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LOTT Wastewater Alliance
111 Market St. NE, Suite 250
Olympia, WA 98501

Document Title(s)

General Interlocal Agreement Between the LOTT Wastewater Alliance, Thurston County and the Cities of Lacey, Olympia and Tumwater for Distribution and Use of Reclaimed Water

Reference Numbers(s) of related documents

Additional Reference #-s on page

Grantor(s) (Last, First and Middle Initial)

City of Lacey
City of Olympia
City of Tumwater
Thurston County

Additional grantors on page

Grantee(s) (Last, First and Middle Initial)

City of Lacey
City of Olympia
City of Tumwater
Thurston County

Additional grantees on page

Legal Description (abbreviated form: i.e. lot, block, plat or section, township, range, quarter/quarter)

Additional legal is on page

Assessor's Property Tax Parcel/Account Number

Additional parcel #-s on page

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.



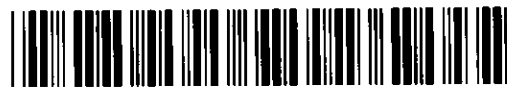
**GENERAL INTERLOCAL AGREEMENT
BETWEEN THE LOTT WASTEWATER ALLIANCE,
THURSTON COUNTY AND THE CITIES OF
LACEY, OLYMPIA AND TUMWATER
FOR DISTRIBUTION AND USE OF RECLAIMED WATER**

This agreement ("General Agreement") is entered into as of the date of the later signature below by and between the LOTT Wastewater Alliance ("LOTT Alliance"), Thurston County, and the Cities of Lacey, Olympia, and Tumwater, each a "Party" and together referred to as the "Parties."

1. RECITALS

WHEREAS:

- 1.1 The Cities of Lacey, Olympia, Tumwater and Thurston County (the "LOTT Partners") have for more than 25 years cooperated successfully in planning, financing, constructing and operating joint wastewater treatment and discharge facilities and services; and
- 1.2 In 2000, the LOTT Partners entered the Interlocal Cooperation Act Agreement for Wastewater Management by the LOTT Wastewater Alliance ("Interlocal Cooperation Act Agreement") to enable further cooperative actions to develop additional capacity by and through the LOTT Alliance, a nonprofit corporation created, funded and controlled by the LOTT Partners; and
- 1.3 Pursuant to the Interlocal Cooperation Act Agreement, the LOTT Alliance is implementing the LOTT Wastewater Resource Management Plan ("WRMP") including development of reclaimed water and groundwater recharge facilities located throughout the LOTT service area; and
- 1.4 Pursuant to the Interlocal Cooperation Act Agreement, the LOTT Partners have transferred all existing joint use facilities to the LOTT Alliance and the LOTT Alliance generally will own new facilities so that the LOTT Alliance manages the regional wastewater treatment system for the benefit of the LOTT Partners and the ratepayers; and
- 1.5 The LOTT Alliance is the owner and operator of reclaimed water facilities under development that will produce Class A reclaimed water; and
- 1.6 In RCW 90.46.005, the Washington State Legislature encourages the use of reclaimed water "to replace potable water in nonpotable applications, to



supplement existing surface and ground water supplies, and to assist in meeting the future water requirements of the state”; and

- 1.7 The Legislature further finds, in RCW 90.46.005, that “use of reclaimed water constitutes the development of new basic water supplies needed for future generations”; and
- 1.8 The LOTT Alliance will be issued State Reclaimed Water Permits by the State of Washington pursuant to RCW 90.46.030 and RCW 90.46.040, which will authorize it to produce Class A reclaimed water; and
- 1.9 The LOTT Partners operate municipal water utilities (“Water Utilities”) that supply water that is ultimately discharged to the LOTT Alliance system and that will be reclaimed and made available for beneficial use in the public interest; and
- 1.10 This General Agreement will effectuate the purposes of the Reclaimed Water Act, Ch. 90.46 RCW, implement the Water Reclamation and Reuse Standards (“Standards”) developed by the Washington State Departments of Health and Ecology pursuant to the Reclaimed Water Act, and implement State Reclaimed Water Permits issued to the LOTT Alliance by enabling the LOTT Partners to replace the use of potable water for non-potable applications; and
- 1.11 The LOTT Alliance and the LOTT Partners will coordinate on water supply planning as required by the Reclaimed Water Act (RCW 90.46.120); and
- 1.12 The LOTT Alliance has conducted extensive environmental review under the State Environmental Policy Act of the reclaimed water project including issuance of a Wastewater Resource Management Plan Final Programmatic Environmental Impact Statement dated December 1996, a Final Supplemental Environmental Impact Statement dated November 1998, a Budd Inlet Resource Management Basin Implementation Project Addendum dated February 2001, a Hawks Prairie Reclaimed Water Project Final Supplemental Environmental Impact Statement dated June 2001, and a Hawks Prairie Reclaimed Water Project Addendum dated January 2002; and
- 1.13 The LOTT Partners recognize the LOTT Alliance, as the permittee, has responsibilities for ensuring that reclaimed water treatment, water quality, monitoring, reporting, recordkeeping, uses and use locations meet the terms and conditions of the State Reclaimed Water Permits; and
- 1.14 The LOTT Alliance and the LOTT Partners have determined that it is in the public interest to enter into a general agreement to establish policies and provide a framework for implementing distribution and use of reclaimed water and conserving the LOTT Partners’ potable water supplies; and



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- 1.15 Pursuant to Chapter 39.34 RCW, the Parties are authorized to jointly exercise the powers, privileges, and authority described herein. The Parties agree that they intend to act jointly to accomplish the purposes of this General Agreement. No separate legal entity is created by this General Agreement. The LOTT Wastewater Alliance will serve as administrative lead.

