

## MEMORANDUM OF UNDERSTANDING FOR WASTEWATER TREATMENT AND WATER PURCHASE

This Memorandum of Understanding, made and entered into between the **County of** \_\_\_\_\_ (hereinafter County) and the **City of** \_\_\_\_\_ (hereinafter Purchaser), both participating in the \_\_\_\_\_ District, have entered into this Memorandum of Understanding which is more fully set forth herein.

### Recitals

\_\_\_\_\_ is part of and the user of services provided by \_\_\_\_\_ County as owner, operator and manager of facilities and services provided within the \_\_\_\_\_ District (hereinafter District). The County provides services consisting of wastewater collection and treatment; and drinking water supply, storage, treatment and distribution capable of serving the present customers of the District's system and the estimated number of wastewater and water users to be served by said Purchaser.

The purpose of this Memorandum of Understanding is to recognize the obligations on the part of the City to assume its rightful share of the costs for the waste treatment plant and the water treatment plant, and to receive as its consideration for those obligations its rightful share of wastewater treatment; and drinking water supply, storage, and treatment.

This Memorandum of Understanding does not alter prior orders establishing the \_\_\_\_\_ District, nor other statutory powers of the County board of \_\_\_\_\_ County regarding this public water and sewer system as described in Minnesota Statute Chapter 116A Public Water and Sewer Systems (MS116A), nor the rights and duties of the Cities as therein defined.

The \_\_\_\_\_ District has a Commission, which serves at the pleasure of the County. The powers of the Commission are as set forth in an Order of the \_\_\_\_\_ County Board of Commissioners dated \_\_\_\_\_. A copy of said Order is attached hereto for reference.

### **The District Agrees:**

1. To furnish the Purchaser at the point of delivery, during the term of this contract or any renewal or extension thereof, potable treated water meeting the applicable standards of the Minnesota Department of Health in such quantity as may be required by the Purchaser.
2. To furnish the Purchaser at the point of delivery, during the term of this contract or any renewal or extension thereof, wastewater interceptor and treatment services meeting the applicable standards of the Minnesota Pollution Control Agency in such quantity as may be required by the Purchaser.
3. Water pressure will be furnished at a reasonably constant pressure at the point of delivery to the Purchaser. If greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the District from this provision for such reasonable period of time as may be necessary to restore service.
4. To furnish the necessary equipment and required devices of standard type for measuring the quantity of water delivered and the quantity of wastewater received, to and from the Purchaser. The Purchaser will require individual water meters for each customer and will be responsible for the maintenance and accuracy of the individual customer meters.
5. The District will furnish the Purchaser a monthly itemized statement of the amount of wastewater delivered to the District by the Purchaser based on the lift station(s) in the community serving the Purchaser. The fees for services shall be billed by the District to the Purchaser and those costs will be payable within 30 days of the billing.

### **The Purchaser Agrees:**

1. To pay to the District, not later than the last day of each month, for water delivered and wastewater received in accordance with the established rate schedules in effect at the time of billing.
2. To provide meters to each individual customer and monitor the accuracy of these meters. If the total of the customer meters is less than ninety percent (90%) of the District's metered water readings, the Purchaser agrees to investigate the nature of the difference and take corrective action to limit the amount of water loss in the Purchaser's system. This provision is intended to allow for up to ten percent (10 %) loss differential between the District's metering and the total of the Purchaser's customer's meter readings.
3. The Purchaser shall furnish to the District a monthly itemized statement of the amount of water furnished to the Purchaser based on the individual meter readings of the Purchaser's customers. The fees for services shall be billed by the District to the Purchaser and those costs will be payable within 30 days of the billing.

**It is Further Agreed Between the District and Purchaser as Follows:**

1. The allocation of capital costs for the wastewater treatment plant and trunk line construction and the associated debt service will be based on an Equivalent Dwelling Unit (EDU) basis. The EDU basis shall be calculated annually to reflect changes in the number of units served by the District and each subsequent Purchaser. EDU's shall be calculated as follows:

- o The State Public Water Supply Inventory shall be used as the means of determining the amount of residential and other water sales;
- o The Residential Gallons Sold is divided by the Residences Served to yield the Average Residential Equivalent Unit as measured in gallons per year;
- o The Other Gallons Sold is divided by the Average Residential Equivalent Units to yield the number of Other Equivalent Units;
- o The number of Other Equivalent Units is added to the count of Residences Served to yield the Total Equivalent Dwelling Units;
- o The total annual debt service for the upcoming year is divided by the calculated Total Equivalent Dwelling Units for the entire district to yield the debt service charge per Equivalent Dwelling Unit which will be allocated district wide.

