

LINDON

WASTEWATER COLLECTION SYSTEM IMPACT FEE FACILITY PLAN AND IMPACT FEE ANALYSIS

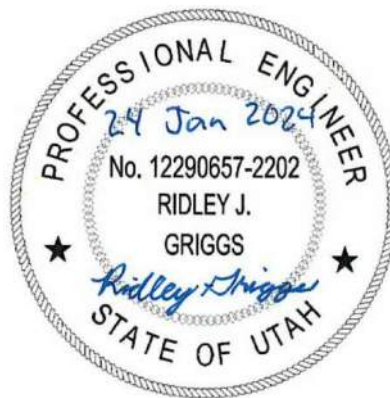
(HAL Project No.: 340.06.100)

January 2024

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Ridley J. Griggs, P.E.
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January 2024

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IMPACT FEE CERTIFICATION

The Utah Impact Fee Act requires certifications for the Impact Fee Facilities Plan (IFFP) and the Impact Fee Analysis (IFA). Hansen, Allen & Luce provides these certifications with the understanding that the recommendations in the IFFP and IFA are followed by City Staff and elected officials. If all or a portion of the IFFP or IFA are modified or amended, or if assumptions presented in this analysis change substantially, this certification is no longer valid. All information provided to Hansen, Allen & Luce, Inc. is assumed to be correct, complete, and accurate.

IFFP Certification

Hansen, Allen & Luce, Inc. certifies that the Impact Fee Facilities Plan (IFFP) prepared for the wastewater collection system:

1. includes only the costs of public facilities that are:
 - a. allowed under the Impact Fees Act; and
 - b. actually incurred; or
 - c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid;
2. does not include:
 - a. costs of operation and maintenance of public facilities;
 - b. costs for qualifying public facilities that will raise the level of service for the facilities, through impact fees, above the level of service that is supported by existing residents;
 - c. an expense for overhead, unless the expense is calculated pursuant to a methodology that is consistent with generally accepted cost accounting practices and the methodological standards set forth by the federal Office of Management and Budget for federal grant reimbursement; and
3. complies in each and every relevant respect with the Impact Fees Act.

IFA Certification

Hansen, Allen & Luce, Inc. certifies that the Impact Fee Analysis (IFA) prepared for the wastewater collection system:

1. includes only the costs of public facilities that are:
 - a. allowed under the Impact Fees Act; and
 - b. actually incurred; or
 - c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid;
2. does not include:
 - a. costs of operation and maintenance of public facilities;
 - b. costs for qualifying public facilities that will raise the level of service for the facilities, through impact fees, above the level of service that is supported by existing residents;
 - c. an expense for overhead, unless the expense is calculated pursuant to a methodology that is consistent with generally accepted cost accounting practices and the methodological standards set forth by the federal Office of Management and Budget for federal grant reimbursement;
 - d. costs with grants or other alternate sources of payment; and
3. complies in each and every relevant respect with the Impact Fees Act.

HANSEN, ALLEN & LUCE, INC.

IMPACT FEE SUMMARY

PURPOSE OF STUDY

The impact fees for the Lindon wastewater system were last updated as a part of the City's 2015 master planning project. Since that time, construction costs have risen substantially due to a number of factors, including material shortages, labor shortages, and supply chain constraints. To account for rising construction costs, Lindon City commissioned this impact fee update.

The **purpose** of the Impact Fee Facility Plan (IFFP) and Impact Fee Analysis (IFA) is to comply with the requirements of the Utah Impact Fees Act by identifying demands placed on the existing wastewater collection system by new development and by identifying the means by which the City will meet these new demands. The Lindon City Wastewater Collection System Master Plan has been used in support of this analysis. There are several growth-related capital facilities anticipated to be needed in the next 10 years, so the calculated impact fee is based on anticipated capital facility projects as well as existing excess capacity and documented historic costs.

The impact fee **service area** is the wastewater collection system service area, which includes the current city boundary and future service areas as identified in the City's Wastewater Collection System Master Plan.

LEVEL OF SERVICE

The level of service for the wastewater treatment plant is 218 gpd per ERU calculated as the sum of collection and conveyance level of service with total expected future infiltration divided by ERUs at build-out ($0.5 \text{ MG}/11,752 \text{ ERUs} = 43 \text{ gpd/ERU}$). See the wastewater master plan for more information.

IMPACT FEE CALCULATION

The impact fee unit for sewer use is based on the Equivalent Residential Unit (ERU). An ERU is equal to the average hydraulic loading of one residential connection. The method of using ERUs for analysis is a way for allocating existing and future demands of non-residential land uses.

The existing system served about 5,467 ERUs at the beginning of 2021. Projected **growth** adds 2,851 equivalent residential connections in the next 10 years for a total of 8,318 connections or equivalent.

The costs calculated for the capacity required for growth in the next 10 years comes from the proportional historical buy-in costs of **excess capacity** in existing facilities and **new projects** required entirely to provide capacity for new development. The cost of providing capacity to resolve existing deficiencies is not included in the impact fee. However, excess capacity can be built into projects intended to solve existing deficiencies, and this excess capacity can be included in the impact fee. Likewise, available capacity in existing facilities and capacity that is created through new projects is included in the impact fee. In addition to the proportionate share of costs of existing facilities, the impact fee is based on infrastructure that will be constructed within the next 10 years.

Components of the impact fee are presented in Table S-1. These costs represent an increase of approximately 71% as compared to the previous impact fee.

**Table S-1
Proposed Impact Fee by Component**

Component	Per Typical Residential Connection
Collection	\$830.83
Treatment	\$951.78
Planning	\$26.11
Total	\$1,809

CHAPTER 1 INTRODUCTION

PURPOSE AND SCOPE

Lindon City is experiencing significant growth. To ensure availability of funds for growth-related infrastructure projects, an Impact Fee Facility Plan (IFFP) and Impact Fee Analysis (IFA) were commissioned by the City.

This report identifies those items that the Utah Impact Fees Act specifically requires, including demands placed upon existing facilities by new development and the proposed means by which the municipality will meet those demands.

The impact fees for the Lindon wastewater system were last updated as a part of the City's 2015 master planning project. Since that time, construction costs have risen substantially due to a number of factors, including material shortages, labor shortages, and supply chain constraints. To account for rising construction costs and updates to their master plan, Lindon City commissioned this impact fee update.

IMPACT FEE COLLECTION

An impact fee is a one-time charge on new development to pay for that portion of a public facility that is required to support that new development. Impact fees enable local governments to finance public facility improvements necessary for growth, without burdening existing customers with costs that are exclusively attributable to growth.

In order to determine the appropriate impact fee, the cost of the facilities associated with future development must be proportionately distributed. As a guideline in determining the "proportionate share", the fee must be found to be roughly proportionate and reasonably related to the impact caused by the new development.

MASTER PLANNING

A wastewater collection system master plan was prepared in conjunction with this analysis, and is incorporated by reference into this analysis.

The master plan for the City's wastewater collection system is more comprehensive than the IFFP and IFA. It provides the basis for the IFFP and IFA and identifies all capital facilities required of the wastewater collection system for the 20-year planning range, including maintenance, repair, replacement, and growth-related projects. The recommendations made within the master plan are in compliance with current City policies and standard engineering practices.

A hydraulic model of the wastewater collection system was prepared to aid in the analyses performed to complete the wastewater collection system master plan. The model was used to assess existing performance, to establish a proposed level of service and to confirm the effectiveness of the proposed capital facility projects to maintain the proposed level of service over the next 10 years.

CHAPTER 2 SYSTEM DEMAND AND CAPACITY

GENERAL

The purpose of this section is to identify the current level of service, characterize the facilities of the existing system, and determine the remaining capacity of these facilities.

Lindon's existing wastewater collection system is comprised of force mains and gravity sewers, including laterals, collectors, interceptors, and outfalls. Wastewater from Lindon City is discharged to an Orem City collection pipeline and subsequently treated at the Orem Water Reclamation Facility. Figure 2-1 and Figure 2-2 in the Wastewater Collection System Master Plan illustrate the existing wastewater system.

EXISTING EQUIVALENT RESIDENTIAL UNITS

In order to compare the relative quantities of wastewater loading between different types of land use, it is helpful to use a common unit of measure. The unit of measure that is used with this analysis is the Equivalent Residential Unit (ERU). The use of ERUs is a typical approach to describe the hydraulic loading imposed upon the wastewater collection system. An ERU is equal to the average hydraulic loading of an average residential connection. Once the ERU is established, non-residential uses can be quantified in terms of fractions or multiples of an ERU. For this analysis all residential connections, including townhouses and apartments were equated to one ERU. The existing system served about 5,467 ERUs at the beginning of 2021.

For drinking water, Lindon City has selected a 1-inch diameter water meter as the connection for a residential service. Non-residential developments are assigned a number of ERUs based on their meter size. Given that wastewater collection is not metered, and given that wastewater loading is created by water passing through the drinking water meter, the wastewater impact fee is also based on drinking water meter size. The number of wastewater ERUs designated for each property is the same the number of ERCs designated for the drinking water system according to the meter size. At the beginning of 2021, the City was estimated to have 5,467 ERUs.

LEVEL OF SERVICE

The City has established a level of service for the wastewater collection system. It establishes the sizing criteria for the City's distribution facilities, source facilities, storage facilities, and water rights. The level of service standards are shown below:

Level of Service

The level of service designated for the wastewater collection system has been established by the City to provide adequate wastewater collection and treatment capacity.

ERU Loading

Proposed

- The proposed level of service is 218 gpd per ERU. This includes 175 gpd/ERU for wastewater generation and 43 gpd/ERU for infiltration. Infiltration per ERU was computed as total expected future infiltration divided by ERUs at build-out (0.5 MG/11,752 ERUs = 43 gpd/ERU). See the wastewater master plan for more information.

Sewer Capacity

Existing

- Pipeline capacity (smaller than 12-inch) – Peak flow in the pipe must be less than 50 percent of the depth over diameter ratio
- Pipeline Capacity (12-in and larger) – Peak flow in the pipe must be less than 75 percent of the depth over diameter ratio

METHODOLOGY USED TO DETERMINE EXISTING SYSTEM CAPACITY

The method for determining the remaining capacity in the wastewater collection system was based on the defined level of service in terms of ERUs. Both collection (pipes and lift stations) and treatment components of the wastewater collection system were assessed a capacity in terms of ERUs. The difference between the capacity of a facility and the existing demand on it (expressed as ERUs) is the remaining capacity. For example, to calculate the remaining capacity for treatment in ERUs, the required treatment for existing users in ERUs is subtracted from the capacity of the treatment plant in ERUs.

