

Original Contract
February 9, 1978

SEWER CONTRACT

This Contract, made and entered into as of February 9, 1978, by and between the CITY OF MADISONVILLE, Kentucky, a municipal corporation of the fourth class, situated in Hopkins County, Kentucky, party of the first part, hereinafter referred to as Madisonville, and the CITY OF EARLINGTON, a municipal corporation of the fourth class, situated in Hopkins County, Kentucky, party of the second part, hereinafter referred to as Earlington, both parties acting by and through their City Councils as their respective duly authorized and lawfully constituted governing bodies,

W I T N E S S E T H :

WHEREAS, both parties have in operation at this time municipally owned sewage collection systems, together with sewage treatment and disposal facilities, and

WHEREAS, neither system is at present in compliance with the standards and requirements of the National Pollutant Discharge System (NPDES Permit - Sec. 402, P.L. 92-500) prescribed in 40 CFR, Part 125 and 126, and

WHEREAS, both cities have heretofore adopted appropriate resolutions evidencing their willingness and agreement to participate in 201 Facilities Plans in accordance with the requirements of P.L. 92-500, and

WHEREAS, the 201 Plan stipulated for the two cities specifies that the most cost feasible and cost effective plan of effecting compliance with such 201 Plan is for Madisonville to construct the appropriate sewage transportation and disposal facilities necessary to enable Madisonville to transport the wastewater and sewage (collectively "wastewater") collected from Earlington, together with the wastewater collected by Madisonville, to a central disposal point, for treatment and disposal by the Madisonville facilities, and

WHEREAS, a necessary ingredient of such plan involves a contractual relationship between the two cities in which both cities will agree to comply with the required conditions prerequisite to the approval and payment of an EPA grant to Madisonville as the lead agent for both cities in constructing the necessary facilities to assure compliance with the aforesaid requirements, and

WHEREAS, the EPA grant standard conditions require that the Grantee (in this case, Madisonville) "develop and adopt User Charge and Industrial Cost Recovery Systems pursuant to Section 204 (b) of the Federal Water Pollution Control Act Amendments of 1972 (P.L. 92-500) and 40 CFR Part 35, including regulations published in Federal Register, Vol. 39, No. 29, February 11, 1974", which must be embodied in a sewer use ordinance, which is required to be "developed, submitted and approved" pursuant to 40 CFR 35.927-4 and 35.935-16, and

WHEREAS, the special conditions of the EPA grant require that "prior to contract award, the Grantee must submit to EPA a properly executed agreement between the cities of Earlington and Madisonville on procedures to be followed for the joint treatment of their wastewater", and it is contemplated by the parties that this agreement will satisfy such condition,

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED AND COVENANTED BY THE PARTIES, AS FOLLOWS:

1. Both of the Cities shall continue to own and operate their respective existing sewage collection and disposal facilities and systems (hereinafter each collection system will be referred to as the "System" and each disposal and treatment facility will be referred to as the "Plant").
2. Earlington will continue to collect and treat its own sewage until the date on which Madisonville completes the acquisition and construction of the necessary facilities to enable Madisonville to transport and treat such sewage, as certified by the Independent Consulting Engineers employed by Madisonville, viz., G. Reynolds Watkins Consulting Engineers, Inc., or their successor (the "Completion Date").
3. Prior to and subsequent to the Completion Date, Earlington shall retain title to and the use of its existing System and will provide all operation and maintenance of such System, without obligation on the part of Madisonville.
4. From and after the Completion Date, Earlington shall continue the operation, maintenance and use of the System, but shall discontinue the use of its Plant (except for the existing raw sewage pumping station located at such Plant), and shall continue collecting sewage from its System, which sewage will then be transported by Madisonville to the new completed sewage disposal facilities and system ("New Facilities"), where the collected sewage will be treated.

5. From and after the Completion Date, the existing raw sewage pumping station owned by Earlington at the site of the existing Earlington Plant, will be made available to Madisonville on a continuing basis for the use of Madisonville in transporting the wastewater and sewage from the Earlington System to the New Facilities. From and after such Completion Date, Madisonville shall assume all responsibility and expense of operation and maintenance of such pumping station, including all pumping and electrical costs. Such pumping station shall constitute the "Point of Origin" of such wastewater and sewage to be transported by Madisonville to the New Facilities.

6. Each party agrees that it will comply with all applicable EPA grant conditions necessary to obtain available Federal grants, including those set out in letter dated September 30, 1977, addressed to the Mayor of Madisonville, identified as #C210346030, in the form attached hereto and made a part hereof the same as if copied in full herein.

7. The parties specifically acknowledge that such conditions include, but not by way of limitation, the agreement of each city to develop and adopt user charge and industrial cost recovery systems pursuant to Section 204 (b) of the Federal Water Pollution Control Act Amendments of 1972, and that each City will adopt a sewer use ordinance, which will be developed, submitted and approved pursuant to the requirements specified in 40 CFR, 35.927-4 and 35.935-16.

8. The rates charged by Madisonville to Earlington and to be paid by Earlington to Madisonville for the services rendered by Madisonville in transporting such wastewater from the Point of Origin to the New Facilities, and the treatment thereof by such new facilities, shall be the same rate as that charged by Madisonville for services rendered to other customers of the Madisonville System. Earlington shall have the right to review at the time of any rate increase the reasons for any rate increase and shall be given notice prior to same being enacted so that Earlington can have input into the rate increase decision which it is understood would ultimately be made by the City Council of the City of Madisonville.

