WHOLESALE WASTEWATER TREATMENT AGREEMENT BETWEEN CLARK REGIONAL WASTEWATER DISTRICT AND CITY OF VANCOUVER

THIS AGREEMENT is made and entered into by and between CLARK REGIONAL WASTEWATER DISTRICT, Clark County, Washington ("District") and the CITY OF VANCOUVER, Washington ("City"), each a Washington municipal corporation.

RECITALS

A. The District and the City both operate wastewater collection systems. Some of the District's wastewater is treated at the City's Westside Wastewater Reclamation Facility.

B. Pursuant to an Interlocal Agreement dated April 1, 1969, supplemented by an addendum dated December 12, 1977 and a letter contract dated June 8, 1990, the City provides wastewater treatment services for District wastewater.

C. Pursuant to an Interlocal Agreement dated June 14, 1999, the District and the City established coordinated industrial waste pretreatment program requirements.

D. In 2001, the City issued a report regarding a wholesale rate for providing wastewater treatment services for the District. This report was updated in 2010 for preparation of this Agreement.

E. The District and the City desire to establish the terms and conditions for City treatment of District wastewater for at least 30 years, or until the City assumes the entire District (pursuant to Chapter 35.13A RCW), whichever occurs first.

AGREEMENT

Now, therefore, in consideration of the following terms and conditions, the District and the City agree as follows:

1. Acceptance and treatment of wastewater. The City shall accept and treat all wastewater provided by the District to the City, up to a maximum of 1 million gallons per day ("mgd") average annual flow and 3 mgd peak hour flow. The flow shall be determined in accordance with Section 10.1. The District may request the City to accept and treat wastewater in excess of 1 mgd average annual flow and 3 mgd peak hour flow. Within 60 days of receipt of the request, the City Manager or designee shall determine whether the City's Westside Wastewater Reclamation Facility ("Westside plant") has sufficient capacity to accept and treat the additional wastewater. If the request for acceptance and treatment of additional wastewater is less than 0.5 mgd average annual flow and 1.5 mgd peak hour flow, and the Westside plant has sufficient capacity to treat the additional wastewater, the City Manager or designee shall approve

the request with 90 days of receipt of the request by signing an amendment to this Agreement. If the request for acceptance and treatment of additional wastewater is equal to or greater than 0.5 mgd average annual flow and 1.5 mgd peak hour flow, and the Westside plant has sufficient capacity to treat the additional wastewater, the City Manager or designee shall present the request to the City Council for consideration within 90 days of receipt of the request. The City Council may approve the request by authorizing an amendment to this Agreement. The acceptance and treatment of additional wastewater shall be governed by this Agreement, which shall be amended to adjust the District's percentage of capacity in the Westside plant.

2. Treatment rate for 2010. If the Parties enter into an agreement regarding coordination of services (assumption of entire District) on or before December 31, 2010, the wastewater treatment rate for 2010 shall be $1,920 per million gallons ("MG"), which is a discounted wholesale rate. If the Parties do not enter into an agreement regarding coordination of services (assumption of entire District) on or before December 31, 2010, the wastewater treatment rate for 2010 shall be $2,364/MG.

3. Treatment rate components and annual adjustment.

3.1 The wastewater treatment rate shall be comprised of (1) operating costs attributable to the District and (2) capital costs associated with plant-in-service serving the District, as described below.

3.2 The wastewater treatment rate shall be increased or decreased annually due to changes in operating costs and capital costs, as described in Sections 4 and 5 below. Calculations of 2010 operating costs and capital costs utilizing the procedures in Sections 4 and 5 are provided in Exhibit A to this Agreement.

3.3 The City shall submit monthly bills to the District. If the District disagrees with any or all of the City's charges, the District shall within 20 days of receipt of the bill give notice of the disputed charges. The Parties shall process the dispute in accordance with the procedure in Section 18.

3.4 The District shall pay undisputed amounts of a bill within 30 days of receipt of a bill, and settled amounts of a disputed bill within 30 days of settlement. For any late payment of charges, the City may assess interest and penalties as provided for in Municipal Code Section 3.08.080. A disputed charge shall not be considered delinquent or late until 30 days after the dispute board in Section 18 issues a determination.

4. Determination of "operating costs" portion of wastewater treatment rate.

4.1 Direct operating costs for Westside Wastewater Reclamation Facility.

4.1.1 Eligible costs – contractor. On the effective date of this Agreement, a contractor operates the Westside plant. The District shall pay a share of the costs that are charged by the contractor to the City for operation of Westside plant, which share is described in Section 4.1.3. The costs shall be (1) the operation charges, deleting any charges for services unrelated to the District, such as operating and maintaining the septic waste station and monitoring of industrial customers, (2) utility costs, such as electricity and gas, and (3) non-contract operation and maintenance expenses, which usually are one-time expenses.

4.1.2 Eligible costs – City. The District shall pay a share of costs incurred directly by the City to provide Westside plant services, such as ash hauling, testing and permit fees, which share is described in Section 4.1.3.

