Equivalent Residential Units (EQRs).

Unless subsequently revised, an EQR represents a flow rate of 270 gallons per day (average rate, maximum day). The Initial Reserved Capacity is for capacity to be constructed during the initial project (completion scheduled before December 31, 2003). The Ultimate Reserve Capacity provides the right to expand facilities to a maximum capacity under the terms of this Agreement. It is noted that new trunk sewers are generally sized at predicted ultimate capacity.

### **I. Wastewater Treatment Plant**

	<u>Initial Reserve Capacity - EQR</u>	<u>Ultimate Reserve Sewer Capacity - EQR</u>
--	---------------------------------------	--

GC	3155 (1.0 MGD)*	10,000
WPW	2,467 (.782 MGD)**	2,800
FS	<u>2,896 (.918 MGD)***</u>	<u>5,600</u>
Totals	8,518 (2.7 MGD)	18,400

\* Includes allowance for 148,150 gpd infiltration

\*\* Includes allowance for 115,850 gpd infiltration

\*\*\* Includes allowance for 136,000 gpd infiltration

## **II. Joint Trunk Lines**

	<u>Initial Reserve Capacity</u> (EQR)	<u>Ultimate Reserved Sewer Capacity</u> (EQR)
<b>Trunk Line A</b>		
GC	10,000	10,000
WPW	0	0
FS	<u>1,200</u>	<u>1,200</u>
Totals	11,200	11,200
<b>Trunk Line B</b>		
GC	10,000	10,000
WPW	0	0
FS	<u>5,200</u>	<u>5,200</u>
Totals	15,200	15,200
<b>Trunk Line C</b>		
GC	—	10,000
WPW	2,500	2,800
FS	<u>2,896</u>	<u>5,600</u>
Totals	5,396	18,400

#### Exhibit 4

### WASTEWATER TREATMENT PLANT ILLUSTRATION OF PLANT CAPITAL COST ALLOCATIONS

Exhibits 4 and 5 illustrate the capital cost allocation formula and how that formula operates for the Joint Plant Capital Cost Allocations, for initial and future expansions, and Joint Trunk Cost Allocations, for initial and upon addition, replacement or expansion. The references to the CPI shall refer to the Denver-Boulder-Greeley, Colorado metropolitan area Consumer Price Index for All Urban Consumers. The CPI for capital projects shall be the value at the time of contract award.

#### A. INITIAL JOINT FACILITIES

##### 1. ASSUME — FOR 2.7 MGD INITIAL PLANT EXPANSION

###### a. Existing Plant:

CPI\*, April 1, 2002 (time of contract award) = 185.0

Facilities Formula Value	=	\$1,150,000
Plant Site Value	=	\$250,000

\* converted to 1982-1984 = 100 base

Note: Per Agreement between the three entities, the plant value is as follows:

Plant Site:	\$200,000
Existing Facilities:	\$800,000
Total	\$1,000,000

###### b. Reserved Capacity of Existing Plant:

WPW	=	53.51%
FS	=	46.49%
GC	=	00.00%

###### c. Project Cost of New 2.7 MGD Plant = \$8,900,000

###### d. Reserved Capacity of Expanded Plant:

WPW	28.89%	(.78 MGD)
FS	34.07%	(.92 MGD)
GC	37.04%	(1.0 MGD)

## 2. CALCULATE COST ALLOCATIONS

### a. Existing Plant Equities (per this Agreement – rounded to \$100 increments)

FS Equity	=	\$333,300
WPW Equity	=	\$333,300
GC Equity	=	\$333,400

### b. Determine Equities After Project Completion

$$\text{Then total value of plant} = \$8,900,000 + \$1,000,000 = \$9,900,000$$

FS Equity	=	.92/2.7 x \$9,900,000	=	\$3,373,333
WPW Equity	=	.78/2.7 x \$9,900,000	=	\$2,860,000
GC Equity	=	1.0/2.7 x \$9,900,000	=	<u>\$3,666,667</u>
Total Plant Value				\$9,900,000

### c. Allocate Costs

FS Cost	=	3,373,333 - 333,300	=	\$3,040,033
WPW Cost	=	2,860,000 - 333,300	=	\$2,526,700
GC Cost	=	3,666,667 - 333,400	=	<u>\$3,333,267</u>
Total Cost, This Project				\$8,900,000

