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WASTEWATER SERVICES AGREEMENT
TOWN OF MOSHEIM AND BULLS GAP, TENNESSEE

THIS AGREEMENT, made and entered into this ___ day of
by and between the Town of Mosheim, a political
and subdivision of the State of Tennessee, hereafter referred
to as MOSHEIM, and the Town of Bulls Gap, hereinafter
referred to as BULLS GAP;

WITNESSETH, WHEREAS, United States Public Law 92-500
required both MOSHEIM and BULLS GAP to prepare and adopt the
most cost-effective plan for wastewater treatment in their
combined service area as a prerequisite to obtaining federal
funds for wastewater treatment in said area;

WHEREAS, MOSHEIM and BULLS GAP have adopted said plan
which is known as the MOSHEIM and BULLS GAP 201 Facilities
Plans, hereafter referred to as "PLAN";

WHEREAS, said PLAN provides for treatment of the BULLS
GAP wastewater at the proposed MOSHEIM (Lick Creek Valley)
wastewater treatment plant, hereinafter referred to as the
"PLANT"; and

NOW, THEREFORE, in consideration of the premises,
MOSHEIM and BULLS GAP hereby agree as follows:

ARTICLE I

Definitions

Unless the context specifically indicates otherwise, the
following words and phrases used in this Agreement shall have
the following meaning:

1. "MOSHEIM Facilities" shall mean those wastewater
transmission and wastewater treatment facilities owned,
operated and maintained by the Town of MOSHEIM and such
future additions and extensions thereto as may be made from
time to time.
2. "BULLS GAP" shall mean the entire Bulls Gap wastewater
system including gravity sewers, manholes, laterals, pumping
stations, force mains and appurtenances thereto upstream of
the point of connection to MOSHEIM Facilities.
3. "PARTICIPANT" shall mean those entities including
MOSHEIM which are participating in the MOSHEIM wastewater
treatment system.



4. "MOSHEIM Wastewater Treatment System" shall mean the wastewater treatment facilities comprised of the following units and all necessary appurtenances: a 0.56 MGD wastewater treatment plant.

5. "BULLS GAP System Connections" shall mean all points where the BULLS GAP System is physically attached to the MOSHEIM Facilities for the purpose of delivering wastewater into the MOSHEIM Facilities from the BULLS GAP System.

6. "Shall" is mandatory; "May" is permissive.

ARTICLE II

Provisions Pertaining to the Ownership of the MOSHEIM Wastewater Treatment Facility

1. Ownership of the Mosehim Wastewater Treatment System shall be vested in MOSHEIM. Such ownership shall include the responsibility of operating and maintaining the system in such a manner to protect the service life of the system and meet the wastewater discharge requirements of the state and federal regulatory agencies.

2. Costs of the design and construction of the MOSHEIM Wastewater Treatment System shall be shared proportionately by each PARTICIPANT in the same proportion as each PARTICIPANT's design flow rate is to the total design flow rate is to the total design flow rate of the MOSHEIM Wastewater Treatment System.

ARTICLE III

Provisions Pertaining to Connection to the MOSHEIM Facilities

1. The TOWN OF BULLS GAP agrees to construct and properly maintain at its own cost and expense all such sanitary sewers, lift stations, pumping stations, force mains and other required appurtenances thereto as necessary or desired by the TOWN OF BULLS GAP to properly convey sanitary wastewater to the point of connection to the MOSHEIM Facilities.

2. MOSHEIM shall furnish and install a wastewater metering device, housing, continuous recorder, and non-reset totalizer, accessories and appurtenances to be located at the BULLS GAP system, and MOSHEIM shall retain ownership thereof. In the event the capacity of the metering device becomes insufficient for the amount of flow delivered, MOSHEIM shall install such additional metering device, or devices at such other locations, as may be necessary. Said wastewater

metering devices and their installation shall be approved by BULLS GAP prior to installation and the cost credited to the TOWN OF BULLS GAP.

3. MOSHEIM agrees at its expense to have an annual inspection and report regarding the condition and accuracy of the metering device performed by an appropriate representative of the manufacturer of the device, or by other competent service agency. A copy of the annual report of meter inspection, certifying the calibration, shall be furnished to the TOWN OF BULLS GAP. BULLS GAP, at its own expense, shall have the right to make its own meter inspection at any time. Normal maintenance and repair of the metering device shall be performed by MOSHEIM at its own expense.