2. DEFINITIONS

- 2.1 "Class A Reclaimed Water" means reclaimed water that meets State Class A criteria established in the Standards, as they may be amended from time to time. "Reclaimed water" has the same meaning as provided in RCW 90.46.010(4) of the Reclaimed Water Act, as it may be amended from time to time.
- 2.2 "Delivery Point" means the physical location(s) designated in a Supply Agreement where the LOTT Alliance conveys reclaimed water to a LOTT Partner. The term includes any points of withdrawal or diversion identified in the future by the Parties to recover reclaimed water stored underground and/or conveyed along a surface water body.
- 2.3 "End User" means a person or entity that puts reclaimed water to one or more End Uses. End Users may include the LOTT Alliance, a LOTT Partner that uses reclaimed water, or a person or entity that receives reclaimed water from a LOTT Partner.
- 2.4 "End User Agreement" means an agreement between a LOTT Partner and an End User concerning terms and conditions of reclaimed water supply and use.
- 2.5 "End Uses" means the beneficial uses for which reclaimed water may be used consistent with State Reclaimed Water Permits and the Standards including, but not limited to, commercial and industrial uses, irrigation, groundwater recharge, stream flow augmentation, and other environmental enhancement or restoration.
- 2.6 "Increment" means each new volume of reclaimed water treatment capacity to be designed and built by LOTT, and includes initial development of each new Class A Reclaimed Water facility or each addition of new reclaimed water capacity to a previously built facility.
- 2.7 "In-Ground Stored Water" means reclaimed water stored underground by recharge, surface percolation, or otherwise that is intended for recovery and beneficial use.
- 2.8 "Reclaimed Water Distribution Agreement" means an agreement among the Parties that distributes available reclaimed water among the LOTT Partners

consistent with the Reclaimed Water Distribution Methodology attached hereto as Exhibit A.

- 2.9 "State Reclaimed Water Permit" means the reclaimed water use permit authority issued by the State.
- 2.10 "Standards" means the Water Reclamation and Reuse Standards (Publication #97-23, September 1997) issued by the Washington State Departments of Health and Ecology, as may be amended or reissued, pursuant to the Reclaimed Water Act, Chapter 90.46 RCW.
- 2.11 "Supply Agreement" means an agreement between the LOTT Alliance and a LOTT Partner that provides for the LOTT Alliance to supply the Partner with reclaimed water from a LOTT Alliance reclaimed water production facility under terms and conditions consistent with this General Agreement.

3. REGIONAL RECLAIMED WATER POLICIES

- 3.1 LOTT's Permits, Responsibility and Rights. The LOTT Alliance holds the NPDES permit for the regional wastewater treatment and discharge system, and the LOTT Alliance produces and supplies reclaimed water under State Reclaimed Water Permits. The Parties agree that the LOTT Alliance's primary responsibility is to provide adequate and reliable wastewater treatment and discharge services and system capacity, consistent with the terms of the NPDES permit and State Reclaimed Water Permits. In implementing this General Agreement, the Parties agree that compliance with LOTT's NPDES permit and State Reclaimed Water Permits takes precedence over supply and beneficial use. To the extent feasible, LOTT will specify in Supply Agreements the nature of the rights it reserves to itself for the purpose of compliance with its NPDES permit and State Reclaimed Water Permits.
- 3.2 Beneficial Use Goal. Subject to NPDES permit, State Reclaimed Water Permits and regulatory compliance, the Parties agree that the overriding policy goal of this General Agreement is beneficial use of reclaimed water, including conservation of potable water supplies, recharge of aquifers and other environmental enhancements. Accordingly, use of reclaimed water takes precedence over generation of revenue. The LOTT Partners receiving reclaimed water will demonstrate a good faith commitment to use the water and facilitate distribution of the water in the best interests of their communities.