4.1.3 Determination of share. The District's share of costs charged to the City by the contractor and costs incurred directly by the City shall be calculated as follows:

a. Percentage allocation of operating costs. The Parties shall determine annually the total operating costs of the Westside plant, and shall allocate annually such costs between flow, biochemical-oxygen demand ("BOD") and total suspended solids ("TSS"). In the first year of this Agreement, the allocation shall be 20.90% for flow, 35.00% for BOD and 44.10% for TSS.

b. District flow, BOD, and TSS to Westside Plant. The Parties shall determine annually the District's percentage of flow, BOD and TSS to the Westside plant, compared to the total flow, BOD and TSS to the Westside plant. In the first year of this Agreement, the District's percentage shall be 8.14% for flow, 4.07% for BOD and 3.61% for TSS.

c. District's share of Westside Plant costs. The Parties shall determine annually the District's share of Westside plant costs by multiplying the percentage allocation of total operating costs and the District's percentage of flow, BOD and TSS. The sum of the flow, BOD and TSS components shall be the District's composite share of Westside plant costs. To illustrate, in the first calendar year of this Agreement, the District's share of Westside plant costs shall be as follows:

- Flow: 20.90% x 8.14% = 1.70%
- BOD: 35.00% x 4.07% = 1.42%
- TSS: 44.10% x 3.61% = 1.59%
- Total: 1.70% + 1.42% + 1.59% = 4.72%

4.2 Direct operating costs for District flow measurement.

4.2.1 Eligible costs. The District shall pay a share of the City and contractor costs of monitoring the District's flow.

4.2.2 Determination of share. The District's share is 100%.

4.3 Direct operating costs for Westside Interceptor.

4.3.1 Eligible costs. The District shall pay a share of costs incurred directly by the City to operate the Westside Interceptor connecting the District's system to the Westside plant.

4.3.2 Determination of share. The District's share is 18.75% (based on 3 mgd District peak flow capacity divided by 16 mgd total peak flow capacity for the Westside Interceptor pipeline).

4.4 City indirect costs.

4.4.1 Eligible costs. The District shall pay a share of administrative and general City costs for administering and operating the City wastewater system. The term "administrative and general City costs" shall include general overhead costs related to the City wastewater system, including but not limited to, administrative and general, maintenance of general plant, engineering, legal/cost recovery, miscellaneous, work for others and accrued vacation. If the District disputes the inclusion of a charge or item as an "administrative and general City cost," the District shall within 20 days of being notified of such cost give notice of the dispute, which shall be handled in accordance with the procedure in Section 18.

4.4.2 Determination of share. The District's share shall be the sum of the District's direct operating costs under Sections 4.1, 4.2 and 4.3, as compared to the City's administrative and general costs for administering and operating the City wastewater system, expressed as a percentage. In the first calendar year of this Agreement, the District's share shall be 1.56%.

4.5 Annual determination of operating costs, allocation and percentage; Inspection. The Parties shall determine annually, between July 1 and September 30, the direct operating costs, the indirect costs, the allocation of Westside plant operating costs between flow, BOD and TSS, and the District's percentage of flow, BOD and TSS to the Westside plant. The updated costs, allocation and percentage shall be used in the annual budgeting process in the fourth quarter of each year for the following calendar year. Upon three business days notice, or upon notice agreed upon by the Parties, the District shall have the right to inspect the Westside plant.

4.6 Cost Calculations. The operating cost calculations shall be determined as follows:

4.6.1 Contractor costs shall be determined from the most recent 12 month July 1 to June 30 period.

4.6.2 City costs shall be determined from the most recent 12 month January 1 to December 31 period.

4.6.3 Flow shall be determined from the most recent 12 month July 1 to June 30 period.

4.6.4 BOD and TSS shall be determined from the most recent 36 month July 1 to June 30 periods.

5. Determination of "capital costs" portion of wastewater treatment rate associated with plant-in-service serving District.

5.1 Recovery of depreciation. The District shall pay (1) all recovery of cost of depreciation for plant-in-service that was paid for by the District (improvements to the Westside plant from 1969 through 1988) and (2) a share of recovery of cost of depreciation of City's plant-in-service that was paid for by the City and that serves the District (improvements to Westside plant after 1988), based on the District's capacity in the Westside plant, as compared to total capacity in the Westside plant, expressed as a percentage.

5.1.1 On the effective date of this Agreement, the District's capacity in the Westside treatment plant is 1 mgd of a total of 21.3 mgd, for a percentage of 4.69% of plant-in-service.

5.1.2 If an agreement between the Parties regarding coordination of services (assumption of entire District) is in effect, the first item in Section 5.1 (1969 through 1988) shall not apply.

5.2 Return on investment. The District shall pay a return on investment cost component to compensate the City for the opportunity cost of the un-depreciated portion of past capital investments ("Rate Base") made by the City to serve the District and for risks assumed by in-City customers providing service to out-of-City customers.

5.2.1 The Rate Base shall be calculated as the difference between the District's share of past capital investments and the accumulated depreciation on the District's share of past capital investments.