4. BULLS GAP agrees to provide adequate capacity and capability in its facilities to deliver wastewater to the MOSHEIM Facilities. Furthermore, BULLS GAP agrees that adequate provisions will be included in the delivery facilities to prevent excessive flow rates and extended periods of no flow from BULLS GAP's System. An average flow rate for any fifteen minute interval in a 24-hour period shall be considered an excessive flow rate.

ARTICLE IV

Provisions Pertaining to the MOSHEIM System

1. MOSHEIM agrees that it will provide wastewater treatment services to the TOWN OF BULLS GAP that are capable of properly treating wastewater having the characteristics as follows:

- (1) Biochemical Oxygen Demand (BOD) - 250 mg/l or less
- (2) Suspended Solids (SS) - 250 mg/l or less
- (3) Grease - 100 mg/l or less

2. BULLS GAP agrees that if any waters or wastes are discharged by BULLS GAP into the MOSHEIM Facilities which contain substances or possess characteristics in excess of those set forth in Paragraph 1 of this Article, and which in the judgment of THE TOWN OF MOSHEIM may have a deleterious effect upon the wastewater works, processes, equipment, or receiving waters, including excessive infiltration or inflow, or which otherwise create a hazard to health, life, limb, property, or constitute a public nuisance, THE TOWN OF MOSHEIM may upon reasonable notice to THE TOWN OF BULLS GAP:

- (1) Require pretreatment to effect compliance with Paragraph 1 of this Article prior to discharge into the MOSHEIM Facilities;

- (2) Require removal of excessive infiltration and/or inflow by sewer system rehabilitation;
- (3) Require equalization, i.e., control over the rate of discharge; and/or,
- (4) Require payment to cover the added cost of handling and treating such wastes.

3. IF MOSHEIM requires the pretreatment or equalization of waste flows pursuant to Paragraph 2 of this Article, the design and installation of the facilities therefor shall be reviewed and approved by MOSHEIM. Such pretreatment or flow-equalizing facilities shall be satisfactorily maintained and operated at no expense to the TOWN OF MOSHEIM.

ARTICLE V

Provisions for Sampling Wastewater Characteristics

1. BULLS GAP agrees to include in the design of its wastewater system to the MOSHEIM Wastewater Treatment System a safe, convenient sampling station so that MOSHEIM can obtain grab and composite samples of wastewater as a means of monitoring the characteristics of the wastewater received from BULLS GAP. BULLS GAP agrees to provide for reasonable right of ingress and egress as may be necessary to assure MOSHEIM of access to the sampling station.
2. All measurements, tests and analyses of the characteristics of waters and wastes to which reference is made in this Agreement shall be determined in accordance with the latest edition of "Standard Methods for the Examination of Water and Wastewater", published by the American Public Health Association, or such procedures as are established by or pursuant to applicable state law, and shall be determined at the sampling station or upon suitable samples taken at the sampling station. Sampling shall be carried out by customarily accepted methods to reflect the effect of contents upon the wastewater work and to determine the existence of hazards to health, life, limb and property.
3. MOSHEIM shall perform sampling and testing of the BULLS GAP wastewater. BULLS GAP may conduct their own sampling and testing at their own expense if they so desire.

ARTICLE VI

Provisions Pertaining to Annual MOSHEIM Review of
The Operation of the MOSHEIM Facilities