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- 3.3 **Region-Wide Accessibility Goal.** Consistent with the Wastewater Resource Management Plan and subsequent LOTT Capital Improvement Programs, the Parties reaffirm their intent to make reclaimed water available and accessible to all of the LOTT Partners for beneficial use. This may be accomplished:
- (a) through construction of initial Increments of reclaimed water treatment capacity at three geographically dispersed reclaimed water satellites (Hawks Prairie, Chambers Prairie and Airport/West) and a reclaimed water facility at the Budd Inlet Treatment Plant prior to construction of a second Increment at any one facility, and/or
 - (b) other modes or methods that provide each Partner access, consistent with the access they would have received if the three satellites were built before any second Increment is added, and/or
 - (c) an exchange of alternative benefits among the LOTT Partners, including but not limited to financial benefits or substitute water supplies, in place of reclaimed water access.
- Prior to authorizing the construction of each Increment, the LOTT Board of Directors shall consider treatment capacity needs, conveyance capacity needs, timing considerations, cost-benefit, availability of committed or clearly identified uses for the water, impact on future facility requirements, alternative methods for achieving region-wide access, and other policy considerations.
- 3.4 **Intent to Preserve Exclusive Rights.** For any reclaimed water that is not immediately taken at a Delivery Point by a LOTT Partner, the Parties intend to preserve and maintain the LOTT Alliance's exclusive rights to that reclaimed water as a future water resource and for the benefit of the LOTT Partners. Among other steps, the Parties intend to pursue programs or projects that result in In-Ground Stored Water. The Parties intend for the LOTT Alliance to maintain rights to In-Ground Stored Water until it is taken by a LOTT Partner at a Delivery Point.
- 3.5 **Supply Roles and Responsibilities.** Except for use of reclaimed water by the LOTT Alliance, the Parties intend for the LOTT Partners to serve as the suppliers and to regulate the delivery and use of reclaimed water to and by End Users. Other than reserving water needed for its own use and distribution of water to the LOTT Partners for their own use, the LOTT Alliance will not serve as a retail supplier of reclaimed water to any End Users. The Parties intend for the LOTT Partners to adopt reclaimed water ordinances, as described in section 5a of this General Agreement, to govern the supply of reclaimed water to End Users.
- 3.6 **Distribution Responsibility and Flexibility.** The Parties intend for the LOTT Partners receiving reclaimed water supply to take the lead roles in developing



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distribution programs and facilities and, in doing so, to assume responsibility for meeting the terms and conditions of LOTT's State Reclaimed Water Permits as they apply to distribution and End Use of the water. The Parties recognize that specific End Uses or patterns of End Uses may vary among the LOTT Partners.

- 3.7 LOTT Partners as End Users. The Parties further intend that the LOTT Partners may also use reclaimed water for their own purposes, consistent with the End Uses and End User requirements of the Standards and LOTT's State Reclaimed Water Permits.
- 3.8 Involvement with End Users. The Parties intend for the LOTT Alliance to become involved with the LOTT Partners' End User customers only to provide technical or other assistance at the request of a LOTT Partner or as a last resort to ensure permit compliance.

4. SUPPLY OF RECLAIMED WATER

- 4.1 Supply Agreements. For each reclaimed water production facility built by the LOTT Alliance, the Parties intend for the LOTT Alliance to enter a Supply Agreement with each participating LOTT Partner regarding reclaimed water produced at that facility. Supply Agreements will contain provisions that further common policy and regional accessibility goals (set forth in sections 3.2 and 3.3 of this General Agreement), and enable provision of reclaimed water service to customers across jurisdictional boundaries on generally consistent terms and conditions.
- 4.2 Reclaimed Water Distribution Methodology. The Parties agree that the primary responsibility for water supply planning and distributing available reclaimed water to End Users rests with the LOTT Partners. Accordingly, the LOTT Partners will jointly negotiate the distribution of reclaimed water available from each LOTT Alliance facility, as prescribed in the Reclaimed Water Distribution Methodology attached hereto as Exhibit A and incorporated herein by reference. The Parties shall execute binding Reclaimed Water Distribution Agreements documenting negotiated distributions or be bound by the fallback distribution percentages as prescribed in Exhibit A.
- 4.3 LOTT Uses. With respect to beneficial use and supply of reclaimed water, the Parties agree that use by the LOTT Alliance has priority over supply of reclaimed water to the LOTT Partners in event of limited supply, subject to the specific provisions of a Supply Agreement concerning quantities of water for LOTT's use and for distribution or use by LOTT Partners.
- 4.4 LOTT Partner Supplies. The LOTT Alliance will agree to provide Class A Reclaimed Water to one or more LOTT Partner(s) under terms and conditions



specified in Supply Agreements, subject to terms and conditions that ensure full and continuous compliance with the LOTT Alliance's NPDES permit and State Reclaimed Water Permits, the Standards, and other applicable law.

4.5 **Supply Responsibilities.** A Supply Agreement shall specify responsibilities for the reclaimed water production and distribution according to the following general principles.

(a) **LOTT Alliance Responsibilities.** The LOTT Alliance shall maintain control over, and be responsible for, all facilities and activities relating to the production of reclaimed water to ensure that reclaimed water facilities operate as approved by the Washington Departments of Health and Ecology. The LOTT Alliance's responsibility for distribution of the reclaimed water, as to its quality (except as noted in subsection 4.5(b) below), disposition, or otherwise, ends at the Delivery Point(s).

