

NOV 30 2006



AGENDA SHEET FOR COUNCIL MEETING OF: *December 11, 2006* CITY CLERK'S OFFICE SPOKANE, WA

*12/11/06*

Submitting Dept.  
Wastewater Management

Contact Person/Phone No.  
Dale Arnold 625 7901

Council Sponsor

ADMINISTRATIVE SESSION

- Contract
- Report
- Claims

LEGISLATIVE SESSION

- Emergency Ord
- Resolution
- Final Reading Ord
- First Reading Ord
- Special Consideration
- Hearing

CITY PRIORITY

- Communications
- Economic Development
- Growth Management
- Human Services
- Neighborhoods
- Public Safety
- Quality Service Delivery
- Racial Equity/Cultural Diversity
- Rebuild/Maintain Infrastructure

- CLERK'S FILE
- RENEWS
- CROSS REF
- ENG
- BID
- REQUISITION

*OPR 2006-0960*

STANDING COMMITTEES

(Date of Notification)

- Finance \_\_\_\_\_
- Neighborhoods \_\_\_\_\_
- Planning/Community & Econ Dev \_\_\_\_\_

- Public Safety \_\_\_\_\_
- Public Works \_\_\_\_\_

Neighborhood/Commission/Committee Notified: \_\_\_\_\_

Action Taken: \_\_\_\_\_

AGENDA WORDING:

(If contract, include the term.)

Interlocal Agreement between Spokane County and the City of Spokane to establish capacity acquisition value and payment procedures for NVI and NSI interceptor conveyance facilities.  
Term: Indefinite

BACKGROUND:

(Attach additional sheet if necessary)

In 1980, the City and County entered into a Wastewater Management Agreement, amended 4 times through 1996. One aspect was seeking to define the capacity for County flows in the City's existing wastewater treatment facility and in the City's River Interceptor downstream from the County's Spokane Valley Interceptor. The 1980 Agreement and amendments did not fully define capacity allocations or payment provisions for capacity in the City's interceptor infrastructure downstream from the North Valley Interceptor or the North Spokane Interceptor however. A value and payment mechanism for acquisition by the County in the wastewater treatment plant and the Spokane Valley Interceptor (SVI), was established in Amendment No. 1 to the 1980 Wastewater Management Agreement, dated August 17, 1982, but there was no formal valuation or payment procedure established in those documents or later amendments for subsequent interties and conveyance beginning in 1988 through the North Valley Interceptor (NVI) and in 1991 through the North Spokane Interceptor (NSI). This agreement settles those items by payment from the County for NVI of \$416,103, for NSI, payment of \$396,062, for Interceptor Reline of \$440,193. Less prior payment of \$432,255, the balance due is \$820,255.

RECOMMENDATION: approve

<b>Fiscal Impact:</b> <input type="checkbox"/> N/A	<b>Budget Account:</b> <input type="checkbox"/> N/A
<input type="checkbox"/> Expenditure: \$	#
<input checked="" type="checkbox"/> Revenue: \$ 820,255	# 4370 43390 35090 36454
<input type="checkbox"/> Budget Neutral	

ATTACHMENTS: Include in Packets: *AGMT*  
On file for Review in Office of City Clerk:

SIGNATURES:

*[Signature]*  
Department Head

*[Signature]*  
Division Director

*[Signature]*  
Finance *MRL*

*[Signature]*  
Legal

*[Signature]*  
Deputy Mayor for Mayor

*[Signature]*  
Council President

DISTRIBUTION:

COUNCIL ACTION:

APPROVED BY  
SPOKANE CITY COUNCIL:  
*December 11, 2006*  
*[Signature]*  
CITY CLERK

**6 1032**  
**INTERLOCAL AGREEMENT BETWEEN SPOKANE COUNTY  
AND THE CITY OF SPOKANE TO ESTABLISH  
THE CAPACITY ACQUISITION VALUE AND PAYMENT PROCEDURES  
FOR THE NVI AND NSI INTERCEPTOR CONVEYANCE FACILITIES**

**THIS AGREEMENT** is between SPOKANE COUNTY, a Washington State political subdivision, 1116 West Broadway Avenue, Spokane, Washington 99260, ("County"), and the City of Spokane, a municipal corporation in the state of Washington, 808 West Spokane Falls Blvd., Spokane, Washington 99201 ("City"); and jointly referred to as the "Parties."

**WITNESSETH:**

**WHEREAS**, both the County and the City constitute "public agencies" under the Interlocal Cooperation Act, Chapter 39.34 of the Revised Code of Washington (RCW).

**WHEREAS**, pursuant to RCW 39.34.080, any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform.

**WHEREAS**, the City and the County have executed a City-County Wastewater Management Agreement dated December 22, 1980 ("1980 Agreement"), and four subsequent amendments through 1996. In essence, these documents defined the capacity for County flows in the City's existing wastewater treatment facility and in the City's River Interceptor downstream from the County's Spokane Valley Interceptor.