5.2.2 Two factors shall be applied to the Rate Base to determine the annual return on investment component, which are (1) a weighted cost-of-capital to reflect the City's interest rate on outstanding debt (5.01% on the effective date of this Agreement) and (2) an outside-city multiplier of 1.5. On the effective date of this Agreement, the return on investment rate is 5.01% x 1.5 or 7.51%. This return on

investment rate shall be applied to the Rate Base to determine the annual return on investment charge.

5.2.3 If an agreement between the Parties regarding coordination of services (assumption of entire District) is in effect, the District shall not pay for return on investment.

5.3 Annual determination of capital costs. The Parties shall determine annually, between July 1 and September 30, the capital costs from the most recent calendar year period. The updated costs shall be used in the annual budgeting process in the fourth quarter of each year for the following calendar year.

6. City operation of Westside plant. The City shall give the District 90 days advance notice of City operation, in whole or in part, of the Westside plant. Prior to City operation of the Westside plant, in whole or in part, the Parties shall determine a revised formula and methodology for the wastewater treatment rate, which shall allocate to each Party a fair and proportionate share of the operation and maintenance expenses of the Westside plant.

7. District use of treatment cost savings. If the Parties enter into an agreement regarding coordination of services (assumption of entire District), the District shall thereafter use the difference between (1) the wastewater treatment rate for 2010 ($1,920/MG), increased annually, and (2) the wastewater treatment rate prior to 2010 ($2,364/MG), increased annually ("savings"), for design, construction, financing and maintenance of capital projects that protect aquifers and water supply sources or mitigate adverse impacts to them, including but not limited to septic elimination programs.

8. Successor agency rate. The discounted wholesale wastewater treatment rate of this Agreement shall not apply to successor agencies of the District.

9. Charges for future plant improvements.

9.1 The District shall pay for its proportional share of future Westside plant capital projects. The District's proportional share of a future Westside plant capital project ("project") shall be the District's percentage of use of or contribution of wastewater or wastewater byproducts to the project. For each project, the Parties shall determine the District's use of or contribution to the project before final design of the project.

9.2 If a project is estimated to cost more than $500,000, the City shall notify the District at commencement of planning for the project. To the greatest extent feasible, the City shall include the District in the planning and design of a project. The City shall provide the District with all plans, specifications and information regarding the

planning, design and financing of a project at least 30 days before City advertisement of the project for bid, or if not bid, before City execution of a contract for the project.

9.3 If completion of construction of a project is anticipated to occur within the last five years of the original 30-year term of this Agreement, the District may elect (1) not to participate in the planning, design and cost of the project, in which case this Agreement shall terminate at the end of the 30-year period, or (2) to participate in the planning, design and cost of the project, in which case this Agreement shall be extended beyond the 30-year term for a period of up to 20 years, as determined by the District .

9.4 If the District pays a proportional share of a Westside plant capital project at the time of construction, the District shall not be subject to the capital cost requirements of Section 5 for that project.

10. Metering and sampling.

10.1 The District shall install, maintain and pay for flow monitoring equipment and facilities to measure and record daily wastewater flow to the Westside plant. The City shall measure and record wastewater flow, and shall report such flow monthly, or more frequently as requested by the District. The City shall calibrate the meter once each calendar year after at least 4 business days notice to the District.

10.2 The City shall sample and test District wastewater twice per month for BOD and TSS, utilizing a 24-hour composite flow proportional sample. At the request of the District, the City shall notify the District at least 24 hours before each sample and test.

11. Industrial and commercial wastewater pretreatment.

11.1 The Department of Ecology has delegated to the City the authority to permit and accept industrial and commercial wastewater. The City shall be responsible for regulation and control of industrial and commercial wastewater at the Westside plant.

11.2 The District shall be responsible for regulation and control of industrial and commercial wastewater that is delivered to the Westside plant. The District shall by resolution adopt, maintain, and enforce pretreatment standards and requirements that meet or exceed the City's standards and requirements for all sources, users and facilities that contribute industrial and commercial wastewater to the Westside plant pursuant to this Agreement.

11.3 The Parties shall enter into any additional agreements as necessary to implement and carry out the City and District pretreatment standards and requirements and applicable federal, state and local pretreatment statutes, regulations and permits.

12. Compliance with regulations. In collecting and delivering wastewater to the Westside plant, the District shall comply with all applicable federal, state and local statutes, regulations and permits. In treating the District's wastewater and in operating, maintaining and improving the Westside plant and all related facilities, the City shall comply with all applicable federal, state and local statutes, regulations and permits.

13. Effective date; Term of agreement. The effective date of this Agreement shall be July 1, 2010. If the Parties enter into an agreement regarding coordination of services (assumption of entire District) on or before December 31, 2010, the term of this Agreement shall be (1) until the City's assumption of the entire District or (2) 30 years, whichever is shorter. If the Parties do not enter into an agreement regarding coordination of services (assumption of entire District) on or before December 31, 2010, the term of this Agreement shall be 30 years, which shall be renewed automatically for successive one-year terms unless one Party gives notice of termination at least 360 days prior to the end of the term or the end of any one-year extension.