(b) **LOTT Partner Responsibilities.** Each LOTT Partner's responsibility for distribution of the reclaimed water, as to its quality (to the extent altered while under direct control of the LOTT Partner), disposition, or otherwise, begins at the Delivery Point(s). The LOTT Partners shall maintain control over, and be responsible for, all facilities and activities relating to the distribution of the reclaimed water to End Users.

4.6 **Terms of Distribution.** A Supply Agreement will provide for the terms of use and distribution of the reclaimed water by the LOTT Partners. A Supply Agreement will also provide for the LOTT Alliance to supply and a LOTT Partner to purchase reclaimed water from a LOTT facility. The price shall be \$1.00 per year for each Supply Agreement each LOTT Partner enters, until changed by amendment to this General Agreement.

4.7 **Construction and Funding Responsibilities.** For a particular reclaimed water facility or project, the LOTT Alliance will construct and fund LOTT Alliance facilities and the LOTT Partners will construct and fund their respective facilities. This agreement shall not preclude future negotiations or considerations among the Parties with regard to funding or construction responsibilities for distribution of reclaimed water.

5. **RESALE TO END USERS**

Pursuant to a Supply Agreement, the Parties agree that a LOTT Partner utility may resell reclaimed water purchased from the LOTT Alliance to any of its End User customers under the following additional conditions.



- (a) Reclaimed Water Ordinance. The City Council or Board of Commissioners of the LOTT Partner has adopted a reclaimed water ordinance providing for reclaimed water service to End Users, the lawful use of reclaimed water, and enforcement authority through service termination, penalties, and other appropriate means. This ordinance shall not include any provision in conflict with requirements in the LOTT NPDES or State Reclaimed Water Permits.

- (b) End User Agreement. The End User has signed a binding reclaimed water End User Agreement with the LOTT Partner utility. The Parties intend for the LOTT Partners' End User Agreements to be materially identical as to consistency with this General Agreement and the Supply Agreements and as to permit and regulatory compliance, and the form of the End User Agreement will be attached to the reclaimed water Supply Agreement between the LOTT Alliance and the LOTT Partner. The binding reclaimed water service agreement shall set forth terms and conditions including legal rights and responsibilities; regulatory compliance provisions required by the Washington State Departments of Health or Ecology; provisions enabling enforcement action as necessary to ensure regulatory compliance; and other necessary or appropriate terms and conditions.

6. DESIGNATED REPRESENTATIVE AND NOTICES

To facilitate communication among the Parties and cooperative implementation of this Agreement, each Party shall name a designated representative to receive all notices under this Agreement. The initial designated representatives are as follows:

LOTT Alliance: _____

City of Lacey: _____

City of Olympia: _____

City of Tumwater: _____

Thurston County: _____

A Party's designated representative or place of business may be changed with advance notice to the other Parties. Notices required under this General Agreement shall be deemed given when served on the Parties' designated representatives.



7. SHARING OF INFORMATION

The Parties agree, to the fullest extent permitted by law, to exchange information about all aspects of reclaimed water programs and projects including but not limited to operations, maintenance, customer comments, metering data, water quality analyses, and regulatory compliance.

8. POLICY COORDINATION

The Parties recognize an ongoing need to cooperatively address reclaimed water policy, and distribution and use issues on a regional basis. The LOTT Technical Sub-Committee (TSC) will be responsible for assuring that issues are addressed on a timely and coordinated basis. To accomplish that goal, the TSC may choose to appoint a sub-committee to address reclaimed water matters and make recommendations for TSC consideration. As needed, the TSC will propose policies, agreements and/or other actions to referral to the LOTT Board of Directors. For policy recommendations that affect all the Parties, the LOTT Board of Directors may make recommendations to the LOTT Partner jurisdictions. The LOTT Alliance shall have the responsibility of coordinating the Committee's activities.

9. DISPUTE RESOLUTION

Each Party shall negotiate in good faith and use its best efforts to resolve any dispute which may arise. If a dispute cannot be resolved initially by the designated representatives, the designated representatives shall prepare a joint statement describing the dispute and refer the dispute to the Technical Subcommittee that advises the LOTT Alliance Board of Directors. If the dispute is not resolved after consultation with the Technical Subcommittee, then the designated representatives shall refer the dispute to the LOTT Executive Director, the City Managers, and the County Chief Administrative Officer. These officials shall meet and confer regarding the issue. If they are unable to resolve the dispute, then the designated representatives shall bring the matter before the LOTT Alliance Board. At a Board meeting, the LOTT Alliance Board shall consider the issues and attempt to resolve the dispute. Only upon failure to resolve the dispute through such negotiations may a Party institute legal action.