**WHEREAS**, the 1980 Agreement, and the amendments thereto, did not fully define capacity allocations or payment provisions for capacity in the City's interceptor infrastructure downstream from the North Valley Interceptor or the North Spokane Interceptor.

**WHEREAS**, a value and payment mechanism for acquisition by the County in the wastewater treatment plant and the Spokane Valley Interceptor (SVI), was established in Amendment No. 1 to the City-County Wastewater Management Agreement, dated August 17, 1982. However, there was no formal valuation or payment procedure established in those documents, or later amendments, for subsequent interties and conveyance beginning in 1988 through the North Valley Interceptor (NVI); and, in 1991, through the North Spokane Interceptor (NSI).

## 6 1032

WHEREAS, the parties are desirous of entering into an Interlocal Cooperation Agreement for the purposes set forth below.

NOW, THEREFORE, the Parties agree as follows:

1. **PURPOSE.** The purpose of this Interlocal agreement is to: (1) establish the capacity acquisition value and payment procedures by the County to the City for specific proportionate flow capacities identified in the NVI and NSI interceptor conveyance facilities; and (2) resolve the County's cost responsibility for one-time extraordinary repair expenses associated with City efforts to reline sections of City sewer system downstream from the NSI interceptor. This agreement does not address routine or on-going operating and maintenance cost allocation procedures, which are addressed in other Agreements.

2. **CAPACITY ACQUISITION VALUE.** The valuation approach deemed most appropriate for capacity acquisition was based on the Reconstruction Cost Less Depreciation (RCLD) methodology. This approach adheres to the cost of service-based principles accepted throughout the valuation and rate-making industry. Fundamentally, the RCLD approach allocates the depreciated value of the asset's replacement cost in proportion to the County's flow requirements versus the pipe capacity for each segment of the interceptor. In addition, there are two value adjustments. One is related to the provision of RCW 35.92.025 that allows the City to be compensated for 10 years of interest on money spent for the construction of the interceptor. The last adjustment relates to the time value of money attributed to delayed payment by the County, subsequent to connection.

3. **TERMS RELATED TO ACQUISITION OF CAPACITY IN NVI AND NSI INTERCEPTORS.** Based on the acquisition value as determined using the RCLD methodology described in the preceding paragraph, the agreed settlement terms related to acquisition of capacity by the County in the NVI and NSI interceptors are as follows:

<b>Terms</b>	<b>NVI</b>	<b>NSI</b>
Settlement Value	\$416,103	\$396,062
County Capacity	2.977 MGD	3.6 MGD
Pipe Flow Condition	70% Full – Gravity	Full – Pumped
Pipe Length	9,822 LF	12,975 LF
Pipe Diameter	36”-42”	36-15”
Pipe Location	From the intersection of Regal and South Riverton Streets westward to intersection at Erie and Front Streets	From the intersection of Rowan and Cannon Streets westward to Assembly and Broad Streets then south and east on Assembly and Aubrey L. White Parkway to the regional treatment plant
Depreciation Period	75 Years	100 Years
Installed Date	1946	1950 & 1955

4. **REIMBURSEMENT FOR COSTS TO RELINE NSI INTERCEPTOR.** Further, in regard to reimbursement for City costs to reline sections of the NSI interceptor, the County offers a settlement payment of \$440,193 and also agrees to the longer depreciation period utilized in the RCLD methodology for the NSI acquisition value calculation.

5. **PAYMENT RECAP.** The payments of the County are summarized as follows:

NVI payment	\$416,103
NSI payment	396,062
<u>Interceptor Reline</u>	<u>440,193</u>
Subtotal	\$1,252,358
Less Payments	432,255
<u>Balance Due</u>	<u>\$820,255</u>

6. **LEGAL ENTITY.** This Agreement does not establish a separate legal entity to conduct the purposes of this Agreement.

7. **ADMINISTRATORS.** The administrators for the parties to this agreement shall be as follows:

- A. **County**---Director of Utilities.
- B. **City**—Director of Wastewater Management

8. **AGREEMENT TO BE FILED.** The Parties shall cause to be recorded with the Spokane County Auditor a signed original of this Agreement.

9. **TERM.** This contract shall be effective as of the date of execution, and shall continue until the Parties negotiate, or mediate to mutual acceptance, a Termination Agreement.

10. **MISCELLANEOUS PROVISIONS.**

A. **Non-Waiver.** No waiver by either party of any of the terms of this agreement shall be construed as a waiver of the same or other rights of that party in the future.

B. **Headings.** Headings are inserted for convenience of reference only and are not to be deemed part of or to be used in construing this Agreement.

C. **Entire Agreement.** This Agreement contains the entire understanding of the parties. No representations, promises, or agreements not expressed herein have been made to induce either party to sign this Agreement.

D. **Modification.** This Agreement may be amended at any time by mutual written agreement. No modification or amendment of this agreement shall be valid until the same is reduced to writing and executed with the same formalities as this agreement.