1. MOSHEIM shall provide wastewater transmission and wastewater treatment services to BULLS GAP at fees, rates and charges constituting the full cost of such services, as set out in Article VIII.
2. The cost of providing wastewater transmission and wastewater treatment services to BULLS GAP shall be audited annually by a mutually agreed upon auditor at MOSHEIM's expense. The fees, rates and charges which will be effective to BULLS GAP will be determined upon the basis of and following such audit. It is agreed that for the first year the TOWN OF BULLS GAP will pay the rate set out in Paragraph 1, B of Article VIII hereof. The fees, rates and charges for each succeeding year shall be adjusted to correct any over or under payment of actual costs. MOSHEIM shall give BULLS GAP at least ninety (90) days notice prior to the effective date of any annual adjustment.
3. MOSHEIM shall maintain accounting records for the MOSHEIM Facilities and shall provide BULLS GAP with a copy of the annual audit as soon as completed. MOSHEIM agrees that such information shall be in sufficient detail to permit BULLS GAP to ascertain the actual cost of services as set forth in Paragraph 1 of this article. The information furnished by MOSHEIM shall be sufficient to permit the TOWN OF BULLS GAP at its own expense to compute the fees, rates, and charges under the provisions of Article VIII herein. Upon reasonable notice given by BULLS GAP, MOSHEIM will make available to BULLS GAP at MOSHEIM's offices, its books, records, auditor's work papers or such other information as necessary for this purpose.
4. MOSHEIM shall also provide BULLS GAP a copy of the annual budget for MOSHEIM Facilities upon adoption and all necessary information to permit the TOWN OF BULLS GAP to ascertain the projected cost of services set forth in Paragraph 1 of this article.
5. It is understood and agreed that except as contemplated by and set forth in this Agreement, MOSHEIM and BULLS GAP will have sole and exclusive authority and jurisdiction as to administration, operation, and maintenance of their respective facilities; including but not limited to establishing their annual budgets, establishing, amending and maintaining service fees, rates and other charges and all other matters and things pertaining to their respective facilities.

6. THE TOWN OF MOSHEIM will read the BULLS GAP sewage flow meter monthly and compute the bill as provided in Article VIII. If the flow meter malfunctions during the billing period, the billing shall be based on the previous month's flow.

7. THE TOWN OF MOSHEIM will bill BULLS GAP monthly for such fees, rates, and other charges provided for under Article VIII. This bill shall be paid within fifteen (15) days from date of receipt of bill.

ARTICLE VII

Provisions Pertaining to Violation of the Terms of this Agreement

1. If BULLS GAP is found to be violating any provisions of this Agreement, it shall be served by THE TOWN OF MOSHEIM with written notice stating the nature of the violation and providing a reasonable time limit for the satisfactory correction thereof. BULLS GAP shall, within the period of time stated in such notice, permanently cease such violation.

2. If BULLS GAP is guilty of violating any of the provisions of this Agreement, it shall become liable to THE TOWN OF MOSHEIM for any expense, loss or damage occasioned MOSHEIM by reason of such violation.

3. If MOSHEIM is found to be violating any provision of this Agreement, it shall be served by BULLS GAP with written notice stating the nature of the violation and providing a reasonable time limit for the satisfactory correction thereof. MOSHEIM shall, within the period of time stated in such notice, permanently cease such violation.

4. If MOSHEIM is guilty of violating any of the provisions of this Agreement, it shall become liable to BULLS GAP for any expense, loss or damage occasioned BULLS GAP by reason of such violation.

5. In the event of any continuing violation by either party of the provision of this Agreement subsequent to the date stated in the notice described in Paragraphs 1 and 3 of this article, the offended party shall submit an initial, dated proposed billing item, and if the parties by conference do not settle and agree on the additional cost, expense or damage amount within 30 days from the billing date, thereafter the offending party shall pay into an escrow account \$100.00 per day during such continuing violation, with adjustment of the actual cost, expense or damage to be left to subsequent agreement or court adjudication.

ARTICLE VIII

Provisions for Computation of Fees, Rates and Charges1. Operation, Maintenance and Replacement of MOSHEIM Facilities:

A. It is recognized by the parties that the annual cost of operation, maintenance and replacement (hereinafter referred to as O, M & R) of the MOSHEIM Wastewater Treatment System Facilities must be shared by MOSHEIM, the TOWN OF BULLS GAP and all other PARTICIPANTS. The proportional sharing of such annual cost is to be determined as follows:

- (1) Wastewater Treatment - MOSHEIM shall maintain records for the purpose of establishing the total annual cost of O, M & R of the plant as well as the total wastewater flow treated annually. This cost shall be allocated to all PARTICIPANTS as hereinafter described.
- (2) Collection System Maintenance - MOSHEIM shall maintain records for the purpose of establishing the total annual cost of operation, maintenance and replacement of the collection system portion of the MOSHEIM Facilities. This cost shall be allocated to all PARTICIPANTS as hereinafter described.
- (3) Indirect Cost - MOSHEIM shall maintain records for the purpose of establishing indirect costs commonly accepted as general and administrative overhead for the MOSHEIM Wastewater Treatment System including, but not limited to the cost of general administration, engineering and permits, accounting and equipment maintenance. This cost shall be allocated to all PARTICIPANTS as hereinafter described.