A hydraulic model was developed for the purpose of assessing system operation and capacity. For pipelines, the model was used to calculate a capacity in terms of ERUs. Each pipeline was sized to maintain an appropriate depth over pipe diameter (d/D) ratio under projected future conditions. Capacity, demand and remaining capacity is presented in the following paragraphs for each component of the sewer system.

COLLECTIONS

The existing Lindon City wastewater collection system consists of nearly 71 miles of pipeline and over 1,597 manholes. The pipes range in size from 4-inch diameter to 24-inch diameter. The system also has force main piping ranging from 2-inch diameter to 12-inch diameter. Lift stations are used to pump wastewater where gravity flow sewers are not capable of conveying flow to the treatment plant.

The City currently operates four lift stations. The pump stations lift the sewage to gravity lines which ultimately lead to the outfall to the Orem wastewater treatment plant and must therefore meet the level of service of 218 gpd/ERU. Currently, the lift stations will have remaining capacity within the 10-year growth period. The existing system served about 5,467 ERUs at the beginning of 2021. Projected growth is anticipated to add 2,851 ERUs in the next 10 years for a total of 8,318 ERUs by 2031. The estimated ERU value in 2061 is 11,752.

TREATMENT

Wastewater from Lindon City is discharged to an Orem City collection pipeline and subsequently treated at the Orem Water Reclamation Facility (OWRF). In 2010 Lindon expanded their contractual treatment capacity from 1.067 MGD to 1.65 MGD with OWRF. Currently Lindon's existing average monthly flow is about 0.97 MGD.

CAPITAL FACILITIES TO MEET SYSTEM DEFICIENCIES

The existing wastewater collection system has several deficiencies outlined in the master plan. Capital projects to replace aging infrastructure are not eligible for impact fee reimbursement. However, if a pipe is replaced with a larger pipe intended to support future growth, a portion of the cost is eligible for impact fees.

CHAPTER 3 IMPACT FEE FACILITY PLAN AND ANALYSIS

This section relies on the data presented in the previous sections to calculate a proposed impact fee based on an appropriate buy-in cost of available existing excess capacity previously purchased by the City, and the cost of projects needed to support projected growth.

The projected costs of the wastewater collection system projects are presented. Also included in this section are the possible revenue sources that the City may consider to fund the recommended projects.

GROWTH PROJECTIONS

The development of impact fees requires growth projections over the next ten years. Growth projections for Lindon were made by incorporating the growth rate presented in the Master Plan. Total growth projections for the City through 2031 are summarized in Table 3-1. Figure 5-3 in the Wastewater Collection System Master Plan outlines the project 10-year growth areas.

**Table 3-1
Growth Projections**

Year	ERUs
2021	5,467
2022	5,727
2023	5,997
2024	6,280
2025	6,574
2026	6,882
2027	7,202
2028	7,536
2029	7,885
2030	8,248
2031	8,318
10-year Difference	+2,851

The existing system served about 5,467 ERUs at the beginning of 2021. Projected growth adds 2,851 ERUs in the next 10 years for a total of 8,318 ERUs.

COST OF EXISTING FACILITIES

This section contains a discussion of the excess capacity remaining within existing facilities, as well as the portion of the cost of those facilities that is eligible to be repaid using impact fees. Historic costs were obtained from Lindon City Records. A summary of the existing projects by type of facility is shown in Table 3-2.

**Table 3-2
Type and Cost of Existing Facilities**

Project	Collection ¹	Treatment ²	Total
Orem Water Reclamation Facility Expansion	\$0.00	\$2,429,877.74	\$2,429,877.74
1000 North Geneva Road Lift Station	\$849,592.80	\$0.00	\$849,592.80
Lindon Sewer Outfall Line	\$1,304,137.67	\$0.00	\$1,304,137.67
West Side Sewer Line Extension	\$196,373.14	\$0.00	\$196,373.14
1900 W. Trunk Line & West Side Pump	\$216,334.83	\$0.00	\$216,334.83
700 N. Sewer Line & Loop	\$750,224.55	\$0.00	\$750,224.55
Total	\$3,316,662.99	\$2,429,877.74	\$5,746,540.73

1. Existing collection cost records are in Appendix A.
2. Existing treatment cost records are in Appendix B.

The impact fee eligible cost for the existing facilities is shown in Table 3-3 and is based on remaining capacity in the system from when it was first constructed.

**Table 3-3
Impact Fee Eligible Cost of Existing Facilities**

Project	Cost	% To Growth	Eligible Collection Cost	Eligible Treatment Cost	Eligible Total Cost
Orem Water Reclamation Facility Expansion	\$2,429,877.74	100% ¹	\$0.00	\$2,429,877.74	\$2,429,877.74
1000 North Geneva Road Lift Station	\$849,592.80	53.48% ²	\$454,364.43	\$0.00	\$454,364.43
Lindon Sewer Outfall Line	\$1,304,137.67	53.48% ²	\$697,456.20	\$0.00	\$697,456.20
West Side Sewer Line Extension	\$196,373.14	53.48% ²	\$105,020.86	\$0.00	\$105,020.86
1900 W. Trunk Line & West Side Pump	\$216,334.83	53.48% ²	\$115,696.43	\$0.00	\$115,696.43
West Side Sewer Line Extension	\$750,224.55	53.48% ²	\$401,222.03	\$0.00	\$401,222.03
Total	\$5,746,540.73		\$1,773,759.95	\$2,429,877.74	\$4,203,637.69

1. Calculated as the remaining capacity in the interlocal agreement treatment capacity of the increase of 1.07 MGD to 1.65 MGD. Current usage is 0.971 MGD.
2. Calculated remaining in existing system distribution facilities was conservatively estimated as the difference between the existing ERU count (5,467) and the projected ERU count at 2061 (11,752).

COST OF FUTURE FACILITIES

The facilities and costs presented in Table 3-4 and shown on Figure 3-1 are proposed projects essential to maintain the current level of service while accommodating future growth within the next 10 years. The facility sizing for the future proposed projects was based on the proposed level of service with growth projections provided by the City and hydraulic modeling. The proposed impact fee will be based both on costs of existing projects and the projected cost of future construction projects. Detailed information on these projects and their estimated cost is included in the City’s wastewater collection system master plan report.

**Table 3-4
Estimated Cost of Future Facilities and Impact Fee Eligible Cost**

Project	Map ID	Cost	% To Growth	Eligible Collection Cost	Eligible Treatment Cost	Eligible Total Cost	Capacity Added
10-1	10-1	\$1,920,000.00	100%	\$1,920,000.00	\$0.00	\$1,920,000.00	6,285 ERUs
10-2	10-2	\$1,528,000.00	100%	\$1,528,000.00	\$0.00	\$1,528,000.00	6,285 ERUs
Orem Water Reclamation Facility Treatment Process Upgrades	-	\$1,322,877.21 ³	41.21% ¹	\$0.00	\$545,185.76	\$545,185.76	N/A ²
Total		\$4,770,877.21	-	\$3,448,000.00	\$545,185.76	\$3,993,185.76	-

1. Calculated as the remaining capacity in the interlocal agreement treatment capacity (1.65 MGD) as compared to existing demand (0.97 MGD). see Appendix B.
2. Upgrades to the plant are related to treatment and meeting water quality standards, not adding hydraulic capacity. The portion of the costs attributable to future users is eligible for impact fees collection.
3. See Appendix C for costs of future Orem Wastewater treatment upgrades.
4. See Appendix D for cost estimates.
5. See Figure 6-3 in Sewer Master Plan for future project information.

IMPACT FEE UNIT CALCULATION

Wastewater Impact Fee Unit

It is recommended that the City continue to use the ERU method to calculate a wastewater Impact Fee Unit. The number of ERUs is determined by the size of the water meter. One impact fee unit is equal to 1 ERU, which corresponds to a ¾" or 1" drinking water meter. Larger meters correspond to a higher ERU count.

Impact Fee Calculation

The Wastewater impact fee per unit has been calculated based on the on value of the excess capacity in the system and the cost of predicted future projects over the next 10 years.

Collections

The collections portion of the impact fee unit is calculated as shown in Table 3-5. Because pipes are all sized in direct relation to the ultimate capacity of the system, the fee was calculated by dividing the impact fee-eligible cost of existing and planned 10-year projects by the capacity of the future system.

**Table 3-5
Collections Facility Costs by Time Period**

Time Period	Total ERUs Served	ERUs Towards Total Growth Capacity	Proportion of Capacity Remaining	Proportionate Cost
Existing ¹	5,467	0	0%	\$1,542,903.04
10-year	8,318	2,851 ²	45%	\$2,369,059.52
Beyond 10-year	11,752	3,434 ³	55%	\$2,852,700.43
Total	-	6,285	100%	\$6,764,662.99

1. Existing cost was calculated as the cost that has already served growth from Table 3-3.
2. Based on Master Plan Growth projections. See Table 3-1
3. A remaining capacity of 3,434 ERUs was calculated as the projected ERU count in 2061 (11,752) minus ERUs existing at the beginning of year 2031. See Table 3-1

The collections impact fee was calculated as shown in Table 3-6

**Table 3-6
Collections Impact Fee Unit Calculation**

	Total
Impact Fee-Eligible Cost ¹	\$2,369,059.52
ERUs Served ²	2,851
Collections impact (per ERU)³	\$830.83

1. See Table 3-5
2. Based on Master Plan Growth Projections. See Table 3-1 and 3-5
3. Calculated as impact fee-eligible costs divided by the number or ERUs served.

Treatment

Wastewater from Lindon City is discharged to an Orem City collection pipeline and subsequently treated at the Orem Water Reclamation Facility (OWRF). The treatment impact fee was calculated as shown in Table 3-7.

**Table 3-7
Treatment Impact Fee Unit Calculation**

	Existing ¹	Future ²	Total
Eligible Cost	\$2,429,877.74	\$545,185.76	\$2,975,063.50
Remaining Capacity (gpd)	680,000		680,000
Treatment impact (per gpd) ³			\$4.38
Treatment impact (per ERU) ⁴			\$951.78

1. See Table 3-3
2. See Table 3-4
3. Calculated as the sum of existing and future eligible costs divided by the sum of existing and future eligible capacity.
4. Calculated at the proposed treatment LOS of 218 gpd/ERU.