E. **Assignment.** Neither party may assign its interest in this Agreement without the express written consent of the other party.

F. **Severability.** In the event any portion of this Agreement should become invalid or unenforceable, the rest of the Agreement shall remain in full force and effect.

G. **Compliance with Laws.** The Parties shall observe all federal, state and local laws, ordinances and regulations, to the extent that they may be applicable to the terms of this Agreement.

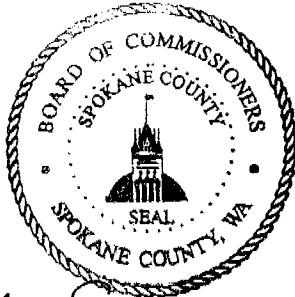
H. **Nondiscrimination.** In the performance of this Agreement, the Parties shall not discriminate on the basis of race, color, sex, religion, national origin, creed, marital status, age or the presence of any sensory, mental status, age or the presence of any sensory, mental or physical handicap in employment or application for employment or in the administration or delivery of services or any other benefits under the agreement.

I. **Notices.** All notices shall be in writing and served either personally or by certified mail, return receipt requested, to the above administrators. Notices sent by certified mail shall be deemed served when deposited in the United States Mail, postage prepaid.

**6 1032**

**J. Venuc.** This Agreement has and shall be construed as having been made and delivered in the State of Washington and the laws of the State of Washington shall be applicable to its construction and enforcement. Any action or judicial proceeding for the enforcement of this agreement or any provision shall be instituted only in a court of competent jurisdiction within Spokane County, Washington.

DATED this 5th day of December, 2006.



ATTEST:

Todd Mielke  
Todd Mielke, Chair

Mark Richard  
Mark Richard, Vice-Chair

Daniela Erickson  
Daniela Erickson  
Clerk of the Board

Philip D. Harris  
Philip D. Harris, Commissioner

DATED this 18<sup>th</sup> day of December, 2006.



CITY OF SPOKANE

By: [Signature]  
Its. Deputy Mayor

ATTEST:

[Signature]  
City Clerk

Approved as to form:

[Signature]  
Assistant City Attorney

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
OF SPOKANE COUNTY, WASHINGTON

RECEIVED  
DEC 13 2006  
CITY CLERK'S OFFICE  
SPOKANE, WA

IN THE MATTER OF AUTHORIZING AN )  
INTERLOCAL AGREEMENT WITH THE )  
CITY OF SPOKANE TO ESTABLISH )  
THE CAPACITY ACQUISITION VALUE )  
AND PAYMENT PROCEDURES FOR )  
THE NVI AND NSI INTERCEPTOR )  
CONVEYANCE FACILITIES )

RESOLUTION

**WHEREAS**, pursuant to the provisions of the Revised Code of Washington, Section 36.32.120(6), the Board of County Commissioners of Spokane County (hereinafter the "Board") has the responsibility for the care of County property and the management of County funds and business; and

**WHEREAS**, pursuant to the provisions of RCW Chapter 36.94, the Board has the authority to construct, operate and maintain a system of sewerage pursuant to the adopted Comprehensive Wastewater Management Plan; and

**WHEREAS**, pursuant to the provisions of RCW Chapter 36.94, the City of Spokane operates and maintains a system of sewerage; and

**WHEREAS**, pursuant to the provisions of RCW Chapter 39.34, two or more public entities may jointly cooperate with each other to perform functions which each may individually perform; and

**WHEREAS**, the City of Spokane allowed the County to connect the North Valley Interceptor (NVI) in 1988 and the North Spokane Interceptor (NSI) in 1991 to the City's interceptor system; and

**WHEREAS**, at the time that those connections were made, no provisions or agreements were made as to the value of those connections to the City, nor of the procedure of payment to the City; and

**WHEREAS**, both the City and County are desirous of entering into an Interlocal Agreement to establish the value of the connections and the payment procedures; and

**WHEREAS**, City staff and County staff have negotiated a mutually acceptable methodology to be used in determining the value of the connections, and payment procedures for consideration by our elected officials.


**NOW, THEREFORE, BE IT RESOLVED** by the Board of County Commissioners of Spokane County that either the Chair or a majority of the Board is hereby

authorized to execute, at other than an open meeting, the Agreement titled "Interlocal Agreement Between Spokane County and the City of Spokane to Establish the Capacity Acquisition Value and Payment Procedures for the NVI and SVI Interceptor Conveyance Facilities".

APPROVED BY THE BOARD this 5th day of December 2006.



**BOARD OF COUNTY COMMISSIONERS  
OF SPOKANE COUNTY, WASHINGTON**

  
\_\_\_\_\_  
Todd Mielke, Chair

  
\_\_\_\_\_  
Mark Richard, Vice Chair

  
\_\_\_\_\_  
Philip D. Harris, Commissioner

ATTEST:

  
\_\_\_\_\_  
Daniela Erickson, Clerk of the Board