

858

URBAN SERVICE AGREEMENT
SUBURBAN EAST SALEM WATER DISTRICT
CITY OF SALEM

This agreement is entered into by SUBURBAN EAST SALEM WATER DISTRICT, a special district formed under Oregon Revised Statutes Chapter 264, herein referred to as the "DISTRICT," and THE CITY OF SALEM, an incorporated municipality of the State of Oregon, herein referred to as the "CITY."

WHEREAS OREGON REVISED STATUTE 190.010 provides that units of local government may enter into an agreement for the performance of any or all functions and activities that a party to the agreement, its officers, or agents have authority to perform, and

WHEREAS OREGON REVISED STATUTES 195.060 through 195.075 define Urban Services Agreements which may apply to local governments and special districts who provide urban services to an area within an urban growth boundary that has a population of greater than 2,500 persons and that are identified as appropriate parties by cooperative agreement under OREGON REVISED STATUTE 195.020 shall enter into an Urban Service Agreement, and

WHEREAS DISTRICT and CITY desire to promote coordination of administration of land uses consistent with the adopted comprehensive plan of the CITY and county and consider it mutually advantageous to adopt an Urban Services Agreement consistent with the Cooperative Agreement dated September 7, 1994. (Exhibit D)

WHEREAS the CITY has a responsibility to ensure the citizens of the CITY receive the appropriate water service, and

WHEREAS the CITY is presently the provider of the water service to the DISTRICT, and

WHEREAS the DISTRICT has a duty to represent DISTRICT patrons and be responsive to DISTRICT patrons' water needs, and

WHEREAS the CITY and DISTRICT have previously entered into intergovernmental agreements dated July 25, 1990, amended January 29, 1993, July 23, 1993, and June 17, 1994, and wish to supersede these agreements,

WHEREAS the CITY and DISTRICT, by this Agreement, have considered and applied the factors and requirements of ORS 195.070 to 195.075

THEREFORE, pursuant to OREGON REVISED STATUTES, Chapter 190, and OREGON REVISED STATUTES, Chapter 195, the parties agree as follows:

SECTION 1. Purpose

This Agreement provides for the stable provision of water service to residents of the DISTRICT during the term of this Agreement.

SECTION 2. Withdrawal of Territory

The entire area of the DISTRICT is within the urban growth boundary of the CITY of Salem and it is reasonable to project that at some future date the area shall be annexed to the CITY of Salem and withdrawn from the DISTRICT.

SECTION 3. Services

A) The CITY will use its best efforts to furnish the water needs of the District until June 30, 2017, or until terminated sooner as provided in Section 12. It is further understood that the CITY may adopt and implement a water conservation and curtailment plan. The DISTRICT shall implement this plan upon request of the CITY.

B) The CITY will furnish water from its existing and future municipal distribution system to the DISTRICT for use and resale by the DISTRICT on the date this Agreement becomes effective and based on the following terms and conditions:

- 1) Water will be delivered to the DISTRICT at existing metering points and others as may be mutually agreed upon. The CITY shall read and maintain the meters. The DISTRICT may, at its expense, perform meter calibration tests by their own forces or by outside contractors from time to time. Only CITY crews or authorized CITY agents shall adjust or change the calibration of the meters. The DISTRICT shall schedule any such test with the CITY. If a dispute arises, it shall be decided by arbitration, as provided below.
- 2) If the DISTRICT disputes monthly bill charges, it may submit to the Office of the Director of Public Works a request in writing for a hearing on such disputed charges. The request for hearing shall be filed within 20 calendar days of the receipt of billing. Such hearing shall be binding and shall be conducted by a mutually agreed upon, independent arbitrator, selected from the Marion County Court system list of available arbitrators. The cost of such arbitrator shall be shared equally, regardless of the outcome.
- 3) All CITY water charges shall be paid in full by the DISTRICT within 20 days after receipt. If the DISTRICT disputes the CITY charges, the DISTRICT shall pay a minimum amount based on the then current rates and five-year historical average use for the period of the billing until the dispute is decided.

If the decision is that the charges have been overpaid by the DISTRICT, a credit will be made within thirty (30) calendar days. If the decision is that additional charges are due, the DISTRICT shall pay the charges within thirty (30) calendar days.