Expected treatment costs by time period are listed in Table 3-8. Treatment facilities are expected to support growth for more than 10 years. The portion of their costs attributable to growth outside of the 10-year planning window is not impact fee-eligible.

**Table 3-8
Treatment Cost by Time Period**

Time Period	ERUs served	Buy-in Cost	Growth Cost	Total Cost
Existing	5,467	\$0.00	\$0.00	\$0.00
Next 10 years	2,851	\$2,429,877.74	\$284,077.50	\$2,713,955.24
Beyond 10 years	274 ¹	\$0.00	\$261,108.26	\$261,108.26
Total	8,593	\$2,429,877.74	\$545,185.76	\$2,975,063.50

1. The treatment plant upgrade does not add enough capacity to support the full ERU growth count expected beyond 10 years. ERUs served beyond 10 years was calculated as remaining costs attributable to that time period divided by the unit costs shown in Table 3-7.

Planning

The planning portion of the impact fee was calculated as shown in Table 3-9. Portions of the City's 2022 master plan study that are attributable to growth (approximately 60% of total expenditures) are impact fee eligible. 100% of costs associated with the Impact Fee Facility Plan and Impact Fee Analysis are impact fee eligible.

It is assumed that the City will update impact fee analysis at an interval of about 3 years and the master plan at an interval of about 5 years. ERCs served by the master plan are those estimated to develop within these time horizons.

**Table 3-9
Planning Component of Impact Fee**

Planning Document	Cost	% of Plan Associated with Growth	Cost Associated with Growth	ERUs Served	Cost per ERU
2022 Water Master Plan	\$35,680	60%	\$21,408	1,415	\$15.13
2022 IFFP and IFA	\$8,920.00	100%	\$8,920	813	\$10.97
Total	\$44,600	-	\$30,328	-	\$26.11

All of these costs are anticipated to be recovered within the 10-year planning window.

Facility Cost by Time Period

Costs attributed to growth over the next 10 years are included in the impact fee. Table 3-10 is a summary of the existing and future facility costs by time period. Existing costs are those costs attributed to capacity currently being used by existing connections. Costs attributed to the next 10 years are costs for the existing capacity or new capacity for the assumed growth. These costs are included in the impact fee.

**Table 3-10
Facility Cost by Time Period**

Component	Existing	Next 10 Years	Beyond 10 Years	Total
Collection	\$1,542,903.04	\$2,369,059.52	\$2,852,700.43	\$6,764,662.99
Treatment	\$0.00	\$2,713,955.24	\$261,108.26	\$2,975,063.50
Planning ¹	\$0.00	\$74,446.24 ¹	\$0.00	\$74,446.24
Total	\$1,542,903.04	\$5,157,461.00	\$3,113,808.69	\$9,814,172.73

1. Planning costs were calculated as the cost per ERU in Table 3-8 multiplied by the number of ERUs expected in the next 10 years (2,851 ERUs).

Table 3-11 is a summary of the cost included in the impact fee calculation by component. It shows the unit cost per ERU, which was calculated by dividing the impact fee eligible cost for the respective components by the total ERUs served. The cost per ERU for treatment is based on the value provided in the Sewer Impact Fee Analysis Amendment.

**Table 3-11
Proposed Wastewater Impact Fee Per ERU**

Component	Impact Fee-Eligible Cost	ERUs Served	Cost per ERU
Collection	\$2,369,059.52	2,851	\$830.83
Treatment	\$2,713,955.24	2,851	\$951.78
Planning	\$74,446.24	2,851	\$26.11
Total			\$1,809

Total Impact Fee Calculation for Various Meter Sizes

Table 3-12 shows the recommended impact fee by meter size. Users requiring larger meters will individually be assessed an ERU capacity based on projected water use. The total proposed impact fee for a typical single-family residential connection requiring a 1-inch drinking water connection would have an impact fee of **\$1,809**. For larger meter sizes, the fee scales proportionately according to the ERU capacity of the meter. The ERU count for each meter size is calculated based on American Water Works Association (AWWA) rated capacity for each meter size. This represents an equitable distribution of potential to use the City’s sewer system.

**Table 3-12
Proposed Wastewater Impact Fee Based on Meter Size**

Drinking Water Meter Size	ERUs	Impact Fee
1"	1.0	\$1,809
1 ½"	3.33	\$6,023
2"	5.33	\$9,640

Properties that use multiple meters should pay one impact fee corresponding to the meter size that would have been necessary if the property had used only one meter.

It must be noted that water use varies even among customers with meters of similar size. The values in Table 3-12 are representative fees; however, it is recommended that it be specified in development agreements that customers whose water use exceeds the ERU value associated with their meter size be charged additional impact fees to account for actual water use.

Alternatively, the City may calculate an impact fee for non-residential connections based on projected indoor water use according to the following formulas.

$$\text{ERUs} = (\text{indoor water use, gpd}) / (218 \text{ gpd per ERU})$$

$$\text{Impact fee} = \text{ERU} * \$1,809$$

For example, if a customer will use 10 gpm of water indoors, the impact fee may be calculated as follows:

$$\text{Indoor water use} = 10 \text{ gal/min} * 1,440 \text{ min/day} = 14,400 \text{ gpd}$$

$$\text{ERUs} = (14,400 \text{ gpd}) / (218 \text{ gpd per ERU}) = 66.2 \text{ ERUs}$$

$$\text{Impact fee} = 66.2 \text{ ERUs} * \$1,809/\text{ERU} = \$119,825$$

REVENUE OPTIONS

Utah Code 11-36a-302(2) requires a local political subdivision to generally consider all revenue sources to finance the impacts on system improvements, including grants, bonds, interfund loans, impact fees, and anticipated or accepted dedications of system improvements. This impact fee facilities plan considers each of these options. An expanded discussion on options the City has to generate revenue is included in this section for reference.

Revenue options for the recommended projects include: general obligation bonds, revenue bonds, State/Federal grants and loans, user fees, and impact fees. Although this analysis focuses on impact fees, the City may need to consider a combination of these funding options. The following discussion describes each of these options.

General Obligation Bonds through Property Taxes

This form of debt enables the City to issue general obligation bonds for capital improvements and replacement. General Obligation (G.O.) Bonds would be used for items not typically financed through the Water Revenue Bonds (for example, the purchase of water source to ensure a sufficient water supply for the City in the future). G.O. bonds are debt instruments backed by the full faith and credit of the City which would be secured by an unconditional pledge of the City to levy assessments, charges or ad valorem taxes necessary to retire the bonds. G.O. bonds are the lowest-cost form of debt financing available to local governments and can be combined with other revenue sources such as specific fees, or special assessment charges to form a dual security through the City's revenue generating authority. These bonds are supported by the City as a whole, so the amount of debt issued for the water system is limited to a fixed percentage of the real market value for taxable property within the City. G.O. Bonds must be approved through a citizen vote. For growth related projects this type of revenue places an unfair burden on existing residents as they had previously paid for their level of service.

Revenue Bonds

This form of debt financing is also available to the City for utility related capital improvements. Unlike G.O. bonds, revenue bonds are not backed by the City as a whole, but constitute a lien against the water service charge revenues of a Water Utility. Revenue bonds present a greater risk to the investor than do G.O. bonds, since repayment of debt depends on an adequate revenue stream, legally defensible rate structure /and sound fiscal management by the issuing jurisdiction. Due to this increased risk, revenue bonds generally require a higher interest rate than G.O. bonds, although currently interest rates are at historic lows. This type of debt also has very specific

coverage requirements in the form of a reserve fund specifying an amount, usually expressed in terms of average or maximum debt service due in any future year. This debt service is required to be held as a cash reserve for annual debt service payment to the benefit of bondholders. Typically, voter approval is not required when issuing revenue bonds. For growth related projects this type of revenue places an unfair burden on existing residents as they had previously paid for their level of service.

State/Federal Grants and Loans

Historically, both local and county governments have experienced significant infrastructure funding support from state and federal government agencies in the form of block grants, direct grants in aid, interagency loans, and general revenue sharing. Federal expenditure pressures and virtual elimination of federal revenue sharing dollars are clear indicators that local government may be left to its own devices regarding infrastructure finance in general. However, state/federal grants and loans should be further investigated as a possible funding source for needed water system improvements.

It is also important to assess likely trends regarding federal / state assistance in infrastructure financing. Future trends indicate that grants will be replaced by loans through a public works revolving fund. Local governments can expect to access these revolving funds or public works trust funds by demonstrating both the need for and the ability to repay the borrowed monies, with interest. As with the revenue bonds discussed earlier, the ability of infrastructure programs to wisely manage their own finances will be a key element in evaluating whether many secondary funding sources, such as federal/state loans, will be available to the City.

Not charging impact fees, or significantly lowering them could be viewed negatively from the perspective of State/Federal funding agencies. Charging a proper impact fee signals to these agencies that the community is using all possible means to finance the projects required to provide vital services to their residents.

User Fees

Similar to property taxes on existing residents, user fees to pay for improvements related to new growth-related projects places an unfair burden on existing residents as they had previously paid for their level of service.

Impact Fees

As discussed in Section 1, an impact fee is a one-time charge to a new development for the purpose of raising funds for the construction of improvements required by the new growth and to maintain the current level of service. Impact fees in Utah are regulated by the Impact Fee Statute and substantial case law. Impact fees are a form of a development exaction that requires a fee to offset the burdens created by the development on existing municipal services. Funding the future improvements required by growth through impact fees does not place the burden on existing residents to provide funding of these new improvements.

REFERENCES

State of Utah. 2014C. Utah Code Annotated, Section Utah Code 11-36a: Impact Fees Act

Hansen, Allen & Luce. 2023. "Wastewater Collection System Master Plan."