1. The capital costs for the water treatment plant include the water treatment plant, wells, trunk lines and water towers, regardless of where located. The allocation of costs shall be on the same Equivalent Dwelling Unit basis as defined for the wastewater treatment system, with the exception that the capital costs and annual debt service for the water system shall be substituted for the wastewater capital costs.

2. The allocation of Operating and Maintenance costs for both the water and wastewater system shall be distributed on a cost per 1000 gallons basis and charged to each Purchaser on the basis of measured flows to/or from the Purchaser. The cost per 1000 gallons for water supply and wastewater treatment will be based on the projected Operations and Maintenance costs for the upcoming year divided by the total gallons sold in the district for the prior year divided by 1000. This cost per 1000 rate shall be charged to all Purchasers of service in the District. The Purchaser can adjust this cost if necessary to their individual customers at the discretion of the Purchaser. The wastewater will be metered by flow and by strength and a Purchaser's share of costs may be adjusted to reflect added treatment costs due to higher strength of effluent.

3. All Parties shall each pay their share of the capital costs based upon an amortized schedule of 20 years, with interest to be determined. Payments shall be on a monthly basis, which shall be billed by County, effective January 1<sup>st</sup> of \_\_\_\_\_. These payments shall continue until the capital costs are fully paid.

4. Each of the Parties agrees that each Party shall be responsible for the maintenance of the infrastructure which is owned by that Party. For the purpose of this Memorandum of Understanding, infrastructure is defined as all sanitary sewer lines; lift stations, treatment facility and related items; and, all water lines, wells, towers, treatment facility and related items. Tapping fees required to access the Purchaser's infrastructure will

be established and used at the discretion of the individual Party. Temporary or partial failures to deliver water or provide wastewater treatment shall be remedied with all possible dispatch. In the event of an extended shortage of water or wastewater treatment capacity by the District, the supply of water and wastewater treatment capacity to the Purchaser's customers shall be reduced or diminished in the same ratio or proportion as the supply to the District's consumers is reduced or diminished.

**5.** It is the intent of this Memorandum of Understanding that each Purchaser will not be assigned part of the design capacity of the waste treatment plant. It is agreed that annually adjusting the debt service allocation on an EDU basis will provide an allocation of cost to the areas where growth is occurring beneficial to all Purchasers.

**6.** Planned trunk line extensions and the area to be served by the Purchaser must be approved by the District so as to insure a reservation of water supply and wastewater treatment capacity for the Purchaser. When an expansion is approved, that development is entitled to be fully built and no further approvals from the District is required.

**7.** The water delivery system is based upon an available average day water draw of 624,800 gallons. It is the intent of this Memorandum of Understanding that each Purchaser will not be assigned part of the design capacity of the average day draw. It is agreed that annually adjusting the debt service allocation on an EDU basis will provide an allocation of cost to the areas where growth is occurring beneficial to all Parties.

For the purpose of this Memorandum of Understanding, an average day draw is based upon the annual usage divided by 365.

**8.** Construction of the new Wastewater treatment and trunk lines by the purchaser is being financed by a loan and grant made or insured by the United States of America, acting through Rural Development of the United States Department of Agriculture, and the provisions hereof pertaining to the undertaking of the Purchaser are conditioned upon the approval, in writing, of the State Director of Rural Development.

**9.** This Memorandum of Understanding shall be in effect from and after its adoption by the final authorizing resolution by each of the Parties.

**10.** Subject to the statutory provisions of M.S.116A, this Agreement shall remain in effect for any Party to this Memorandum of Understanding, unless the Parties agree to modify the provisions herein.

**11.** This Memorandum of Understanding is based upon certain unknowns, the Parties wish to declare that they agree that they shall review all of the provisions of this Memorandum of Understanding one (1) year after completion of all Improvements to the Wastewater System and to the Water System of the \_\_\_\_\_ District as those Improvements were ordered by the \_\_\_\_\_ County Board on \_\_\_\_\_, in order to determine if modifications to this Memorandum of Understanding may be appropriate at that time.

In the event all Parties are not able to reach a mutual agreement for needed modifications of this memorandum of understanding at that time or as future needs dictate, \_\_\_\_\_ County reserves the right to make necessary changes and modifications as required by M.S.116A.

In Witness Whereof, This Memorandum of Understanding has been executed by each of the Parties following adoption of its resolution by the Party.

Authorizing Resolution Adopted on the

COUNTY OF \_\_\_\_\_

This \_\_\_\_ day of \_\_\_\_\_,

BY \_\_\_\_\_

*ITS* County Board Chairman

AND BY \_\_\_\_\_

*ITS* County Auditor/Treasurer

Authorizing Resolution Adopted on the

CITY OF

This \_\_\_\_ day of \_\_\_\_\_,

BY \_\_\_\_\_

*ITS* Mayor

AND BY \_\_\_\_\_

*ITS* City Clerk

Approved as to form and execution this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
County Attorney