## B. EXPANSION

### 1. ASSUME — PLANT EXPANSION TO 3.7 MGD IN YEAR 2013

#### a. CPI = April 2013 = 261

#### b. Project Cost for Expansion to 3.7 MGD = \$4,500,000

#### c. Reserved Capacity of Expanded Plant:

WPW	=	21.08% (.78 MGD)
FS	=	37.84% (1.40 MGD)
GC	=	41.08% (1.52 MGD)

#### d. During 10-year period, the Capital Replacement Reserve Account has accumulated to an amount of \$1,100,000. Assume decision is to use \$500,000 of this account for the expansion, retaining \$600,000 in the account.

## 2. CALCULATE COST ALLOCATIONS

### a. Determine Existing Plant Equities

Site Value	=	200,000 x 261/185	=	\$282,160
Facilities Value	=	9,900,000 x 261/185 x .75*	=	\$10,475,190
Capital Reserve Fund	=		=	<u>\$1,100,000</u>
		Total	=	\$11,857,350

\* Depreciation Factor

WPW Equity	=	.2889	=	\$3,425,589
FS Equity	=	.3407	=	\$4,039,799
GC Equity	=	.3704	=	<u>\$4,391,962</u>
		Total	=	\$11,857,350

### b. Determine Equities After Completion

Value of Plant After Project =  $11,857,350 + 4,500,000 - 500,000 = \$15,857,350$

WPW Equity	=	21.08%	=	\$3,342,729
FS Equity	=	37.84%	=	\$6,000,421
GC Equity	=	41.08%	=	<u>\$6,514,200</u>
		Total	=	<u>15,857,350</u>

### c. Allocate Costs

WPW	=	$3,342,729 - 3,425,589$	=	$-(\$82,860)$
FS	=	$6,000,421 - 4,039,799$	=	\$1,960,622
GC	=	$6,514,200 - 4,391,962$	=	<u>\$2,122,238</u>
		Total	=	\$4,000,000

## EXHIBIT 5

### ILLUSTRATION OF JOINT TRUNK LINE COST ALLOCATIONS

#### A. INITIAL JOINT TRUNK LINES

##### 1. ASSUME — FOR INITIAL CONSTRUCTION OF SEGMENT B

###### a. Existing Facility:

CPI, July 2001 = 181.0  
Existing Facility Value = 0

###### b. Reserved Capacity of Existing:

N.A.

###### c. Project Cost of New Trunk = \$800,000

###### d. Reserved Capacity of New Trunk:

FS	=	5,200 EQR	=	34.21%
GC	=	10,000 EQR	=	65.79%
WPW	=	0 EQR	=	00.00%

##### 2. CALCULATE COST ALLOCATIONS

Initial Cost for Segment B based on incremental cost (per cost sharing agreement):

WPW	=	\$0
FS (fixed)	=	<b>\$279,069</b>
GC (variable)	=	<b><u>\$520,931</u></b>
Total	=	<b>\$800,000</b>

Calculate Equity

FS	=	34.21%	=	<b>\$273,680</b>
GC	=	65.79%	=	<b><u>\$526,320</u></b>
			=	<b>\$800,000</b>

## B. UPGRADE OF SEGEMENT B IN YEAR 2041

### 1. ASSUME

#### a. Existing Sewer Values:

CPI, June 2041 = 300  
Depreciation Rate = 1.25%/yr  
Facility Value = \$800,000 x 300/181 x 0.50 = \$662,983

#### b. Reserved Capacity Existing Line:

FS = 34.21%  
GC = 65.79%  
WPW = 0%

#### d. Project Cost:

Project consists of Rehabilitation of Manholes at cost of \$200,000.

#### d. Reserved Capacity After Project:

No change

#### e. Capital Reserve Fund:

A capital reserve fund has been established, having a total value (with interest) of \$150,000. It has been determined that this fund will be applied to the project.