14. Termination. Either Party may terminate this Agreement for material breach that has not been corrected or remedied by other Party within 180 days of written notice of breach.

15. Records review. Upon three business days notice, or upon notice agreed upon by the Parties, a Party shall have right to inspect and copy, without charge, all records of the other Party relating to this Agreement or its subjects.

16. Indemnification. To the maximum extent permitted by law, each Party shall defend, indemnify and hold harmless the other Party, and all of its officials, employees, principals and agents, from any and all claims, demands, suits, actions, fines, penalties, and liability of any kind, including injuries to persons or damages to property, which arise out of or are related to any negligent acts, errors, omissions of the indemnifying Party and its contractors, agents, employees and representatives in performing obligations under this Agreement. However, if any such damages and injuries to persons or property are caused by or result from the concurrent negligence of the District or its contractors, employees, agents, or representatives, and the City or its contractors, employees, agents, or representatives, each Party's obligation hereunder applies only to the extent of the negligence of such Party or its contractors, employees, agents, or representatives.

The foregoing indemnity is specifically and expressly intended to constitute a waiver of each Party's immunity under industrial insurance, Title 51 RCW, as respects the other Party only, and only to the extent necessary to provide the indemnified Party with a full and complete indemnity of claims made by the indemnitor's employees. This waiver has been mutually negotiated.

17. Notices. All notices and other communications under this Agreement shall be in writing by email, facsimile, regular U.S. Mail or certified mail, return receipt requested:

If to the City, to:

City of Vancouver
P.O. Box 1995
Vancouver, WA 98668
Attention: City Manager

or to such other person or place as the City shall furnish to the District in writing, with a copy to:

Ted H. Gathe
City Attorney
P.O. Box 1995
Vancouver, WA 98668

If to the District, to:

Clark Regional Wastewater District
P.O. Box 8979
Vancouver, WA 98668-8979
Attention: General Manager

or to such other person or place as the District shall furnish to the City in writing, with a copy to:

Rod P. Kaseguma
Inslee, Best, Doezie & Ryder, P.S.
777 – 108th Avenue NE, Suite 1900
Bellevue, WA 98004

Notices shall be deemed given upon personal delivery or, if mailed, upon the earlier of actual receipt or three (3) business days after the date of mailing.

18. Dispute resolution. The Parties shall attempt to resolve a dispute regarding this Agreement by informal negotiation, pursuant to an informal process agreed to by the Parties. If the Parties fail to agree upon an informal process within five business days of notice of a dispute by a Party, or fail to resolve the dispute through an agreed upon informal process, the Parties shall submit the dispute to a dispute board for a non-binding determination. Each party shall timely appoint one member to the dispute board. Those members shall jointly appoint an additional member. The dispute board shall timely consider the dispute and make a non-binding determination. As long as the dispute board acts in a timely manner, the Parties agree not to seek legal or equitable

relief in the courts until the dispute board renders a determination. Thereafter, either Party may seek legal or equitable relief in the courts.

19. Insurance. Each Party shall obtain and maintain insurance coverage from a solvent insurance provider, solvent insurance pool or self-insurance program that is sufficient to address and cover the duties, responsibilities and obligations of this Agreement. Upon request, a Party shall provide evidence of insurance coverage, in the form of a certificate of insurance from an insurance provider or a letter confirming coverage from an insurance pool or self-insurance program.

20. Waiver. Wavier of any default shall not be deemed to be a waiver of any subsequent default. Waiver of a breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of this Agreement, unless stated to be such through written approval of the non-breaching Party and attachment of such written approval to this Agreement.

21. Severability. If any section or part of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, such action shall not affect the validity or enforceability of any other section or part of this Agreement.

22. Entire agreement; Amendment. This Agreement contains the entire written agreement of the Parties and supersedes all prior discussions. This Agreement may be amended only in writing, signed by both Parties.

23. Successors and assigns. All of the provisions, conditions, regulations and requirements contained in this Agreement shall be binding upon the successors and assigns of the Parties.

24. No third party rights. This Agreement is solely for the benefit of the Parties and gives no right to any other party or person.

25. No joint venture. No joint venture or partnership is formed as a result of this Agreement. No employees or agents of one Party or any of its contractors or subcontractors shall be deemed, or represent themselves to be, employees of the other Party.

26. Jurisdiction and venue. This Agreement shall be interpreted in accordance with the laws of the State of Washington. The Superior Court of Clark County, Washington, shall have exclusive jurisdiction and venue over any legal action arising under this Agreement.

27. Prevailing party costs. If either Party incurs attorney fees, costs or other legal expenses to enforce the provisions of this Agreement against the other Party, all such fees, costs and expenses shall be recoverable by the prevailing Party.

28. Counterparts. This Agreement may be signed in counterparts and, if so signed, shall be deemed one integrated agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives.