APPENDIX A

Cost of Existing Infrastructure

Sources:

City Records

*City of Orem Amendment to Interlocal Agreement:
Agreement No. A-2011-0037*

Project	1998-199	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	Total
West Side Sewer Line Extension			\$2,384.50	\$179,310.35	\$14,678.29					\$196,373.14
1900 W. Trunk Line & West Side Pump	\$216,334.83									\$216,334.83
700 N. Sewer Line & Loop					\$202,202.65		\$2,171.65	\$526,548.01	\$19,302.24	\$750,224.55
Total	\$216,334.83	\$0.00	\$2,384.50	\$179,310.35	\$216,880.94	\$0.00	\$2,171.65	\$526,548.01	\$19,302.24	\$1,162,932.52

AMENDMENT TO INTERLOCAL AGREEMENT
(Sewer Services and Expansion of Water Reclamation Facility)

This Amendment to Interlocal Agreement (the "Amended Interlocal Agreement") is made and entered into this 7th day of April, 2011, by and between Lindon City, a municipal corporation and political subdivision of the State of Utah with its principal offices located at 100 North State Street, Lindon, UT 84042 (hereinafter referred to as "Lindon"), and the City of Orem, a municipal corporation and political subdivision of the State of Utah with its principal offices located at 56 North State Street, Orem, Utah 84057 (hereinafter referred to as "Orem").

RECITALS

WHEREAS, Lindon, Orem and the Town of Vineyard entered into an Interlocal Agreement dated February 12, 2010 (the "2/12/2010 Interlocal") governing each party's respective rights and responsibilities related to the expansion, improvement and use of the Orem Sewer Collection System and the Orem Water Reclamation Facility; and

WHEREAS, Lindon and Orem desire to amend sections 3.6.3.1.1 (1000 North Geneva Road Project - Lindon and Orem) and 3.6.3.1.2 (Pressure Sewer Main Project) of the 2/12/2010 Interlocal to add a new sewer line to be constructed by the parties and to facilitate Lindon's use of bonding to construct the projects, and to add section 3.6.3.1.3 to clarify cost allocations on specified future shared projects between Orem and Lindon; and

WHEREAS, neither section 3.6.3.1.1 nor section 3.6.3.1.2 of the 2/12/2010 Interlocal apply to or affect the Town of Vineyard; and

WHEREAS, the new section 3.6.3.1.3 does not apply to or affect the Town of Vineyard; and

WHEREAS, Lindon and Orem have each adopted resolutions authorizing their respective mayors to sign and enter into this Interlocal Agreement.

COVENANTS

NOW, THEREFORE, in consideration of the covenants and promises contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, Lindon and Orem hereby agree and covenant as follows:

1. **2/12/2010 Interlocal.** This Amended Interlocal Agreement amends sections 3.6.3.1.1 and 3.6.3.1.2 of the 2/12/2010 Interlocal and adds a section 3.6.3.1.3 to the 2/12/2010 Interlocal. All

other provisions of the 2/12/2010 Interlocal remain unchanged and in full force and effect, except as specifically modified by this Amended Interlocal Agreement. Nothing in this Amended Interlocal Agreement affects any of the Town of Vineyard's rights or responsibilities under the 2/12/2010 Interlocal.

2. **Purposes.** The purposes of this Amended Interlocal Agreement are to (1) amend sections 3.6.3.1.1 and 3.6.3.1.2 of the 2/12/2010 Interlocal, (2) add section 3.6.3.1.3 to the 2/12/2010 Interlocal, (3) add a new sewer line to the projects being constructed by the parties, (4) provide a mechanism for Lindon to bond for the improvements it will be constructing pursuant to sections 3.6.3.1.1 and 3.6.3.1.2, and (5) establish allocations for cost sharing between Lindon and Orem on specified future projects.

3. **Amendments to 2/12/2010 Interlocal.** Sections 3.6.3.1.1 and 3.6.3.1.2 of the 2/12/2010 Interlocal are hereby amended to read and be numbered as follows:

3.6.3.1.1. 1000 North Geneva Road Lift Station Project. Lindon and Orem agree to construct a new lift station at approximately 1000 North Geneva Road to replace the existing lift station on that property. The new lift station shall be designed with a minimum peak capacity of five million gallons per day (5 MGD) at buildout for the sewer service area. However, the initial pumps installed in the lift station will have a pumping capacity of only 2.91 MGD (1.2 MGD down Geneva Road and 1.71 MGD to 1200 West). The lower pump capacity allows the pumps to operate at optimum efficiency, since the full 5MGD capacity is not yet needed. When warranted by increased flows, the parties will replace the initial pumps with pumps with capacity to handle the full 5 MGD. Until the parties replace the initial pumps with the 5MGD pumps, Orem shall be entitled to 20% of the pumping capacity of the new lift station and Lindon shall be entitled to 80% of the pumping capacity of the new lift station. When the parties install the 5MGD pumps, Orem shall be allotted 20% of the pumping capacity of the lift station, or one million gallons per day (1 MGD) of peak capacity, whichever is greater. This project shall be referred to as the "Lift Station Project".

3.6.3.1.1.1. **Design.** Lindon shall work with its engineer, J-U-B Engineers, Inc. ("J-U-B"), to design the Lift Station Project. The Lift Station Project shall be designed to split the flows from the sewer line in Geneva Road upstream of the lift station to the existing gravity sewer line downstream of the lift station in Geneva Road and the gravity sewer line in 1200 West, while providing redundancies for power and pumping. The purpose of splitting the flows is to avoid the additional cost of increasing the flow capacity of the Geneva Road sewer line south of the lift station. Orem has the right to review and approve or reject any design work for the Lift Station Project.

3.6.3.1.1.2. **Construction.** Lindon shall do the following related to the Lift Station Project: advertise for bids, hire the contractor, perform Construction Engineering, complete construction staking, conduct materials testing, and coordinate inspection of the Contractor's work with the Orem Inspector. Orem shall inspect the contractor's work on the Lift Station Project and accept or reject work performed by the contractor. The parties agree to complete

the Lift Station Project on or before October 31, 2011. If the Lift Station Project contractor does not complete the Lift Station Project according to the approved design, Lindon shall hire a new contractor to complete the project. Lindon shall hire the new contractor within six months of when the original contractor quits the project or when Orem and Lindon determine that the original contractor is no longer making significant progress on the project, whichever occurs first. Costs for the new contractor will be divided according the same 80/20 split as set forth below.

3.6.3.1.1.3. Design and Construction Costs. Lindon shall pay 100% of the design costs related to the Lift Station Project. Lindon shall pay 80% of the construction costs related to the Lift Station Project and Orem shall pay 20% of the construction costs related to the Lift Station Project. The construction costs shall include costs for the acquisition of property and easements related to the Lift Station Project. Lindon shall calculate each party's share of the construction costs. For change orders and other changes to the total cost of construction, the parties agree to work in good faith to reconcile all amounts owed or to be paid pursuant to the same 80/20 split, with additional payments or reimbursements made within 30 days of the date that J-U-B closes out the project. Lindon shall not approve any change orders, amendments to the final design plans approved by Orem, or any combination of change orders or amendments in which the total additional cost to Orem is greater than \$5,000.00, unless Orem agrees to the change order(s) and/or amendment(s) in writing, which approval shall not be unreasonably withheld.

3.6.3.1.1.4. Ownership. Sewer flows from Lindon will use approximately 80% of the capacity of the Lift Station Project. Orem acknowledges that Lindon will be issuing bonds to finance its portion of the costs for the Lift Station Project. One of the requirements of the bond financing is that Lindon own the improvement being financed by the bonds. Therefore, to comply with the requirements of the bonds, Orem agrees that Lindon will own the new completed lift station until the bonds are paid in full, subject to Orem's absolute and irrevocable right to use its share of the capacity (as described in Section 3.6.3.1.1) of the new lift station. When the bonds are paid in full, all ownership rights to the new completed lift station will be transferred to Orem, as originally intended by the parties in the 2/12/2010 Interlocal. The parties agree to sign any documents necessary to reflect the status of their current and future ownership rights in the new lift station. Orem will continue to own the real property on which Lindon constructs the new lift station. Orem shall operate, maintain, repair and replace the completed lift station facility and shall allocate such costs according to the same 80/20 split.

3.6.3.1.1.5. Payment. Orem and Lindon agree to make payments on the Lift Station Project as follows:

3.6.3.1.1.5.1. Credit Toward Amount Owed on Fire Interlocal Agreement. Orem and Lindon entered into an Interlocal Agreement dated June 25, 2008 in which Orem agreed to provide fire, EMS and dispatch services to Lindon (the "Fire Interlocal Agreement"). As of March 31, 2011, Lindon owed Orem \$328,362.43 pursuant to the

Fire Interlocal Agreement (payment shortfall of \$193,349.96 for services rendered in FY 2009/2010 and payment shortfall of \$135,012.47 for services rendered in FY 2010/2011 (through March, 2011 payment)). At Lindon's request, Orem shall not pay Lindon directly for Orem's share of the costs related to the Lift Station Project, but shall use such payments to offset the delinquent amount that Lindon owes Orem pursuant to the Fire Interlocal Agreement. A summary of costs, payments and credits related to this Amended Interlocal Agreement is attached hereto as Exhibit "A" and incorporated herein by reference.

3.6.3.1.1.5.2. Construction Contract. Lindon contracted with VanCon, Inc. to complete the Lift Station Project for \$1,019,150.00 (not including amounts set aside for contingencies). Upon signing of this Amended Interlocal Agreement, Orem shall credit Lindon \$203,830.00 toward Lindon's obligation on the Fire Interlocal Agreement (in lieu of paying Lindon directly), which represents Orem's share (20%) of the construction contract cost for the Lift Station Project. If the Lift Station Project is not completed pursuant to the construction contract, Lindon agrees to pay Orem all amounts credited to the Fire Interlocal Agreement, less Orem's share of any amounts owed on the not completed construction contract.

3.6.3.1.1.5.3. Incidental Project Costs. Orem has incurred incidental costs related to the Lift Station Project that will be shared by the parties according to the same 80/20 formula. The incidental costs are listed as items 2, 3 and 4 on Exhibit "A". Lindon shall pay Orem 100% of the amount of these incidental costs (\$42,841.00). Upon receipt of this payment, Orem will retain 80% of the payment as reimbursement for Lindon's share of the incidental costs and then credit Orem's 20% share of the incidental costs (\$8,568.20) against Lindon's outstanding obligation under the Fire Interlocal Agreement (in lieu of paying Lindon directly).