B. Those applicable costs determined by the methods described in the preceding paragraphs 1, 2, and 3 shall be allocated to MOSHEIM and BULLS GAP and each other PARTICIPANT based on the ratio of the total annual wastewater contribution of each to the total volume of wastewater treated annually at the wastewater treatment plants in MOSHEIM's Wastewater Treatment System. These costs for BULLS GAP shall be negotiated prior to the initial date of service, and the negotiated costs shall be effective until the first annual adjustment thereafter made in accordance with this Agreement.

2. Debt Retirement of MOSHEIM's Wastewater Treatment System:

BULLS GAP shall pay its share of the design and construction of the MOSHEIM Wastewater Treatment System as described in Article II, Paragrah 2,, of this Agreement. It is agreed that this cost shall be paid in full before service begins. No debt retirement cost will be subsequently assessed to BULLS GAP. If this method of capital cost recovery must be revised, such revision shall be completed as an executed written amendment to this Agreement.

3. Capital Cost of Future Modification or Expansion of MOSHEIM's Facilities:

A. The capital cost of modifications to an existing facility whose capacity is not increased thereby shall be borne by the TOWN OF MOSHEIM. The TOWN OF BULLS GAP shall be assessed a portion of the cost based on the relationship of the actual flow of the TOWN OF BULLS GAP to the total flow utilizing such facility.

B. The capital cost of modifications to an existing facility whose capacity is increased thereby shall be borne by the TOWN OF MOSHEIM. The TOWN OF BULLS GAP shall be assessed a portion of the cost based on the relationship of the capacity it reserves therein to the total capacity thereof. Whenever the TOWN OF BULLS GAP reserves capacity in such an extended facility, it may reserve capacity to at least the extent necessary to restore to MOSHEIM the capacity previously used by the TOWN OF BULLS GAP in the facilities being expanded.

C. The depreciated value of any facility paid for by BULLS GAP based upon reserve capacity shall be refunded to the TOWN OF BULLS GAP upon termination of this Agreement.

ARTICLE IX

Miscellaneous

1. Even though the PLAN projects the following average flow rates,

<u>1985</u>	<u>1995</u>	<u>2005</u>
0.10 MGD	0.15 MGD	0.20 MGD

from the TOWN OF BULLS GAP to MOSHEIM, the TOWN OF BULLS GAP will submit on each anniversary of the date of initial service hereunder its projection of average flow for each of the succeeding five (5) years to facilitate MOSHEIM's advance planning for service under this Agreement.

2. Any approval or permission required by this Agreement will not be unreasonably withheld by either party.

3. The term of this Agreement shall be until the year 2005 anniversary of the date of initial service hereunder.

4. This contract is subject to annual appropriations of funds by BULLS GAP. In the event funds are not appropriated by BULLS GAP for any fiscal period, this contract will be terminated. In the event of such termination, the TOWN OF MOSHEIM shall be entitled to receive just and equitable compensation for any service rendered as of the termination date.

IN WITNESS WHEREOF, the TOWN OF MOSHEIM, TENNESSEE, by its Mayor and the TOWN OF BULLS GAP, TENNESSEE by its Mayor have caused this Agreement to be signed this 16 day of Dec. 1986.

TOWN OF MOSHEIM, TENNESSEE

By: Billy J. Myers
Billy J. Myers, Mayor

ATTEST:

Joyce Dearstone 12-16-86
_____, Title

TOWN OF BULLS GAP, TENNESSEE

By: Ima Justis
Ima Justis, Mayor

ATTEST:

Joyce Dearstone 12-16-86
_____, Title

~~APPROVED AS TO FORM.~~

[Signature]
Attorney, Town of Mosheim

[Signature]
Attorney, Town of Bulls Gap