### 2. CALCULATE COST ALLOCATIONS

#### a. Determine Existing Equities

FS Equity = .3421 x 812,983	=	\$278,121
GC Equity = .6579 x 812,983	=	<u>\$534,862</u>
Total (Existing Trunk & Reserve Fund)	=	\$812,983

#### b. Determine Equities After Completion

Total Value of Segment B = 662,983 + \$200,000	=	\$862,983
FS Equity = .3421 x 862,983	=	\$295,226
GC Equity = .6579 x 862,983	=	<u>\$567,757</u>
Total	=	\$862,983

**c. Allocate Costs**

FS Cost	=	295,226	-	278,121	=	<b>\$17,105</b>
GC Cost	=	567,757	-	534,862	=	<b><u>\$32,895</u></b>

## Exhibit 6

### FLAT RATE/EQUIVALENT RESIDENTIAL UNIT SCHEDULE FOR JOINT FACILITIES

#### GENERAL NOTES

At this time, an EQR is considered to represent a maximum day load of 270 gallons and 0.6 lbs BOD<sub>5</sub>.

Each customer shall be assigned a total EQR based on its use classification(s) in accordance with the following schedule.

	<u>Class of User</u>	<u>EQR Value</u>
<b>A. RESIDENTIAL CLASSIFICATIONS</b>		
1. Single Family Residential Units (per unit)		1.0
	Single family homes, individually billed mobile homes, mobile homes on single lot, and mobile homes established as permanent residences; having not more than 3 bedrooms or 3 bathrooms per unit.	
	Note: Rental privileges of all kinds are not included in this value. Only 1 kitchen is permitted; if a residence has more than 1 kitchen, then additional EQR values should be assigned in accordance with multi-family residential units.	
	Additional for each additional bedroom.	0.2
2. Multi-Family Residential Units		
	Apartments, duplexes, condominiums, townhouses, and similar facilities in the same complex, small cabins in court not associated with motels; all units intended for long-term rental.	
	Note: Excludes more than one kitchen per unit; swimming pools are additive.	
a. 4 or more bedroom unit (per unit)		1.2
b. 3 bedroom unit (per unit)		1.0

	<u>Class of User</u>	<u>EQR Value</u>
c.	2 bedroom unit (per unit)	0.8
d.	Single bedroom or studio unit (per unit)	0.6
3.	Transient Residential Units	
	Hotels, motels, mobile home parks, dormitories, and similar facilities.	
	Note: Includes laundry facilities in mobile homes. Swimming pools and laundry facilities (except those in mobile homes) are additive; room counts shall include rooms furnished to employees; each complex shall have a minimum of one manager's unit.	
a.	Manager's unit (per unit)	1.0
b.	Motels, hotels, and rooming houses without kitchen facilities <ul style="list-style-type: none"> <li>• rooms having not more than two bed spaces (per rental unit)</li> <li>• rooms having more than two bed spaces (per rental unit)</li> </ul>	0.25 0.35
c.	Motels with kitchen facilities <ul style="list-style-type: none"> <li>• units having not more than two bed spaces (per rental unit)</li> <li>• units having more than two bed spaces (per rental unit)</li> </ul>	0.35 0.45
d.	Mobile home parks (per each available space)	0.8
e.	Dormitories (per each rental bed space)	0.1
f.	Add for laundry facilities (or available hookup) in billing unit complex, per machine	0.5

## B. COMMERCIAL CLASSIFICATION

### 1. Restaurants and bars

Restaurants, bars, lounges, banquet rooms, and drive-ins.

a.	Restaurants and bars (per 10 seats)	0.6
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	<u>Class of User</u>	<u>EQR Value</u>
b.	Banquet rooms (per 10 seats)	0.3
c.	Drive-ins (per car stall)	0.2
d.	Drive up windows (per sales window)	2.0
2.	Commercial Buildings	
	Office buildings, retail sales buildings, multiple use buildings, laundromats, service stations, shops, garages, and similar facilities.	
a.	Offices and office buildings (per 1,000 sq. ft. of gross occupied area)	0.6
b.	Retail sales area (per 1,000 sq. ft. of gross sales and display area)	0.3
c.	Laundromats (per washing machine or available hook-up)	1.2
	Note: This category does not include commercial laundries.	
d.	Service stations	
	• per fueling station (1 set of nozzles)	0.3
	• add for each bay/rack where cars can be washed	1.5
e.	Non-retail work area such as garages, machine shops, and warehouses (per 1,000 sq. ft.)	0.5
f.	Process water from commercial establishments discharged to the collection system shall be evaluated based on the metered water inflow (per 1,000 gpd, maximum day)	3.5

Note: The District may re-evaluate the EQR of the discharger should the impact of the discharge exceed the equivalent of the single family residential unit. Should sewage strength exceed 330 mg/l of BOD<sub>5</sub> or SS, additional charges will be computed for strength exceeding these values. In cases where there is batch discharge of process water, the Authority may require the discharger to obtain approval by the plant operator of the time and rate of discharge.