CITY OF VANCOUVER

Mayor

Date: 06/28/10

Attested to:

City Clerk
Carrie Lewellen, Deputy City Clerk

Approved as to form:

Ted H. Gathe, City Attorney

CLARK REGIONAL WASTEWATER DISTRICT

Norm Harker, President

Date: JUNE 22, 2010

Attested to:

Denny Kiggins, Secretary

Approved as to form:

Rod P. Kaseguma, District Attorney

Exhibit A

2010 Operating & Capital Costs Calculations

Exhibit A-1: Section 4 Flow, BOD & TSS Data (3 Pages)

Exhibit A-2: Section 4 Operating Costs Calculations (2 Pages)

Exhibit A-3: Section 5 Capital Cost Calculations (2 Pages)

Exhibit A-4: Summary (1 Page)

EXHIBIT A-1
Section 4 Flow, BOD and TSS Data (page 1 of 3)

Flow, BOD and TSS Data

Summary:

	July 1, 2008 - June 30, 2009 Average Flow (MGD)	July 1, 2006 - June 30, 2009 Average BOD (lbs/day)	July 1, 2006 - June 30, 2009 Average TSS (lbs/day)	Total
Westside	8.86	36,620	41,964	
CRWWD	0.72	1,491	1,515	
CRWWD % of Westside Section 4.1.3 b.	8.14%	4.07%	3.61%	
2008-2009 Allocation of Westside (From Veolia) Section 4.1.3 a.	20.90%	35.00%	44.10%	
CRWWD's Total % of Westside Section 4.1.3 c.	1.70%	1.42%	1.59%	4.72%

EXHIBIT A-1
Section 4 Flow, BOD and TSS Data (page 2 of 3)

WWRF	July 1, 2008 - June 30, 2009 Average	July 1, 2006 - June 30, 2009 Average	July 1, 2006 - June 30, 2009 Average
Source File=WS-MP-MOR-DATA	**Flow (MGD)**	**BOD (lbs/day)**	**TSS (lbs/day)**
Jul-06	8.78	35,873	36,859
Aug-06	8.50	34,001	37,539
Sep-06	8.81	38,964	39,679
Oct-06	8.52	39,757	40,635
Nov-06	11.38	45,624	46,134
Dec-06	10.52	46,728	47,443
Jan-07	10.22	40,062	46,048
Feb-07	9.24	37,291	43,782
Mar-07	9.73	40,248	43,191
Apr-07	8.94	41,246	44,217
May-07	8.50	39,835	43,512
Jun-07	8.40	31,556	44,301
Jul-07	8.43	29,263	41,030
Aug-07	8.93	33,974	44,608
Sep-07	9.12	35,828	45,337
Oct-07	9.05	39,704	45,722
Nov-07	8.81	38,513	45,395
Dec-07	10.80	39,997	46,313
Jan-08	10.94	41,288	43,439
Feb-08	10.07	41,362	42,508
Mar-08	9.50	42,487	42,149
Apr-08	9.09	33,933	41,114
May-08	9.16	30,976	39,811
Jun-08	9.54	32,040	40,744
Jul-08	10.22	33,107	37,733
Aug-08	8.69	33,392	38,268
Sep-08	8.94	37,306	39,882
Oct-08	8.86	36,182	37,212
Nov-08	8.91	36,414	41,210
Dec-08	8.73	35,799	43,008
Jan-09	9.49	34,588	43,104
Feb-09	8.03	30,407	38,703
Mar-09	8.32	35,272	40,633
Apr-09	8.66	33,828	41,420
May-09	8.94	28,059	38,670
Jun-09	8.44	33,324	39,438
1 Year Average	**8.86**		
3 Year Average		**36,620**	**41,964**

EXHIBIT A-1
Section 4 Flow, BOD and TSS Data (page 3 of 3)

CRWWD

Source File=CRWWD Report with Loadings

CRWWD		July 1, 2008 - June 30, 2009 Average	July 1, 2006 - June 30, 2009 Average	July 1, 2006 - June 30, 2009 Average	
		Flow (MGD)	BOD (lbs/day)	TSS (lbs/day)	Flow (MG)
	Jul-06	0.72	1,596	1,466	
	Aug-06	0.72	1,278	1,336	
	Sep-06	0.74	1,174	988	
	Oct-06	0.73	1,288	1,436	
	Nov-06	0.88	1,409	1,420	
	Dec-06	0.85	1,650	1,394	
	Jan-07	0.79	1,330	1,287	
	Feb-07	0.78	1,593	1,525	
	Mar-07	0.78	1,556	1,696	
	Apr-07	0.72	1,515	1,363	
	May-07	0.73	1,661	1,537	
	Jun-07	0.76	1,552	1,571	
	Jul-07	0.69	1,347	1,257	
	Aug-07	0.79	1,540	2,305	
	Sep-07	0.67	1,367	1,308	
	Oct-07	0.75	1,396	1,695	
	Nov-07	0.85	1,620	1,567	
	Dec-07	0.80	1,849	1,752	
	Jan-08	0.75	1,790	1,468	
	Feb-08	0.77	1,486	1,750	
	Mar-08	0.69	1,586	1,426	
	Apr-08	0.73	1,461	1,483	
	May-08	0.74	1,629	1,598	
	Jun-08	0.70	1,581	1,944	
	Jul-08	0.71	1,276	1,324	22.11
	Aug-08	0.74	1,635	1,719	23.03
	Sep-08	0.68	1,262	1,559	20.38
	Oct-08	0.75	1,472	2,047	23.28
	Nov-08	0.69	1,538	1,506	20.59
	Dec-08	0.73	1,252	1,440	22.72
	Jan-09	0.83	1,795	1,638	25.60
	Feb-09	0.70	1,269	1,064	19.47
	Mar-09	0.67	1,349	1,357	20.89
	Apr-09	0.70	1,657	1,492	21.03
	May-09	0.74	1,318	1,287	23.07
	Jun-09	0.70	1,567	1,493	21.05
1 Year Average		0.72			263.22
3 Year Average			1,491	1,515	