3.6.3.1.1.5.4. Future Project Costs Not Yet Established. Upon completion of the Lift Station Project, the parties shall work together in good faith to calculate Orem's and Lindon's share of any additional costs required to complete the Lift Station Project. These additional costs will be shared by the parties according to the same 80/20 formula. The additional costs may include contingency account payments, change orders, and other costs not accounted for or paid for above. Any amount owed by Orem will constitute a further credit against Lindon's obligation to Orem pursuant to the Fire Interlocal Agreement. In the event that Lindon owes money to Orem for the remaining project costs, Lindon shall pay such amount to Orem within thirty (30) days of invoice from Orem.

3.6.3.1.2. Sewer Main Projects. Lindon and Orem have already shared costs in constructing a new sewer force main in 800 North Street from 1200 West to 1500 West (hereinafter referred to as "Sewer Force Main, Phase 1"). Lindon and Orem agree to construct the remaining portion of the sewer force main from approximately 1500 West in 800 North Street to the new lift station at 1000 North Geneva Road (hereinafter referred to as "Sewer Force Main, Phase 2"). Orem shall

be allotted one million gallons per day (1 MGD) of peak capacity in the Sewer Force Main, Phase 2, or 20% of pipe capacity, whichever is greater. Lindon and Orem also agree to construct a new gravity sewer main from the new lift station at 1000 North Geneva Road to the Lindon boundary (hereinafter referred to as the "Lindon Sewer Outfall Line"). The Lindon Sewer Outfall Line will increase the capacity to accommodate peak sewer flows under buildout conditions for the contributing sewer service areas, of which Orem shall be allotted one million gallons per day (1 MGD) of peak capacity, or 20% of pipe capacity, whichever is greater.

3.6.3.1.2.1. Design.

3.6.3.1.2.1.1. **Sewer Force Main, Phase 2.** Orem shall design the Sewer Force Main, Phase 2 project. Orem shall consult with Lindon in the design of the Sewer Force Main, Phase 2 project.

3.6.3.1.2.1.2. **Lindon Sewer Outfall Line.** Lindon shall work with J-U-B to design the Lindon Sewer Outfall Line. Orem has the right to review and approve or reject any design work for the Lindon Sewer Outfall Line Project.

3.6.3.1.2.2. Construction.

3.6.3.1.2.2.1. **Sewer Force Main, Phase 2.** Orem shall advertise the project, hire the contractor, and inspect the contractor's work on the Sewer Force Main, Phase 2 project.

3.6.3.1.2.2.2. **Lindon Sewer Outfall Line.** Lindon shall do the following related to the Lindon Sewer Outfall Line: advertise for bids, hire the contractor, perform Construction Engineering, complete construction staking, conduct materials testing, and coordinate inspection of the Contractor's work with the Orem Inspector. Orem shall inspect the contractor's work on the Lindon Sewer Outfall Line and accept or reject work performed by the contractor. If the Lindon Sewer Outfall Line contractor does not complete the Lindon Sewer Outfall Line according to the approved design, Lindon shall hire a new contractor to complete the project. Lindon shall hire the new contractor within six months of when the original contractor quits the project or when Orem and Lindon determine that the original contractor is no longer making significant progress on the project, whichever occurs first. Costs for the new contractor will be divided according the same 90/10 split as set forth below.

The parties agree to complete the Sewer Force Main, Phase 2 project and the Lindon Sewer Outfall Line on or before October 31, 2011.

3.6.3.1.2.3. Design and Construction Costs.

3.6.3.1.2.3.1. **Sewer Force Main, Phase 2.** Orem shall pay 100% of the design costs related to the Sewer Force Main, Phase 2 project. Lindon shall pay 80% of the

construction costs related to the Sewer Force Main, Phase 2 project and Orem shall pay 20% of the construction costs related to Sewer Force Main, Phase 2 project. The construction costs shall include costs of acquiring real property and easements related to the construction of the Sewer Force Main, Phase 2 project. Orem shall calculate each party's share of the construction costs for the Sewer Force Main, Phase 2 project. Lindon shall provide Orem with satisfactory proof that its share of the construction costs are properly secured and set aside for the project, and Lindon shall agree to a progress payment schedule, before Orem signs the construction contract for the project. For change orders and other changes to the total cost of construction, the parties agree to work in good faith to reconcile all amounts owed or to be paid pursuant to the same 80/20 split, with additional payments or reimbursements made within thirty (30) days of the date that Orem closes out the project. Orem shall not approve any change orders, amendments to the final design plans approved by Lindon, or any combination of change orders or amendments in which the total additional cost to Lindon is greater than \$5,000.00, unless Lindon agrees to the change orders and/or amendments in writing, which approval shall not be unreasonably withheld.

3.6.3.1.2.3.2. **Lindon Sewer Outfall Line.** Lindon shall pay 100% of the design costs related to the Lindon Sewer Outfall Line. Lindon shall pay 90% of the construction costs related to the Lindon Sewer Outfall Line and Orem shall pay 10% of the construction costs related to the Lindon Sewer Outfall Line. The construction costs shall include costs for the acquisition of property and easements related to the construction of the Lindon Sewer Outfall Line, which are shown on Exhibit "A". Lindon shall calculate each party's share of the construction costs for the Lindon Sewer Outfall Line. For change orders and other changes to the total cost of construction, the parties agree to work in good faith to reconcile all amounts owed or to be paid pursuant to the same 90/10 split, with additional payments or reimbursements made within thirty (30) days of the date that the Construction Engineer closes out the project. Lindon shall not approve any change orders, amendments to the final design plans approved by Orem, or any combination of change orders or amendments in which the total additional cost to Orem is greater than \$5,000, unless Orem agrees to the change orders and/or amendments in writing, which approval shall not be unreasonably withheld.

3.6.3.1.2.4. **Ownership.** Sewer flows from Lindon will use approximately 80% of the capacity of the Sewer Force Main, Phase 2 and the Lindon Sewer Outfall Line projects. Orem acknowledges that Lindon will be issuing bonds to finance Lindon's portion of the costs for the Lindon Sewer Outfall Line. One of the requirements of the bond financing is that Lindon own the improvements being financed by the bonds. Therefore, to comply with the requirements of the bonds, Orem agrees that Lindon will own the Lindon Sewer Outfall Line until the bonds are paid in full, subject to Orem's absolute and irrevocable right to use 20% of the peak capacity or 1 MGD of the peak capacity, whichever is greater, in the Lindon Sewer Outfall Line. When the bonds are paid in full, all ownership rights to the Lindon Sewer Outfall Line will be transferred to Orem, as originally intended by the parties in the 2/12/2010 Interlocal. The parties agree to sign any documents necessary to reflect the status

of their current and future ownership rights in the new pipelines. Orem will continue to own the real property and/or easements on which Lindon constructs the Lindon Sewer Outfall Line.

3.6.3.1.2.5. Payment.

3.6.3.1.2.5.1. Sewer Force Main, Phase 2. Lindon shall make monthly progress payments to Orem related to the Sewer Force Main, Phase 2 project. The amount of the progress payments shall be commensurate with the percentage of the Sewer Force Main, Phase 2 project that has been completed. Lindon shall pay Orem within thirty (30) days of receiving a bill from Orem.

3.6.3.1.2.5.2. Lindon Sewer Outfall Line. Orem and Lindon agree to make payments related to the construction of the Lindon Sewer Outfall Line as follows:

3.6.3.1.2.5.2.1. Credit Toward Amount Owed on Fire Interlocal Agreement. At Lindon's request, Orem shall not pay Lindon directly for its share of the costs related to the Lindon Sewer Outfall Line, but shall use such payments to offset the delinquent amount that Lindon owes Orem pursuant to the Fire Interlocal Agreement.

3.6.3.1.2.5.2.2. Construction Contract. Lindon will contract with Terry Larsen Excavation to complete the Lindon Sewer Outfall Line for \$1,400,441.86 (not including amounts set aside for contingencies). Upon signing of this Amended Interlocal Agreement, Orem shall credit Lindon \$140,044.19 toward Lindon's obligation on the Fire Interlocal Agreement (in lieu of paying Lindon directly), which represents Orem's share (10%) of the construction contract cost for the Lindon Sewer Outfall Line. If the Lindon Sewer Outfall Line is not completed pursuant to the construction contract, Lindon agrees to pay Orem all amounts credited to the Fire Interlocal Agreement, less Orem's share of any amounts owed on the not completed construction contract.

3.6.3.1.2.5.2.3. Incidental Project Costs. Orem has incurred incidental costs related to the Lindon Sewer Outfall Line that will be shared by the parties according to the same 90/10 formula. The incidental costs are listed as items 6 and 9 on Exhibit "A". The Cook's Land and Investment cost is listed at \$17,000.00 because that is the amount the parties anticipate paying for this easement; the actual amount may be more or less, depending on when the contractor completes the portion of the Lindon Sewer Outfall Line project on the Cook property. Lindon shall pay Orem 100% of the amount of these paid and anticipated incidental costs (\$48,600.00). Upon receipt of this payment, Orem will then credit its 10% share of the incidental costs (\$4,860.00) against Lindon's outstanding obligation under the Fire Interlocal Agreement (in lieu of paying Lindon directly).

3.6.3.1.2.5.2.4. **Future Project Costs Not Yet Established.** Upon completion of the Lindon Sewer Outfall Line, the parties shall work together in good faith to calculate Orem's and Lindon's share of any additional costs required to complete the Lindon Sewer Outfall Line. These additional costs will be shared by the parties according to the same 90/10 formula. The additional costs may include contingency account payments, change orders, surpluses or shortages related to the final amount paid for the Cook easement, and other costs not accounted for or paid for above. Any amount owed by Orem will constitute a further credit against Lindon's obligation to Orem pursuant to the Fire Interlocal Agreement. In the event that Lindon owes money to Orem for the remaining project costs, Lindon shall pay such amount to Orem within thirty (30) days of invoice from Orem.

4. **Addition to 2/12/2010 Interlocal.** Section 3.6.3.1.3 is hereby added to the 2/12/2010 Interlocal to read and be numbered as follows:

3.6.3.1.3. **Maintenance, Repair and Replacement Costs.** Section 3.6.3.2 of the 2/12/2010 Interlocal sets forth terms for the maintenance, repair and replacement of jointly used portions of the Orem Sewer Collection System. Costs for routine maintenance and repair are included in the Base Rate. Costs for non-routine maintenance, repair and replacement are allocated between the parties based on the parties' projected build-out flows in the affected portion of the Orem Sewer Collection System. In order to simplify future cost determinations, Orem and Lindon agree to set the following cost allocations for specified portions of the Orem Sewer Collection System shared by Orem and Lindon.