#### C. CHURCH AND SCHOOL CLASSIFICATIONS

1. Churches (per 100 seats)	1.0
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Notes: Rectories or other living areas are additive.

2. Schools	
------------	--

Day care centers, public and private day schools

Notes: Include teachers, librarians, custodians, and administrative personnel associated with the school function; administrative centers, warehouses, equipment (such as buses), repair and/or storage centers, swimming pools, and similar facilities are additive.

a. Without gym and without cafeteria (per 50 students)	1.4
b. Without gym and with cafeteria or with gym and without cafeteria (per 50 students)	1.75
c. With gym and with cafeteria (per 50 students)	2.0

#### D. MISCELLANEOUS CLASSIFICATIONS

1. Swimming pools	
-------------------	--

Swimming pools and wading areas

Note: A permanent sign must be placed prominently at all pool filter installations stating that pools are not to be drained without permission from the STP operator, that pool drainage rates will be subject to approval of the STP operator, and that draining shall be limited to the hours between 11 P.M. and 6 A.M. the next day.

a.	Private pools associated with single family residential units (per 4,000 gallons of pool volume).	0.5
b.	Pools associated with multi-family and transient residential units (per 40,000 gallons of pool volume)	1.0
c.	Commercial and public pools. Total EQR to be computed from pool volume and per capita capacity as follows:	
	• First 40,000 gallons of pool volume	1.05
	• Each additional 40,000 gallon capacity	0.75
2.	Recreational vehicle waste disposal stations	
	Service stations and other commercial dump facilities	5.0
	Note: Plant operator will have the authority to deny disposal at the dump station should the waste receiver be full, or if the waste being dumped will cause plant operation problems.	
3.	Septic waste and other batch waste disposal.	
	The Authority shall establish a per dump charge for operation and maintenance purposes. Dumps shall only occur at the treatment plant. The preceding note shall apply.	
4.	Medical Hospital	
	Note: Includes staff and administrative personnel associated with the hospital function.	
	• per bed	0.60
5.	Public Restrooms (per toilet or urinal)	0.20

#### E. EXTRA FLOW

Extra flow is defined as excess water admitted to the sewer system, generally in the form of inflow, infiltration or bleeding water. The Extra Flow classification applies to basically non-contaminated waters. All customers and both entities shall minimize extra flow to the extent practical. For each EQR connected, it shall be assumed that the allowable flow quantity is 300 gallons per day. Flows in excess of this are termed "Extra Flow." Per 1,000 gpd EF = 3.5 EQR.

#### **F. OTHER CLASSIFICATIONS**

The JFOC shall evaluate and establish rates for all users not identified in Classifications A, B, C, and D as set forth in Section 4.7.5 of the Joint Agreement. The JFOC will establish charges for industrial waste according to Section 4.7.5 of the Agreement, with the additional requirement that industrial users comply with any existing U.S. Environmental Protection Agency or Colorado Department of Health standards, or any other applicable state or federal agency rules or standards, relating to industrial waste.

**Exhibit 7**

**MEMBERS AND ALTERNATES  
TO THE  
JOINT FACILITIES OVERSIGHT COMMITTEE**

**I. Grand County Water and Sanitation District #1**

**Members:**

1. Robert Wolf  
P.O. Box 216  
Winter Park, CO 80482
2. Vince Turner  
P.O. Box 1120  
Winter Park, CO 80482
3. Chris Seemann  
P.O. Box 3354  
Winter Park, CO 80482

**Alternates:**

1. Randy Atwater
2. Joel Brownson

**II. Winter Park West Water and Sanitation District**

Members and Alternates to be selected. Upon selection Exhibit will be amended to add names and addresses.

**III. Fraser Sanitation District**

Members and Alternates to be selected. Upon selection Exhibit will be amended to add names and addresses.