EXHIBIT A-2
Section 4 Operating Costs Calculations (page 1 of 2)

City of Vancouver
Sewer Rate Study
CRWWD Wholesale Rate Calculation

Date 6/9/2010

SUMMARY CRWWD COSTS

Allocated Operating Costs	$	368,717
Capital Cost	$	253,518
	$	622,235
Jul 1, 2008-Jun 30, 2009 Usage (MG)		263.22
CRWWD Wholesale Rate ($/MG)	$	2,364

OPERATING COSTS

Contract Section	Category	Jan 1, 2009 - Dec 31, 2009 Costs	Percentage	Allocated Amount	Allocation Method
4.1.1 & 4.1.2	**Westside Treatment Plant Costs:**				
	Base(Veolia July 1, 2008 - June 30, 2009)	6,096,890			
	Incinerator Ash Disposal	98,894			
	Plant Maintenance	343,461			
	NPDES/Priority Pollutants Testing	8,571			
	WS - SWCAA - Air Testing	10,295			
	WWRF, NPDES Permit Fees	67,252			
	WWRF, SWCAA Permit Fees	813			
	WS Biosolid	693			
	Septic O&M	(130,579)			
	Industrial Monitoring	(29,621)			
4.1.1 & 4.1.2	**Subtotal Westside Treatment Plant Costs**	6,466,669	4.72%	305,074	Used the Contractor Costs related to Westside Treatment (Input)
	Non-Westside Treatment Costs	2,928,102	0.00%	-	Total Contractor Costs Minus Westside Treatment Costs
	Collection System Maintenance	1,929,557	0.00%	-	
4.3.1	Maintenance on Westside Interceptor Pipeline	-	18.7500%	-	District share based on allocation of capacity
4.4.1	Administration and General	2,477,817	1.56%	38,674	
4.4.1	Engineering	1,312,734	1.56%	20,489	
	Customer Accounts - All Other	1,124,470	0.00%	-	No Charge
	Pumping	486,378	0.00%	-	Zero Pumping costs related to wastewater from CRWWD
	Utilities Tax	6,893,157	0.00%	-	No Charge
4.2.2	Direct Administration Costs	3,860	100.00%	3,860	Direct contractor costs (Input)
4.2.2	Customer Accounts	620	100.00%	620	
		$ 23,623,364		$ 368,717	

EXHIBIT A-2
Section 4 Operating Costs Calculations (page 2 of 2)

CALCULATION OF "AS ALL OTHER"

Category	2009 Actual	Percentage Allocable to CRWWD	Resulting Allocation
Westside Treatment Plant Costs:	6,466,669	4.72%	$ 305,074
Non-Westside Treatment Costs	2,928,102	0.00%	-
Maintenance on Westside Interceptor Pipeline	-	18.7500%	-
Collection System Maintenance	1,929,557	0.00%	-
Direct Administration Costs	3,860	100.00%	3,860
Customer Accounts	620	100.00%	620
Customer Accounts - All Other	1,124,470	0.00%	-
Pumping	486,378	0.00%	-
Utilities Tax	6,893,157	0.00%	-
Total	**$ 19,832,813**		**$ 309,554**

Allocation of the Above Categories	$	309,554
Total Cost of Categories with an Allocation	$	19,832,813
Allocation Percentage of the Categories (As All Other)		1.56%

EXHIBIT A-3
Section 5 Capital Cost Calculations (page 1 of 2)

Weighted Cost of Capital

Issue	2009 Unpaid Balance		Rate
1993 Revenue Bonds	14,955,000	15%	5.50%
2004 Revenue Bonds	25,720,000	26%	5.01%
2005 Revenue Bonds	38,775,000	40%	5.13%
2008 Revenue Bonds	18,155,000	19%	4.39%
Public Works Trust Loans	236,842	0%	1.00%
Weighted Cost of Capital	97,841,842	100%	**5.01%**