As background for the calculations, Orem and Lindon agree to share the costs based on their respective proportionate build-out peak flows (referred to and calculated as "projected build-out flows" in the 2/12/2010 Interlocal). The 1000 North Geneva Road Sewer Lift Station will be designed to pump 5 MGD of build-out peak flow, of which 1.2 MGD will be lifted to the Geneva Road Gravity Sewer System and 3.8 MGD will be lifted to the 1200 West Gravity Sewer System.

Orem and Lindon agree to pay the following amounts for maintenance, repair and replacement of the designated portions of the Orem Sewer Collection System that are used by both Orem and Lindon. Although Section 3.6.3.2 of the 2/12/2010 Interlocal provides different cost sharing allocations for routine maintenance and repair (Sec. 3.6.3.2.1) and non-routine maintenance, repair and replacement (Sec. 3.6.3.2.2), the following cost allocations will apply to both routine maintenance and repair and non-routine maintenance, repair and replacement of the designated portions of the Orem Sewer Collection System (collectively referred to in this Section as the "maintenance, repair and replacement" costs):

3.6.3.1.3.1. Gravity Sewer Line from Parshall Flume to 1000 North Geneva Road Lift Station. Orem and Lindon shall pay 20% and 80%, respectively, of all maintenance, repair and replacement costs from and including the Parshall Flume up to but not including the 1000 North Geneva Road Lift Station.

3.6.3.1.3.2. **1000 North Geneva Road Lift Station.** Orem shall pay 20% and Lindon shall pay 80%, respectively, of all maintenance, repair and replacement costs associated with the 1000 North Geneva Road Lift Station.

3.6.3.1.3.3. **Pressure Line From 1000 North Geneva Road Lift Station to the Geneva Road Gravity Sewer System.** Lindon's build-out peak flow shall be fixed at 0.96 MGD (80% of 1.2 MGD) and Orem's build-out peak flow shall be fixed at 0.24 MGD (20% of 1.2 MGD) in the pressure line from the 1000 North Geneva Road Sewer Lift Station to the Geneva Road Gravity Sewer System. Orem shall pay 20% and Lindon shall pay 80%, respectively, of all maintenance, repair and replacement costs associated with this line.

3.6.3.1.3.4. **Pressure Line From 1000 North Geneva Road Lift Station to the 1200 West Gravity Sewer System.** Lindon's build-out peak flow shall be fixed at 3.04 MGD (80% of 3.8 MGD) and Orem's build-out peak flow shall be fixed at 0.76 MGD (20% of 3.8 MGD) in the pressure line from the 1000 North Geneva Road Sewer Lift Station to the 1200 West Gravity Sewer System. Orem shall pay 20% and Lindon shall pay 80%, respectively, of all maintenance, repair and replacement costs associated with this line.

3.6.3.1.3.5. **Gravity Sewer System from 800 North 1200 West to 1000 South Geneva Road.** Lindon's build-out peak flow shall be fixed at 3.04 MGD (80% of 3.8 MGD) and Orem's build-out peak flow shall be the value contained in the City of Orem Wastewater Collection System Master Plan at the location where the maintenance, repair or replacement is performed from 800 North 1200 West to 1000 South Geneva Road. Orem and Lindon shall share all maintenance, repair and replacement costs on this system based on their respective build-out peak flows where the work occurs. For example, if Orem replaces or lines 4,000 feet of a 30" sewer main in 1200 West for \$600,000 and the Orem and Lindon build-out peak flows in that location were 9.40 MGD and 3.04 MGD respectively, then Orem would be required to pay \$453,376 (75.56%) of the costs and Lindon would be required to pay \$146,624 (24.44%) of the costs.

3.6.3.1.3.6. **Gravity Sewer System from 1000 North Geneva Road to 1000 South Geneva Road.** Lindon's build-out peak flow shall be fixed at 0.96 MGD (80% of 1.2 MGD) and Orem's build-out peak flow shall be the value contained in the City of Orem Wastewater Collection System Master Plan at the location where the maintenance, repair or replacement is performed from 1000 North Geneva Road to 1000 South Geneva Road. Orem and Lindon shall share all maintenance, repair and replacement costs on this system based on their respective build-out peak flows where the work occurs. For example, if Orem replaces or lines 4,000 feet of an 18" sewer main at 100 South Geneva Road for \$500,000 and the Orem and Lindon build-out peak flows in that location were 3.60 and 0.96 MGD respectively, then Orem would be required to pay \$394,737 (78.95%) of the costs and Lindon would be required to pay \$105,263 (21.05%) of the costs.

3.6.3.1.3.7. **Gravity Sewer System from 1000 South Geneva Road to the Palmer Bowlus Flume in the Orem Water Reclamation Facility.** Lindon's build-out peak flow shall be fixed at 4.00 MGD (0.96 + 3.04 MGD) and Orem's build-out peak flow shall be the value contained in the City of Orem Wastewater Collection System Master Plan at the location where the maintenance, repair or replacement is performed from 1000 South Geneva Road up to, but not including, the Palmer Bowlus Flume in the Orem Water Reclamation Facility. Orem and Lindon shall share all maintenance, repair and replacement costs on this system based on their respective build-out peak flows where the work occurs. For example, if Orem replaces or lines 2,000 feet of a 42" sewer main at 1700 West 1000 South for \$400,000 and the Orem and Lindon build-out peak flows in that location were 21.00 and 4.00 MGD respectively, then Orem would be required to pay \$336,000 (84.00%) of the costs and Lindon would be required to pay \$64,000 (16.00%) of the costs.

5. **Indemnification.** In addition to existing indemnification provisions set forth in the 2/12/2010 Interlocal, Lindon agrees to indemnify and hold Orem harmless from and against all claims, suits or damages related to (1) bid procedures in projects constructed by Lindon, (2) construction of the project in projects constructed by Lindon, (3) compliance with applicable laws in projects constructed by Lindon, and (4) Lindon's ownership of the new lift station and pipelines. Lindon shall not be liable for Orem's own negligence.

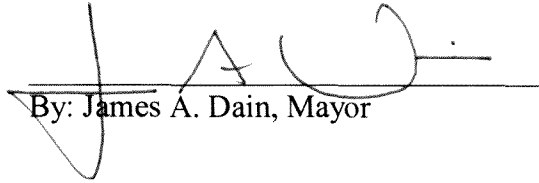
6. **Interlocal Cooperation Act.** The parties enter into this Interlocal Agreement pursuant to the terms set forth in the Interlocal Cooperation Act (U.C.A. §11-13-101, et seq.). All provisions related to the Interlocal Cooperation Act set forth in the 2/12/2010 Interlocal apply to this Amended Interlocal Agreement as if fully set forth herein.

7. **General Provisions.** All of the General Provisions set forth in the 2/12/2010 Interlocal apply to this Amended Interlocal Agreement as if fully set forth herein.


Signed and entered into this 8 day of April, 2011.



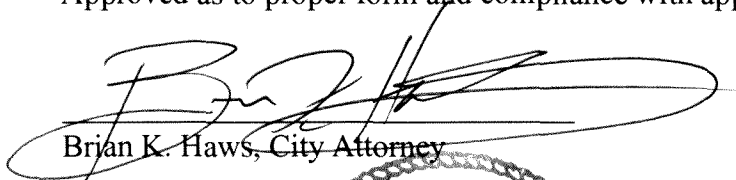
Lindon City


By: James A. Dain, Mayor

ATTEST:



Debra Cullimore, City Recorder

Approved as to proper form and compliance with applicable law:



Brian K. Haws, City Attorney



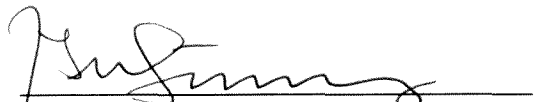
City of Orem


By: Brent Sumner, Mayor Pro Tem

ATTEST:


Rachelle Conner, Deputy City Recorder

Approved as to proper form and compliance with applicable law:


Greg W. Stephens, Deputy City Attorney

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EXHIBIT "A"

Lindon and Orem 80/20 Cost Sharing Summary

1000 North Geneva Road Lift Station

Owner/Grantor/Contractor	Purpose	Status	Total Cost	Lindon's Cost	Orem's Cost
1 VanCon, Inc.	Install 1000 North Geneva Road Sewer Lift Station.	Nothing paid by either city as of March 31, 2011.	\$1,019,150.00	\$815,320.00	\$203,830.00
2 Rocky River Leasing	Property acquisition required at the lift station.	Orem paid \$28,480.00 on December 20, 2010.	\$28,480.00	\$22,784.00	\$5,696.00
3 Rocky Mountain Power	Temporary construction easement required north of the lift station.	Orem paid \$3,050.00 on March 3, 2011.	\$3,050.00	\$2,440.00	\$610.00
4 Rocky Mountain Power	General service contract.	Nothing paid by either city as of March 31, 2011.	\$11,311.00	\$9,048.80	\$2,262.20
Subtotal			\$1,061,991.00	\$849,592.80	\$212,398.20

Lindon and Orem 90/10 Cost Sharing Summary

Lindon Sewer Outfall Line

Owner/Grantor/Contractor	Purpose	Status	Total Cost	Lindon's Cost	Orem's Cost
5 Terry Larsen Excavating, Inc.	Install Lindon Sewer Outfall Line.	Nothing paid by either city as of March 31, 2011.	\$1,400,441.86	\$1,260,397.67	\$140,044.19
6 Geneva Holdings, LLC	Perpetual sewer easement, temporary construction easement, and three 8" sewer main stubs.	Orem paid \$31,600.00 on March 23, 2011.	\$31,600.00	\$28,440.00	\$3,160.00
7 Utah Department of Transportation	Construction permit.	No payment is required.	\$0.00	\$0.00	\$0.00
8 KIRK LAND & INVESTMENT L.C.	Perpetual sewer easement, temporary construction easement, and one 8" sewer main stub.	No payment is required.	\$0.00	\$0.00	\$0.00
9 Cook's Land and Investment, L.P.	Perpetual sewer easement, temporary construction easement, relocation of materials, and two 8" sewer main stubs.	¹ Orem paid \$8,000.00 on March 23, 2011.	\$17,000.00	\$15,300.00	\$1,700.00
Subtotal			\$1,449,041.86	\$1,304,137.67	\$144,904.19
Total			\$2,511,032.86	\$2,153,730.47	\$357,302.39

NOTE:

¹Cook's Land and Investment, L.P. costs include (a) \$10,000.00 for the relocation of materials, (b) a \$2,000.00 credit to Orem for two 8" sewer stubs at the two most southerly manholes on Cook's property, and (c) \$9,000.00 for a temporary construction easement (assuming the contractor is occupying the easement(s) on Cook's property for more than two but less than three months). In accordance with the agreement, partial months are considered full months [e.g. 2½ months constitutes a \$9,000.00 cost (3 x \$3,000.00)]. The temporary construction easement costs will be paid in full by Orem within thirty (30) days of project completion. If the temporary construction easement cost is more than \$9,000.00, then Lindon shall pay Orem 90% of the difference. If the temporary construction easement cost is less than \$9,000.00, then Orem shall reimburse Lindon 100% of the difference.