10. INDEMNIFICATION

To the maximum extent permitted by law, each Party shall protect, defend, indemnify and hold harmless each other Party and their officials and employees from and against all claims, demands, suits, actions, costs, damages, liability or loss of any kind whatsoever arising from the acts or omissions of the indemnifying Party and its officials, employees, agents and contractors. The indemnifying Party specifically assumes the defense of



actions brought by its own employees against the other Parties and for that purpose the indemnifying Party specifically waives, insofar as it defends another party, any immunity under the Worker's Compensation Act, RCW Title 51. The indemnifying Party recognizes that this waiver was the subject of mutual negotiation and is expressly entered into pursuant to the provisions of RCW 4.24.115, if applicable. In the case of joint negligence, any damages allowed shall be levied in proportion to the percentage of negligence attributed to each Party. This indemnification shall survive the termination of this General Agreement.

11. TERM OF AGREEMENT & WITHDRAWAL

This General Agreement shall become effective on the first date when all of the following events have occurred: i) it has been duly executed by all of the Parties; ii) it has been filed with the Thurston County Auditor pursuant to RCW 39.34.040; and iii) it has been approved by the State Departments of Health and Ecology pursuant to RCW 39.34.050. The term of this General Agreement shall commence on the effective date and remain in effect until terminated by action of the Parties. The LOTT Alliance may not withdraw from this General Agreement. A LOTT Partner may withdraw from this General Agreement after giving 180 days written notice to the other Parties. A LOTT Partner may not withdraw from this General Agreement without also withdrawing from (or other termination of) any Supply Agreements then in effect to which that Partner is a party. Prior to withdrawal, the withdrawing LOTT Partner shall fulfill all financial commitments made under this General Agreement and any Supply Agreement, except as agreed by the Parties. When a LOTT Partner withdraws from this General Agreement, the remaining Parties will promptly meet and negotiate the disposition of the withdrawing LOTT Partner's share under the reclaimed water distribution methodology (Exhibit A).

12. MISCELLANEOUS

- 12.1 This General Agreement shall be governed by the laws of the State of Washington. The exclusive jurisdiction and venue for any lawsuit between the Partners arising out of this General Agreement shall be in Thurston County Superior Court.
- 12.2 The Parties expressly do not intend to create any right, obligation or liability, or promise any performance, to any third party. The Parties have not created any right for any third party to enforce this General Agreement.
- 12.3 It is the belief of the Parties that all provisions of this General Agreement are lawful. If any covenant or provision of this General Agreement shall be finally adjudicated by a court of competent jurisdiction to be invalid or unenforceable, such adjudication shall not affect the validity, obligation or performance of any other covenant or provision, or part thereof, which in itself is valid if such



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remainder conforms to the terms and requirements of applicable law and the intent of this General Agreement. In such event, the Parties shall enter into immediate negotiations for the purpose of arriving at a mutually satisfactory replacement of such covenant or provision, or renegotiation of the terms of the General Agreement.

- 12.4 Waiver of any breach of any provision of this General Agreement shall not be deemed to be a waiver of any prior or subsequent breach, and shall not be construed to be a modification of this General Agreement.
- 12.5 This General Agreement shall be binding on a Party's assigns and successors. A Party may not assign its rights or delegate its duties under this General Agreement in any respect without the written consent of the other Parties.
- 12.6 This General Agreement embodies the Parties' entire agreement on the issues covered by it, except as supplemented or modified by subsequent written agreements signed by all of the Parties. All prior negotiations and draft written agreements are merged into and superseded by this General Agreement.



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IN WITNESS WHEREOF, each Party has caused this General Agreement to be signed by its duly authorized officer or representative as of the date set forth below its signature.

LOTT Wastewater Alliance:

By Nancy Peterson
Its Board President
Date: January 16, 2004

Approved as to form:
By Mark Euter

City of Lacey:

By Greene Sukin
Its: Mayor
Date: 12/18/03

Approved as to form:
By [Signature]

City of Tumwater:

By Karl Osgood
Its: Mayor
Date: December 9, 2003

Approved as to form:
By Christy A. Todd

City of Olympia:

By Stan Peles
Its: MAYOR
Date: 12-17-03

Approved as to form:
By Bob C. Starbuck

Thurston County:

By Cathy Hoop
Its: BoCC Chair
Date: Jan 8, 2004

Approved as to form:
By _____

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Exhibit A
General Interlocal Agreement
Between the LOTT Wastewater Alliance,
Thurston County and the Cities of Lacey, Olympia and Tumwater
For Distribution and Use of Reclaimed Water

Reclaimed Water Distribution Methodology

Introduction

The LOTT Partners contribute wastewater flows to the LOTT system. Each of the three cities operates a water utility for supply and distribution of potable water. Portions of that water, in the form of wastewater, reach LOTT joint facilities and are treated at LOTT facilities. Although Thurston County currently does not operate a water utility providing water that reaches the LOTT system, this distribution process recognizes that such relationship could exist in the future. Each of the Partners is interested in using Class A reclaimed water produced by the LOTT Alliance. This exhibit describes the mechanism by which each of the Partners can be assured a proportional share of the reclaimed water resource to be produced by LOTT.