	2010 Unpaid Balance		
1993 Revenue Bonds	12,280,000	13.7%	5.50%
2004 Revenue Bonds	25,585,000	28.5%	5.02%
2005 Revenue Bonds	35,635,000	39.7%	5.17%
2008 Revenue Bonds	16,015,000	17.9%	4.44%
Public Works Trust Loans	157,895	0.2%	1.00%
Weighted Cost of Capital	89,672,895	100.0%	**5.04%**

	2011 Unpaid Balance		
1993 Revenue Bonds	9,450,000	11.8%	5.50%
2004 Revenue Bonds	24,130,000	30.2%	5.04%
2005 Revenue Bonds	32,345,000	40.5%	5.23%
2008 Revenue Bonds	13,785,000	17.3%	4.51%
Public Works Trust Loans	78,948	0.1%	1.00%
Weighted Cost of Capital	79,788,948	100.0%	**5.08%**

	2012 Unpaid Balance		
1993 Revenue Bonds	6,455,000	9.3%	5.50%
2004 Revenue Bonds	22,625,000	32.6%	5.02%
2005 Revenue Bonds	28,920,000	41.6%	5.17%
2008 Revenue Bonds	11,480,000	16.5%	4.44%
Weighted Cost of Capital	69,480,000	100.0%	**5.04%**

	2013 Unpaid Balance		
1993 Revenue Bonds	3,285,000	5.7%	5.50%
2004 Revenue Bonds	21,030,000	36.4%	5.05%
2005 Revenue Bonds	25,345,000	43.9%	5.34%
2008 Revenue Bonds	8,135,000	14.1%	4.70%
Weighted Cost of Capital	57,795,000	100.0%	**5.15%**

	2014 Unpaid Balance		
2004 Revenue Bonds	17,625,000	39.3%	5.03%
2005 Revenue Bonds	21,630,000	48.3%	5.38%
2008 Revenue Bonds	5,550,000	12.4%	4.74%
	44,805,000	100.0%	**5.16%**

EXHIBIT A-3
Section 5 Capital Cost Calculations (page 2 of 2)

City of Vancouver
Westside Treatment Plant
Capital Costs
2009

RATE BASE

Description	*Life*	*Date*	*Original Cost - Existing Capacity*	*CRWWD Share*	*Years in Service-2009*	*Annual Depreciation*	*Accum Depr 2009*	*Contributed Capital*	*Rate Base 2009*
Interceptor-Paid	50	1969	63,241	63,241	40	0	0	63,241	
WSTP Expansion - Paid	40	1978	68,384	68,384	31	0	0	68,384	
WSTP Expansion	40	1978	50,544	50,544	31	1,264	39,172		11,372
WSTP Expansion	40	1988	767,607	767,607	21	19,190	402,994		364,613
WSTP Expansion - 1989	15	1989	14,931	701	20	47	701		0
WSTP Expansion - 1990	0	1990	0	0	19		0		0
WSTP Expansion - 1991	0	1991	0	0	18		0		0
WSTP Expansion - 1992	0	1992	0	0	17		0		0
WSTP Expansion - 1993	0	1993	0	0	16		0		0
WSTP Expansion - 1994	15	1994	13,450	631	15	42	631		0
WSTP Expansion - 1995	15	1995	8,070	379	14	25	354		25
WSTP Expansion - 1996	20	1996	10,977,202	515,362	13	25,768	334,985		180,377
WSTP Expansion - 1997*	20	1997	513,466	24,106	12	124	1,488		22,618
WSTP Expansion - 1998	20	1998	1,078,207	50,620	11	2,531	27,841		22,779
WSTP Expansion - 1999	0	1999	0	0	10		0		0
WSTP Expansion - 2000	15	2000	33,031,421	1,550,771	9	103,385	930,463		620,308
WSTP Expansion - 2001	0	2001	0	0	8		0		0
WSTP Expansion - 2002	15	2002	26,803	1,258	7	84	587		671
WSTP Expansion - 2003	15	2003	62,079	2,915	6	194	1,166		1,749
WSTP Expansion - 2004	15	2004	10,440	490	5	33	163		327
WSTP Expansion - 2005	15	2005	155,113	7,282	4	485	1,942		5,340
WSTP Expansion - 2006	15	2006	105,337	4,945	3	330	989		3,956
WSTP Expansion - 2007	15	2007	399,682	18,764	2	1,251	2,502		16,262
WSTP Expansion - 2008	15	2008	354,169	16,628	1	1,109	1,109		15,519
WSTP Expansion - 2009	15	2009	384,558	18,054	0	1,204	0		18,054
TOTALS			**48,084,704**	**3,162,683**		**157,065**	**1,747,086**	**131,625**	**1,283,973**

* Excludes purchase of land in calculation of Average Asset Life
Also excludes land purchase in Annual Depreciation Calculation

Westside Treatment Plant capacity	21.3
CRWWD's Capacity in the Westside Treatment Plant	1
*CRWWD's share of plant-in-service 1989-2009	4.69%