APPENDIX B

**City of Orem Interlocal Agreement:
Agreement No. A-2010-0012**

Lindon City Agreement No. _____
City of Orem Agreement No. A-2010-0012
Town of Vineyard Agreement No. _____
Supersedes and Replaces: Orem Agreement No. 91-C-659
Orem Agreement No. A-03-0014
Orem Agreement No. A-04-0120

INTERLOCAL AGREEMENT
(Sewer Services and Expansion of Water Reclamation Facility)

This Interlocal Agreement (the "Interlocal Agreement") is made and entered into this 12th day of February, 2010, by and between Lindon City, a municipal corporation and political subdivision of the State of Utah with its principal offices located at 100 North State Street, Lindon, UT 84042 (hereinafter referred to as "Lindon"), the Town of Vineyard, a municipal corporation and political subdivision of the State of Utah with its principal offices located at 240 East Gammon Road, Vineyard, Utah 84058 (hereinafter referred to as "Vineyard"), and the City of Orem, a municipal corporation and political subdivision of the State of Utah with its principal offices located at 56 North State Street, Orem, Utah 84057 (hereinafter referred to as "Orem").

RECITALS

WHEREAS, Orem owns and operates a water reclamation facility located at 1797 West 1000 South, Orem, Utah (the "Orem Water Reclamation Facility" or "OWRF"); and

WHEREAS, Orem owns and operates a sewer collection system that collects wastewater from locations in Orem and delivers it to the OWRF for treatment (the "Orem Sewer Collection System"); and

WHEREAS, Lindon and Vineyard own and operate their own sewer collection systems that collect wastewater from their respective jurisdictions (the "Lindon Sewer Collection System" and the "Vineyard Sewer Collection System", respectively); and

WHEREAS, the Lindon Sewer Collection System and the Vineyard Sewer Collection System connect into the Orem Sewer Collection System so that wastewater from Lindon and a portion of Vineyard can be treated at the OWRF; and

WHEREAS, Lindon, Vineyard and Orem have projected build-out populations and future sewer service needs for their respective jurisdictions; and

WHEREAS, the OWRF does not have sufficient hydraulic capacity to serve the projected build-out populations and future sewer service needs for Lindon, Vineyard and Orem; and

WHEREAS, the OWRF does not have sufficient biological capacity to serve the current populations and sewer service needs for Lindon, Vineyard and Orem; and

WHEREAS, the OWRF discharges treated wastewater into an environmentally sensitive area known as Powell Slough; and

WHEREAS, the parties desire to increase the hydraulic capacity, the biological capacity, and the solids handling capacity of the OWRF to handle future growth of the cities and to comply with current and anticipated environmental regulations; and

WHEREAS, Orem has received a commitment for 0% interest financing through the American Reinvestment and Recovery Act of 2009 (ARRA) and the Utah Division of Water Quality (DWQ) to fund the desired expansion and improvement to the OWRF; and

WHEREAS, Lindon and Vineyard have previously contracted separately with Orem for wastewater treatment services; and

WHEREAS, the parties now desire to enter into a single comprehensive interlocal agreement that governs each party's respective rights and responsibilities related to the expansion, improvement and use of the Orem Sewer Collection System and the OWRF; and

WHEREAS, Lindon, Vineyard and Orem have each adopted resolutions authorizing their respective mayors to sign and enter into this Interlocal Agreement.

COVENANTS

NOW, THEREFORE, in consideration of the covenants and promises contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, Lindon, Vineyard and Orem hereby agree and covenant as follows:

1. **Previous Agreements.** This Interlocal Agreement supercedes and replaces the following agreements:
 - 1.1. **Lindon/Orem March 30, 2004 Interlocal.** The interlocal agreement between Lindon and Orem governing sewer services that is dated March 30, 2004.
 - 1.2. **Vineyard/Orem February 4, 2003 Interlocal.** The interlocal agreement between Vineyard and Orem governing sewer services that is dated February 4, 2003.
 - 1.3. **Vineyard/Orem August 13, 1991 Interlocal.** The interlocal agreement between Vineyard and Orem dated August 13, 1991. The August 13, 1991 interlocal agreement covered a wide variety of services provided by Orem to Vineyard. All of those services (except for limited sewer services provided by Orem to properties located in Vineyard along Geneva Road) are now either being provided by Orem pursuant to a more recent agreement or are being provided by another entity. Provisions of the August 13, 1991 interlocal agreement related to sewer service along Geneva Road have now been included in this Interlocal Agreement.

2. **Purposes.** The purposes of this Interlocal Agreement are as follows:
 - 2.1. **Wastewater Treatment.** To establish terms for Orem's provision of wastewater treatment services to Lindon and Vineyard.
 - 2.2. **OWRF Improvements and Expansion.** To provide for the expansion and improvement of the OWRF so that it complies with applicable regulations and meets the anticipated future needs of the parties to this Interlocal Agreement.
 - 2.3. **Fair compensation.** To provide Orem with fair compensation for services rendered to Lindon and Vineyard so that citizens of Orem are not subsidizing services provided to Lindon and Vineyard. To charge Lindon and Vineyard fair prices for services rendered.
 - 2.4. **Remedies.** To provide specific remedies for any party's failure to perform pursuant to this Interlocal Agreement.
3. **Sewer Services Provided by Orem to Lindon and Vineyard.** Orem agrees to accept and treat wastewater from Lindon and Vineyard pursuant to the terms set forth in this Interlocal Agreement.
 - 3.1. **Sewer Collection Systems.** Each of the parties shall own, operate and maintain its own sewer collection system.
 - 3.1.1. **Orem Sewer Collection System.** The "Orem Sewer Collection System" collects wastewater from property located in Orem and includes all pipes, valves, manholes, lift stations and other components necessary to accomplish its purpose. The Orem Sewer Collection System will also collect wastewater from the Lindon Sewer Collection System and the Vineyard Sewer Collection System. The Orem Sewer Collection System delivers wastewater directly to the OWRF for treatment.
 - 3.1.2. **Lindon Sewer Collection System.** The "Lindon Sewer Collection System" collects wastewater from property located in Lindon and includes all pipes, valves, manholes, lift stations and other components necessary to accomplish its purpose. The Lindon Sewer Collection System discharges directly to the Orem Sewer Collection System so that wastewater from Lindon can be treated at the OWRF.
 - 3.1.3. **Vineyard Sewer Collection System.** The "Vineyard Sewer Collection System" collects wastewater from property located in specified locations of Vineyard and includes all pipes, valves, manholes, lift stations and other components necessary to accomplish its purpose. The Vineyard Sewer Collection System discharges directly to the Orem Sewer Collection System so that wastewater from specified areas of Vineyard can be treated at the OWRF. For various reasons, Vineyard has decided that all wastewater from property in Vineyard located south of Orem's 400 South Street/Vineyard's East Holdaway Road (and its projected extension) will be

discharged into the Orem Sewer Collection System and treated at the OWRF. All wastewater from property in Vineyard located north of Orem's 400 South Street/Vineyard's East Holdaway Road (and its projected extension) will be discharged to and treated by the Timpanogos Special Service District pursuant to other agreements. Therefore, all references to the Vineyard Sewer Collection System in this Interlocal Agreement refer only to that portion of the total Vineyard sewer collection system that serves and collects wastewater from Vineyard properties south of Orem's 400 South Street/Vineyard's East Holdaway Road. Except as specifically provided for in this Interlocal Agreement, Vineyard shall not discharge to Orem any wastewater from Vineyard properties located north of Orem's 400 South Street/Vineyard's East Holdaway Road.

- 3.2. **Individual Connections to Lindon and Vineyard Sewer Collection Systems.** For purposes of this Interlocal Agreement, any discharge of wastewater into the Lindon Sewer Collection System or the Vineyard Sewer Collection System shall be considered a discharge of wastewater into the Orem Sewer Collection System. Any inflow or infiltration into the Lindon Sewer Collection System or the Vineyard Sewer Collection System will be considered part of that jurisdiction's discharge to the Orem Sewer Collection System, but no storm water shall be directly discharged to either Sewer Collection System. Lindon and Vineyard acknowledge that Orem cannot accept all types of wastewater for treatment at the OWRF. Provided that Lindon and Vineyard stay within their respective allocation limitations set forth in this Interlocal Agreement, and provided that the user (the business or residence connecting to the sewer collection system) complies with applicable laws and regulations, Orem agrees to accept wastewater from the following classifications of sewer connections to the Lindon Sewer Collection System and the Vineyard Sewer Collection System, with the listed conditions:
 - 3.2.1. **Class 1.** Orem shall accept Class 1 wastewater (defined as residential and business connections with sanitary flow only and zero process waste) without limitation. Any person or entity discharging Class 1 wastewater shall be referred to as a "Class 1 User."
 - 3.2.2. **Class 2.** Orem shall accept Class 2 wastewater (defined as commercial and industrial users with a sanitary and process flow as defined in 40 CFR 403) if the user acquires a pretreatment permit from Orem. Any person or entity discharging Class 2 wastewater shall be referred to as a "Class 2 User."
 - 3.2.3. **Class 3.** Orem shall accept Class 3 wastewater (defined as categorical and significant industrial users as defined in 40 CFR 403) if the user acquires a pretreatment permit from Orem. Any person or entity discharging Class 3 wastewater shall be referred to as a "Class 3 User."
- 3.3. **Use Restrictions.** Lindon and Vineyard agree to cooperate with Orem in imposing and enforcing any restrictions or policies imposed by Orem upon users of the Lindon Sewer Collection System and the Vineyard Sewer Collection System, provided that such

restrictions or policies are equally applicable to users of the Orem Sewer Collection System.