SECTION 4. Payment by the DISTRICT

A) From the effective date of this agreement through December 31, 1995, the DISTRICT agrees to pay a charge that does not exceed the CITY rate for a combined six-inch and eight-inch meter facility charge of \$1,399.35 per billing cycle and a consumption charge of \$0.47 per hundred cubic feet (ccf).

B) After 1995, the rate shall be as the CITY charges for comparable meters and consumption within the CITY. Should new meters be requested by the DISTRICT, the facility charge shall be increased appropriately.

SECTION 5. Resale of Water

The DISTRICT may not sell CITY-supplied water to customers outside the DISTRICT, except to in-city customers.

SECTION 6. Boundary Expansion

The DISTRICT may not annex territory. The CITY may annex and withdraw from DISTRICT territory as provided by Oregon Revised Statutes.

SECTION 7. Construction Standards

All future main construction and service installations, whether within or without the DISTRICT, shall conform to the standards of the CITY as to

design and materials, and shall be subject to inspection and approval by CITY forces during construction. Where the Design required by CITY to conform to its future planning is greater than the hydraulic needs of the DISTRICT, then the CITY shall pay the difference between the costs it would take to meet the DISTRICT's needs and the costs to meet the CITY requirements; provided, however, that the DISTRICT will require a minimum six-inch (6") main size to supply a fire hydrant without cost to the City. Plans for extensions of mains shall be submitted to the CITY for review and approval. Review shall include the locations for fire hydrants. Where CITY standards require a fire hydrant be installed but DISTRICT does not presently want or need a hydrant, proper main size, a tee, valve, and stub shall be required by DISTRICT to facilitate the future installation of a hydrant.

The DISTRICT will continue to improve its distribution system by replacing old steel water mains, and undersized mains, and making other system improvements as agreed, from time to time by the parties. Pipes are to be ductile iron. The DISTRICT will use only Type-K copper for service lines from the main to the meter or other material as approved by CITY.

SECTION 8. Exclusive Source of Water

The DISTRICT shall not use any other source of supply during the term hereof, and shall immediately terminate its existing plans for a separate well system, and withdraw its water rights application on its existing wells with the Department of Water Resources. No new application shall be filed without simultaneous notice to the CITY, which shall have the right to object to any such application. The existing water meter connections that meet State of Oregon standards shall continue.

SECTION 9. Service Liability

The CITY shall not be held accountable or liable nor shall it be considered as a breach of this contract for failure on its part to supply water to the DISTRICT growing out of any breakage, unavoidable accident, or injury occurring to the water works system, filtration plant, water mains, or any part thereof or on account of any litigation, judgment, or decree in any court of record restraining or interfering with the CITY in carrying out this Agreement on its part, not shall it be held liable or accountable for any failure to supply water growing out of or occasioned by any accident, act of God, the act of the elements, strikes, riots or public enemy, but the CITY does agree to use due diligence and care to perform this contract on its part.

SECTION 10. Reciprocal Service

Each party will permit the other to connect its mains to the other so that customers may be served by such extension without duplication of lines. Each party will bill its customers at inside or outside CITY rates, whichever is appropriate; and on a quarterly basis will deduct the water quantity used by these customers plus 10 percent from water quantity use in compensations, as a fair adjustment.

SECTION 11. Communications

The CITY shall promptly furnish to the DISTRICT all agenda, minutes, and/or reports to the Common Council of the CITY of Salem of any CITY rate-setting committee or CITY body having to do with water rates.

The DISTRICT may send non-voting representatives to the CITY meetings and have an opportunity to express its views before said body orally and in writing.

SECTION 12. Term

The term of this Agreement shall commence upon the day of execution of the Agreement and conclude the 31st day of December, 2017, or earlier upon termination as mutually agreed.

Either party has the right to terminate the Agreement upon 730-day notice to the other.

IN WITNESS WHEREOF the parties have executed this Urban Services Agreement on the date set opposite their signatures.

CITY OF SALEM

By: Robert S. Wells Date: 5/23/95
Acting (City Manager)

ATTEST: Jean Lay
(City Recorder)

Approved as to form: Paul A. Lee
Asst (City Attorney)

SUBURBAN EAST SALEM WATER DISTRICT

By: Steve L. Smith Date: May 10, 1995
(Chairman)

ATTEST: Michael J. King
(Manager)

Approved as to form: T. W. Churchill
(Attorney for District)