Section 5.2.2	Weighted cost-of-capital	5.01%
	Outside city multiplier	1.5
	Rate of return	7.51%
	Return on investment	$ 96,453
	Annual depreciation	$ 157,065
	Total capital costs	$ 253,518

EXHIBIT A-4
Summary

Clark Regional Wastewater District
Wastewater Treatment Charges for 2009 Budget

Cost Element	City of Vancouver *Current Charge Schedule* ($)	($/MG)	City of Vancouver *Updated Charge Schedule* ($)	($/MG)
Capital Components				
Vancouver				
Depreciation Cost Recovery		$597		$519
Return on Investment Component		$366		$0
Total Capital		$963		$519
Operations Costs (actual cost basis)				
Contract Operations		$1,176		$1,176
City Management/Oversight		$225		$225
Total Operations		$1,401		$1,401
Total Cost	**$622,235**	**$2,364**	**$505,328**	**$1,920**

Assumptions:
District Only Flows at CoV Plant 263.22 MG

Clark Regional Wastewater District and City of Vancouver Partnership Update

June 17, 2010 – Clark Regional Wastewater District and the City of Vancouver are moving forward with two new proposed wastewater agreements, aimed at providing service flexibility, rate protection and future stability.

The agreements basically change the two agencies' relationship from customer/treatment provider to partners. Sewer District Commissioners and the Vancouver City Council will consider adoption of the proposed agreements later this month.

Details of this proposed new relationship are laid out in these agreements: a Wholesale Wastewater Treatment Agreement on operations and a Wastewater Coordinated Services Agreement on assumptions. The agreements reflect guiding principles developed by the agencies over nearly three years, and input incorporated as part of a six-month public outreach effort in 2009.

For many years the district and city have looked to maximize existing and future infrastructure, address technical and governance issues, and create cost-saving opportunities for shared services. These agreements address those points, as well as the critical question of how to provide stability for customers, the district and the city in both the near term and far future.

Ninety-three percent of Clark Regional Wastewater District's service area lies within the City of Vancouver's Urban Growth Boundary (UGB). Many district customers already receive other city services, such as water and firefighting resources. Annexation of any portion of this area provides the city with the legislative authority of "assumption" under RCW 35.13A. That means, following annexation, the city would have the ability to assume control of sewer infrastructure and customers, including the rights and responsibilities to fix and collect sewer service rates and charges. The proposed agreements represent a coordinated plan for handling sewer functions in case of annexation, lending future stability for planning, providers and customers, without changing the annexation process and requirements.

The proposed Treatment (Operations) Agreement provides for:

- City treatment of up to 1 million gallons per day of district flows, higher if agreed
- District cost for city treatment services based on operating and capital costs, including a direct share of the Westside treatment plant and interceptor. Those costs would also factor in depreciation and return on investment, which could be reduced by as much as $200,000 a year if the agencies adopt the related Coordinated Services (Assumption) Agreement, creating a partnership. The district would commit to using such "savings" for projects that protect the community's aquifers and water resources, including septic tank elimination projects.

The Coordinated Services (Assumption) Agreement lays out a predictable roadmap for the district, the city and customers if and when annexations occur. It does not change the annexation process nor make annexation easier or faster for the city. It provides for:

- Continued ownership, operation and control by the district of its own services
- Coordinated operations and maintenance for cost-effectiveness and efficiencies
- Creation of a joint district and city oversight committee made up of two staff members and one elected official from each to meet at least once every six months.

As annexations occurred, district customers would remain with the district, preventing a piecemeal approach, and pay a 6 percent fee of about $2 per month to the city. If and when Vancouver had annexed at least 60 percent of the area or assessed valuation within the district, the entire district would be assumed by the city (per current state statute), providing at least 12 years had passed since the agreement were adopted. The agreement would also address employment and rights of Clark Regional employees as provided for under state law.

The agreements would be in effect for 30 years or until the city assumed the entire district. Early termination would be possible, however, if a new city incorporated within Vancouver's Urban Growth Boundary or the district's role in the larger Clark County community changed materially.

Clark Regional Wastewater District, a special purpose district formed in 1958, has more than 381 miles of sewer lines and 50 pump stations serving a population base of more than 81,000. Vancouver's wastewater collection system includes approximately 710 miles of sewer lines and 38 pumping stations, as well as two state Department of Ecology recognized wastewater treatment facilities with ample capacity serving a population base of approximately 202,000.

About 8 percent of the district's sewer flows go to Vancouver's Westside Water Reclamation Facility now. Operations agreements between the district and the City of Vancouver have long expired, though both agencies have continued their service relationship.

The district and the city have also been active partners in the Regional Sewer Coalition Planning Study, funded by a Department of Ecology grant and focusing primarily on the north Clark County cities. Work continues on that effort to consider a coordinated, long-term general sewer plan that would maximize infrastructure and address technical and governance issues for a partnership between the district, Clark County and the cities of Battle Ground and Ridgefield.

In addition to presentations and discussions at business and neighborhood stakeholder groups in 2009, information about the proposals has been provided to customers in billing inserts, on websites and at a public open house Oct. 6, 2009.

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