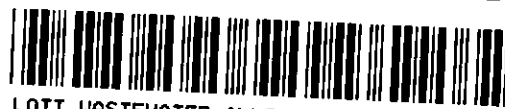
Distribution and use of reclaimed water will require substantial investments in planning and infrastructure on the part of the LOTT Partners and their End Use customers. In order for the Partners and their customers to plan for future water supply and service, and justify the necessary financial and infrastructure commitments, they need reasonable certainty of some known volume of supply and an estimated point in time when that supply will be available. To provide that reasonable level of certainty, the projected volume of reclaimed water to be produced and the distribution of that volume among the Partners needs to be determined several years in advance. This Distribution Methodology is also designed to meet this need.

Planned Facilities

The distribution methodology that follows applies to all of LOTT's reclaimed water facilities. Through 2025, LOTT is planning construction of seven 1.0 mgd Increments of reclaimed water to be produced at four facilities. An eighth Increment is planned for 2026.

<i>Reclaimed Water Facilities</i>	<i>On-line Date</i>
Budd Inlet Reclaimed Water Project – First 1.0 mgd	2004
Hawks Prairie Reclaimed Water Satellite – First 1.0 mgd	2006
Airport/West Reclaimed Water Satellite – First 1.0 mgd	2014
Chambers Prairie Reclaimed Water Satellite – First 1.0 mgd	2016
Hawks Prairie Reclaimed Water Satellite – Second 1.0 mgd	2019
Hawks Prairie Reclaimed Water Satellite – Third 1.0 mgd	2021
Airport/West Satellite – Second 1.0 mgd	2024
Chambers Prairie Reclaimed Water Satellite – Second 1.0 mgd	2026

Source: LOTT Wastewater Alliance, 2003 Capital Improvement Program



This schedule may change with annual Capital Improvement Program updates.

The availability of “committed or clearly identified users” in a given area is a criterion that influences LOTT’s decision about which Increments will be built when (see LOTT’s Wastewater Resource Management Plan, Table 6-2). Thus, it is incumbent upon the Partners to provide such information to LOTT in conjunction with annual Flow and Capacity Report updates.

Distribution Proportions

TRPC population and employment projections will be used to establish a long-term, bottom-line proportional share of reclaimed water to which each Partner will have access. That distribution will be based on each Partner’s long-term projected contribution to the LOTT system. The ultimate percentage allotments will be based on TRPC’s 2025 population and employment forecasts converted into equivalent residential units (ERUs) for LOTT planning purposes. This approach is consistent with other long-range water and sewer planning data used by LOTT and the LOTT Partners.

Based on the most recent 2025 planning forecasts, the corresponding reclaimed water distribution for each of the LOTT Partners is:

Lacey	40.4%
Olympia	44.3%
Tumwater	15.3%
Thurston County	0.0%

The above distributions are the recommended targets to be achieved at the end of 2025. The percentages also provide a “fallback” distribution for each added Increment of capacity in the event negotiations between the Partners are not successful.

The Parties recognize that the TRPC population and employment forecasts and related wastewater flow projections are planning estimates only and will change over time. For that reason, the fallback percentages will be revisited and, if necessary, readjusted every 6 years starting in 2010. This time period is consistent with other LOTT and LOTT Partner capital facility and utility system planning time periods. Such adjustments will not affect distribution agreements already in effect.

Distribution Negotiations

Specific distributions of any Increment of capacity, different than the fallback distributions, will be negotiated among the Partners by the members of the LOTT Technical Sub-Committee or other LOTT Partner designees.

Distribution of the first Increments of reclaimed water from all four planned facilities will be negotiated as a block. For this purpose, the term “first Increments” means the first 1.0 million

gallons per day to be developed at each of the four planned LOTT reclaimed water facilities. Each additional new Increment (second, third, fourth or fifth) at any facility will be negotiated separately. For all planned Increments, the fallback distribution percentages will be used as a starting point for negotiations. Table 1 attached displays sample distributions based on the fallback percentages.

To start the negotiation process, the Technical Sub-Committee members or other LOTT Partner designees will meet to express their interest in using some specific portion of the first 1.0 mgd Increments of reclaimed water from each of the LOTT satellite facilities. The Partners will negotiate the amount of reclaimed water that will be made available to each Partner from these initial Increments. If the negotiators cannot agree on a distribution, the fallback distribution will be used. The fallback distribution will be binding until all parties agree on a different distribution.

Because of geographic access limitations, it is likely that not all of the LOTT Partners will have interest in shares of reclaimed water from each of the plants. If one or two Partners decline to claim all or part of their share for a specific Increment at a facility, they may elect, during negotiations, to postpone their share and use it at a satellite closer in proximity to potential customers or uses.

EXAMPLE:

Assume Tumwater has no interest in receiving water from Increment #1 of the Hawks Prairie plant. In such case, Tumwater may choose to trade its portion for a share of Lacey and/or Olympia's allotment(s) in the Airport/West plant. Tumwater might make specific trades with the other Partners, or allow Lacey and Olympia to negotiate how to divide Tumwater's portion of the Hawks Prairie Increment. If Lacey and Olympia could not negotiate an agreement, then their fallback proportions would be used to determine how much is distributed to each.