9. The quantity of wastewater transported by Madisonville, and for which the charge is made to and payable by Earlington, shall be determined by measurement of the wastewater prior to discharge into the Madisonville System, as determined by the appropriate flow meter installed at Madisonville Pump Station #3, which meter will be maintained solely for the purpose of measuring such quantity of wastewater so transported by Madisonville. Such meter will be maintained and operated by Madisonville at Madisonville's

expense. Madisonville shall furnish, install, operate and maintain at Madisonville's expense Pump Station #3, the necessary metering equipment, including the required devices of standard type for properly measuring such collected wastewater and shall callibrate such metering equipment whenever requested by Earlington, but not more frequently than once each year. A meter registered not more than three precent (3%) above or below the correct quantity disclosed by the test result, shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for the two months previous to such tests in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of wastewater collected during such period shall be deemed to be the amount collected in the corresponding period immediately prior to the failure, unless the parties shall agree upon a different amount. Earlington shall have the right, at any time, upon ten days' notice, to require that the metering equipment be callibrated, provided that if upon such testing, the meter is found to register not more than 3% above or below the correct quantity disclosed by the test results, the meter shall be deemed to be accurate, in which event, Earlington shall pay the costs of such test. In the event that it is found to register more than 3% above or below, then Madisonville shall pay the costs of such tests. Such tests shall be performed by a recognized professional engineer experienced in sewage system construction and maintenance.

10. Madisonville shall maintain the sewage transportation line on the Madisonville side of the Point of Origin. Madisonville also agrees to maintain at Madisonville's expense, all of the metering, testing and connecting of facilities of the pump station at the precise Point of Origin.

11. Madisonville shall have no obligation or responsibility for the maintenance of the Earlington System on the Earlington side of the Point of Origin, and Earlington specifically assumes all oblicagions and responsibilities for the maintenance of the Earlington System on the EARlington side of the Point of Origin.

12. Earlington shall have no responsibility for the operation and maintenance of the Madisonville System or for the sewage transportation line on the Madisonville side of the Point of Origin, and Madisonville specifically assumes all obligations and responsibilities for the operation and maintenance of the Madisonville System and for the sewage transportation line on the Madisonville side of the Point of Origin.

13. The Cities declare that the New Facilities constitute essential governmental projects, beneficial to both Cities, and the Cities shall use and employ their powers to the fullest extent possible to implement the provisions of this Contract. The Cities also acknowledge the fact that the arrangements contemplated by this Contract constitute the full utilization of maximum savings in a cooperative enterprise between the Cities.

14. This Contract shall be binding upon and shall inure to the benefit of the parties hereto and their successors in interests, grantees and assignees.

15. If any section, clause, paragraph, portion or provision of this Contract shall be invalid, such invalidity shall not affect the validity of any remaining section, clause, paragraph, portion or provision.

IN WITNESS WHEREOF, the parties hereto have hereunto caused their names to be affixed by their duly authorized representatives, duly authorized by their respective governing bodies, all as of the date first hereinabove written.

CITY OF MADISONVILLE, KENTUCKY

(Seal of City)

Attest:

James D. Hill
City Clerk

By Charlotte E. Baldwin
Mayor

CITY OF EARLINGTON, KENTUCKY

(Seal of City)

Attest:

Margaret De Mose
City Clerk

By W. H. Canniff Mayor

PROPOSED MONTHLY RATE STRUCTURE

RATES: First 2,000 gallons = \$2.00 minimum bill
 2,000-4,000,000 gallons = \$0.65 per 1000 gallons
 Over 4,000,000 gallons = \$0.45 per 1000 gallons

SURCHARGE FOR STRENGTH: Suspended Solids over 300 MG/L . . . \$0.12/lb.
 Biochemical Oxygen Demand over 250 MG/L . . . \$0.12/lb.

Sewer charge credit may be given to customers that use water but do not discharge a large portion of the waste to the sanitary sewerage system (i.e., ice house, bottling company). The burden of justification for such a credit will be the customers. All sewer credits will be approved by the mayor, financial director, and the city council chairman of the water and sewer committee.

Estimated Revenue

Using the proposed rate structure and the July, 1977 billing analysis, the base revenue from domestic and manual billings and estimated surcharge revenue is estimated as follows.

BASE RATE \$0.65/1000 GALLONS						
WATER CATEGORY	NUMBER OF CUSTOMERS	AVERAGE USAGE (1000 GAL.)	AVERAGE MONTHLY BILL	EXISTING AVERAGE MONTHLY BILL	PERCENT INCREASE	TOTAL REVENUES (\$/MONTH)
Domestic	2520	MIN.	\$ 2.00	\$ 1.85	8.00%	\$ 5,040
Commercial	1375	3,404	2.96	2.63	12.60%	4,070
Industrial	1854	6,395	4.85	4.02	20.65%	9,040
Manufacturing	514	12,623	8.90	6.67	13.00%	4,575
Public Works	127	27,415	18.50	12.03	53.00%	2,239
City of Burlington	26	76,846	50.65	25.50	99.00%	1,317
City of Burlington	44	204,205	133.43	57.34	133.00%	5,871
City of Burlington	13	1,112,923	722.10	269.23	266.00%	9,382
TOTAL	5777	8,350	\$ 6.41	\$ 4.22	51.90%	\$ 41,539

Computer Delinquent Billing	\$ 41,550
Southern Specialty	5,900
Manual Min. Bills (424 users)	850
City of Burlington (2,385)	1,500
	\$ 49,800 x 12 = 597,600
TOTAL ESTIMATED SEWER REVENUE	SAY \$ 598,000

Surcharge revenues are expected to be negligible.