The goal is to have distributions for each Partner match or nearly match its apportioned share at the end of the 2025 planning horizon – unless all parties have agreed to deviate from this schedule as reflected in one or more Distribution Agreements.

Interim Uses

Because planning, funding limitations and/or infrastructure requirements may delay a Partner's ability to put some or all of its reclaimed water to use, that available water may be temporarily used by another Partner(s) until it's actually needed. Such interim use may be negotiated among the affected Partners.

Distribution Volumes

The volume of reclaimed water available for distribution from each new satellite Increment will be determined by LOTT. LOTT will first identify how much water it expects to produce and the amount it needs to reserve for its own uses. The remaining volume will be available for distribution. Initial volume estimates (in gallons per day) will be made prior to negotiation of the



first Increments. Volume estimates will be refined at the time an Increment of capacity moves to the construction stage.

Similarly, the volume of water available for distribution from the Budd Inlet Treatment Plant will be determined by LOTT after reserving the amount needed for its own uses. Because distribution capability from the Budd Inlet Plant may be more limited than at the satellites, due to its downhill location and heavily built environment, the available volume will be evaluated in terms of distribution feasibility. Through an engineering implementation analysis, Olympia will define a quantity of water that can be reasonably distributed and used from the Budd Inlet Plant. That amount, which may be lower than the available volume, will be used in the distribution template (described below) as the "available flow" amount. Olympia will agree to accept that revised volume at 100 percent as part of its negotiated distribution, unless another Partner wishes to negotiate for a portion of that water. As uses are established over time, this volume may be adjusted upward until it equals the full volume LOTT has determined is actually available. Until such time as the implementation analysis is complete, the available volume as determined by LOTT shall serve as the negotiation volume.

Distribution Template

To track progress toward this bottom-line distribution, a computer template will be developed, producing spreadsheets similar to Table 1 attached. The template will be used to track distributions in gallons and percentages across the Increments, providing a continuous profile of the ultimate target distributions and facility-specific commitments to date. Adjustments to the template will be made as LOTT's variables change. These are likely to include timing and sequencing of capacity Increments, and estimated water volumes LOTT will reserve for its own use. The distribution template will be maintained by LOTT as part of its annual Flow and Capacity Report.

Agreements and Approvals

Upon completion of negotiations, the negotiated distributions will be incorporated into a proposed Distribution Agreement, which will be referred to the LOTT Alliance Board for review. The LOTT Board will refer the proposed Distribution Agreement to the LOTT Partner jurisdictions for approval. LOTT Board adoption will follow Partner jurisdiction approvals. That agreement will include a brief introduction citing the negotiations conducted, a spreadsheet documenting the agreed-upon distribution and signature blocks for all the Parties. Each of the LOTT Partners shall determine who within its organization has authority to commit to the negotiated distribution.

The most recent agreed-upon distribution for the first Increment of water to be built at each facility will also be embodied in the Reclaimed Water Supply Agreement for that facility as it is developed. Reclaimed Water Distribution Agreements will be appended to the Supply Agreements for facilities included in the distributions.

Timetable

Negotiations for distribution of the "first Increments" block will be initiated within 30 days after approval of the General Agreement by all Parties. If negotiations do not result in a fully executed Distribution Agreement within 180 days, the fallback distribution will be assumed.

The Supply Agreement for the Budd Inlet Reclaimed Water Facility will be initiated within 30 days after all Parties have approved the Reclaimed Water Distribution Agreement for the first Increments block or the fallback distribution has been assumed. Supply Agreements for the Hawks Prairie, Chambers Prairie and Airport/West Satellites will be initiated when the LOTT Board of Directors directs that financing be authorized for construction of those satellites.

To facilitate advance planning for future Increments to be added at each facility, the Partners will negotiate planning level distributions six years in advance of availability, recognizing that LOTT's timing and Increment sequencing is subject to change. Advance planning will be based on the most recent LOTT Flow and Capacity Report. The negotiated distributions will be incorporated into a Distribution Agreement.

Renegotiation Opportunities

The Parties recognize that needs and circumstances may change as they gain actual experience with distribution and use of reclaimed water. Accordingly, flexibility to adjust distributions is needed. Renegotiations of the reclaimed water distributions for any Increment can occur at any time if all of the participating Partners agree.

Flexibility in adjusting to realities of reclaimed water distribution may also result in desires to exchange other benefits as substitutes for reclaimed water. Accordingly, the Parties agree that they may exchange alternative benefits, including but not limited to financial benefits or substitute water supplies, in place of reclaimed water distributions. Alternative benefits may be considered as distributions are negotiated or renegotiated.

Table 1. Fallback Distributions

Facility	Year On-Line	Avail. Flow (1000 gpd)	Lacey		Olympia		Tumwater	
			Percent	(1000 gpd)	Percent	(1000 gpd)	Percent	(1000 gpd)
Budd Inlet	2004	750	40.4	303	44.3	332	15.3	115
Hawks Prairie	2006	750	40.4	303	44.3	332	15.3	115
Airport/West	2014	750	40.4	303	44.3	332	15.3	115
Chambers Pr	2016	750	40.4	303	44.3	332	15.3	115
Increment 1 Subtotals		3000		1212		1329		459
Hawks Prairie	2019	1000	40.4	404	44.3	443	15.3	153
Airport/West	2024	1000	40.4	404	44.3	443	15.3	153
Chambers Pr	2026	1000	40.4	404	44.3	443	15.3	153
Increment 2 Subtotals		3000		1212		1329		459
Hawks Prairie	2021	1000	40.4	404	44.3	443	15.3	153
Airport/West		0		0		0		0
Chambers Pr		0		0		0		0
Increment 3 Subtotals		1000		404		443		153
<i>2025 Build-Out Targets at Fallback Percentages</i>		7000		2828		3101		1071
		100%		40.4%		44.3%		15.3%
Hawks Prairie		0		0		0		0
Airport/West		0		0		0		0
Chambers Pr		0		0		0		0
Increment 4 Subtotals		0		0		0		0
Hawks Prairie		0		0		0		0
Airport/West		0		0		0		0
Chambers Pr		0		0		0		0
Increment 5 Subtotals		0		0		0		0

Revised 11/07/02



NOTES:

Year on-line is from the LOTT 2003 Capital Improvement Program

Available
flow:

Flow for the Budd Inlet facility is based on 1.0 mgd production less estimated use by the Treatment Plant; amount will be adjusted based on an engineering implementation analysis.
Flow for the Satellites is based on 1.0 mgd production per increment, less estimated reserve of 250,000 gals. from the first increment at each facility for maintenance of wetland plants.

Percentage allocations by jurisdiction are based on the TRPC population and employment forecasts for the year 2025 as converted into estimated wastewater flows in ERUs (equivalent residential units)

WHAT THIS SCENARIO SHOWS:

This table shows how the water would be distributed based on the fallback percentages. This scenario could not be feasibly implemented due to geographic limitations.

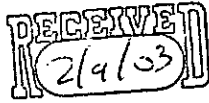


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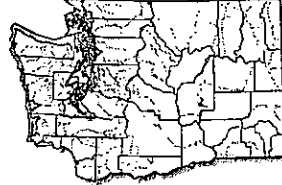
STATE OF WASHINGTON

DEPARTMENT OF ECOLOGY

P.O. Box 47775 • Olympia, Washington 98504-7775 • (360) 407-6300

February 6, 2004

Mr. Michael D. Strub, P.E.
Executive Director
LOTT Wastewater Alliance
111 Market St. NE, Ste. 250
Olympia, WA 98501



Your address
is in the
Deschutes
watershed

Dear Mr. Strub:

RE: General Interlocal Agreement for Reclaimed Water Distribution and Use

Pursuant to RCW 39.34.050 of the Interlocal Cooperation Act, the General Interlocal Agreement for Reclaimed Water Distribution and Use, received in our office on January 22, 2004, has been reviewed and is hereby approved. Nothing in this approval shall be construed as satisfying other applicable federal, state or local statutes, ordinances or regulations.

If you have any questions concerning this approval, please contact Dave Dougherty at 360 407-6278 or ddou461@ecy.wa.gov.

Sincerely,

Kelly Susewind, P.E., P.G.
Southwest Region Manger
Water Quality Program

KS:DD:jr

cc: Karla Fowler, LOTT
File: Thurston County/LOTT STP/Correspondence



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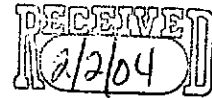
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\$40.00

Thurston Co. Wa.





STATE OF WASHINGTON
DEPARTMENT OF HEALTH
1500 West 4th Avenue, Suite 305 • Spokane, Washington 99204
FAX (509) 456-2997

January 29, 2004

Ms. Karla Fowler, Program Manager
LOTT Wastewater Alliance
111 Market St. N.E., Suite 250
Olympia, Washington 98501

RE: LOTT Wastewater Alliance, Thurston County
Agreement for Wastewater Management – General Agreement for Distribution
and Use of Reclaimed Water

Dear Karla:

The LOTT Wastewater Alliance's Agreement for Wastewater Management - General Agreement for Distribution and Use of Reclaimed Water received in our office January 23, 2004 has been reviewed in accordance with the requirements of chapter 39.34.050 RCW and is hereby **APPROVED**. Please note that nothing in this approval may be construed as satisfying other applicable federal, state or local statutes, ordinances or regulations.

If you have any questions, or require any further information, please feel free to contact me at the telephone number shown below, or by email at craig.riley@doh.wa.gov.

Sincerely,

Craig L. Riley, P.E.
Water Reclamation & Reuse Program
(509) 456-2466

cc: Thurston County Health Department
Dave Dougherty, WA Dept. of Ecology, SWRO, Lacey
Kathy Cupps, WA Dept. of Ecology, HQ, Olympia



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