3.4. **Metering Stations.** The Lindon Sewer Collection System and the Vineyard Sewer Collection System each connect to the Orem Sewer System at a metering station. The metering stations consist of a Parshall Flume with an ultrasonic sensor that calculates an average daily flow from the respective Sewer Collection Systems to the Orem Sewer Collection System. The parties agree to use the metering stations (with adjustments for crossover connections as set forth in Section 3.5.1.3) to measure the amount of wastewater Lindon and Vineyard discharge to the Orem Sewer Collection System (and ultimately the OWRF).

3.4.1. **Lindon Metering Station.** The Lindon metering station is located at approximately 1630 West 1600 North in Orem (approximately 850 West 600 South in Lindon). The State Plane Coordinates in NAD27 of the Utah Central Zone for the Lindon metering station are:

Northing: 726,048.07
Easting: 1,934,694.61

3.4.2. **Vineyard Metering Station.** The Vineyard metering station is approximately located in the fairway of the 13th hole at the Links at Sleepy Ridge Golf Course. The State Plane Coordinates in NAD27 of the Utah Central Zone for the Vineyard metering station are:

Northing: 708,584.78
Easting: 1,931,603.47

3.4.3. **Change in Metering Station Location.** Metering stations may be relocated, or additional metering stations may be added, if terms related to the relocation or addition are approved in writing by Orem and the party using the metering station.

3.4.4. **Ownership of Metering Stations.** Lindon and Vineyard will pay all costs related to their respective metering stations. The metering stations are owned by Orem. The Lindon Sewer Collection System begins on the Lindon side of the manhole containing the Lindon metering station and the Vineyard Sewer Collection System begins on the Vineyard side of the manhole containing the Vineyard metering station.

3.4.5. **Metering Station Readings.** Orem shall calculate the cumulative flows from Lindon and Vineyard on a monthly basis, as measured at their respective metering stations. The measured flows shall be adjusted to account for crossover connections as provided in Section 3.5.1.3. Lindon and Vineyard shall each have access to their respective metering stations during all normal business hours for the purpose of inspecting the same and conducting such tests on the metering equipment as they

may deem necessary to verify its accuracy. Lindon and Vineyard agree to coordinate any such inspections or tests with Orem so that Orem has an opportunity to be present during the inspection or test.

3.4.6. **Maintenance, Repair and Replacement of Metering Stations.** Orem shall maintain, repair and replace the metering stations as necessary. Maintenance, repair and replacement costs shall be calculated as provided in Section 5 of this Interlocal Agreement.

3.4.6.1. **Routine Maintenance and Repair.** Costs related to routine maintenance and repair of the metering stations will be included in the Base Rate and will not be separately billed to Lindon and Vineyard. Routine maintenance and repair may include the replacement of any component of the metering station.

3.4.6.2. **Non-Routine Maintenance, Repair and Replacement.** Costs related to non-routine maintenance, repair and replacement of the metering stations will be billed by Orem to the parties. Lindon shall reimburse Orem for Orem's non-routine costs in maintaining, repairing and replacing the Lindon metering station. Vineyard shall reimburse Orem for Orem's non-routine costs in maintaining, repairing and replacing the Vineyard metering station. Provided that the non-routine maintenance, repair and/or replacement to the metering station does not involve an emergency situation requiring immediate attention, Orem shall provide the affected party with notice of the estimated cost of the non-routine maintenance, repair and/or replacement project and sufficient time to budget for the expected cost of the project in its next fiscal year budget. Costs related to the non-routine maintenance, repair and/or replacement of the metering stations shall be billed to Lindon and Vineyard upon completion of the work. Lindon and Vineyard shall pay such costs to Orem within 30 days of receipt of the invoice.

3.4.6.3. **Routine v. Non-Routine Costs.** After consulting with the affected party, Orem shall determine, in its sole discretion, which maintenance, repair and replacement costs are routine and which maintenance, repair and replacement costs are non-routine. However, in no event shall a party be billed twice for the same service. Maintenance, repair and replacement costs related to the metering stations will either be included in the Base Rate or billed separately to the parties.

3.4.7. **Calibration of Metering Stations.** The metering stations shall be calibrated as follows:

3.4.7.1. **Calibration by Orem.** Orem shall calibrate the metering stations on a quarterly basis as part of its routine maintenance of the metering stations. These costs shall be included in the Base Rate and will not be billed separately to Lindon or Vineyard.

3.4.7.2. **Calibration by Independent Contractor.** Orem shall annually hire an independent contractor to calibrate the metering stations to ensure that they are accurately calculating the amount of wastewater flow. Orem shall invite Lindon and Vineyard to observe the independent calibration of their respective metering stations. Lindon and Vineyard shall reimburse Orem for all costs related to the independent contractor's calibration of their respective metering stations. Orem shall bill Lindon and Vineyard for the independent contractor costs related to the calibration of their respective metering stations upon completion of the work. Lindon and Vineyard shall pay such costs to Orem within 30 days of receipt of the invoice.

3.4.7.3. **Calibration by Lindon and Vineyard.** Lindon and Vineyard may, at their own expense, and after giving Orem notice and an opportunity to be present, conduct their own calibration of their respective metering stations. Any such calibration must be conducted by a qualified person supervised by Orem to ensure that no damage occurs to the metering station.

3.5. **Treatment Cost.** Lindon and Vineyard shall each pay Orem for accepting, conveying, processing and treating their respective wastewater discharges (the "Treatment Cost"). The Treatment Cost will be billed by Orem and paid by Lindon and Vineyard on a monthly basis. The Treatment Cost is calculated by multiplying the amount of wastewater discharged to the Orem Sewer Collection System by a given party (as measured at the applicable metering station and adjusted for crossover connections) in a given month times the Base Rate described below.

3.5.1. **Base Rate.** The Base Rate is the amount it costs Orem to accept, convey, process and treat one million gallons of wastewater. The Base Rate for fiscal year 2009/2010 is \$1,107.63 per million gallons of wastewater. Orem shall calculate the Base Rate on an annual basis. Orem shall use its best efforts to provide Lindon and Vineyard with advance notice of any major maintenance, repairs or replacements to the OWRF that will have a significant impact on the amount of the Base Rate. The Base Rate shall include all costs incurred by Orem in operating, maintaining, repairing and replacing components of the OWRF and the portions of the Orem Sewer Collection System used by Lindon and Vineyard, including, but not limited to, the following:

1. The cost of routine operation, maintenance, and repairs of the OWRF (as set forth in Section 4.15);
2. The cost of routine replacements of components of the OWRF (as set forth in Section 4.15);
3. The cost of routine maintenance and repairs to the portions of the Orem Sewer Collection System used by Lindon and/or Vineyard (as set forth in Section 3.6.3.2);
4. The cost of routine maintenance and repairs to the lift stations (as set forth in Section 3.6.3.2);

5. The cost of routine maintenance and repairs to the metering stations (as set forth in Section 3.4.6.1);
6. The cost of routine pretreatment enforcement.
7. Utility costs for the OWRF; and
8. An administrative charge on all of the above costs equal to the rate charged by Orem to its enterprise funds (currently twelve percent (12%)). The administrative charge compensates Orem for the cost of the administrative, financial, legal, and supervisory services provided by Orem.

Maintenance, repair and replacement costs included in the Base Rate, as well as the operation costs related to the OWRF, will be calculated using the formula set forth in Section 5 of this Interlocal Agreement. The cost of required local limit studies will be included in the Base Rate as part of the routine operations of the OWRF. Expansions to the OWRF are not included in the Base Rate, but will be handled as set forth in Section 4 of this Interlocal Agreement.

3.5.1.1. Modification of Base Rate. The Base Rate is the actual Treatment Cost incurred by Orem during the previous fiscal year (e.g. the initial Base Rate used in this Interlocal Agreement is based on Orem's actual Treatment Cost for fiscal year 2008/2009 (July 1, 2008 through June 30, 2009)). Orem shall modify the Base Rate on September 1 of each year to reflect Orem's actual Treatment Cost during the previous fiscal year (e.g. the Base Rate that will go into effect on September 1, 2010 will reflect Orem's actual Treatment Cost per million gallons in fiscal year 2009/2010.) The initial Base Rate shall remain in effect until August 31, 2010. Orem shall modify the Base Rate effective September 1 of each year of this Interlocal Agreement. Any changes in the Base Rate will go into effect in the September billing period. Orem will charge the same Base Rate to Lindon and Vineyard.

3.5.1.2. Annual Adjustment to Base Rate. Lindon and Vineyard acknowledge that the Base Rate is a conservative estimate of Orem's actual Treatment Cost because it is based on the previous fiscal year's actual Treatment Cost, rather than the current fiscal year's estimated Treatment Cost. Therefore, in most cases, the Base Rate charged during a given year will be insufficient to compensate Orem for its actual Treatment Cost during that year. To make up this difference, Orem shall make an annual adjustment to the Base Rate charged during a given year. The annual adjustment shall be made by September 1 of each year and shall be reflected on the next month's bill (e.g. the annual adjustment for fiscal year 2009/2010 will be made by September 1, 2010 and will be reflected in the September bill (the bill for sewer service provided in August) to Lindon and Vineyard). The amount of the annual adjustment shall be the difference between Orem's actual Treatment Cost per million gallons in a given fiscal year and the Base Rate charged during that same fiscal year, applied to the amount of sewage discharged by Lindon and Vineyard. If the annual adjustment increases the Base Rate in a given

fiscal year, Orem shall bill Lindon and Vineyard for the full adjustment amount for that fiscal year (based on their respective discharge amounts) and Lindon and Vineyard shall pay the bill within 30 days of receipt. If the annual adjustment decreases the Base Rate in a given fiscal year, Orem shall credit Lindon and Vineyard for the full adjustment amount for the fiscal year (based on their respective discharge amounts) by including the credit on Lindon and Vineyard's next monthly sewer service bill.

3.5.1.3. **Adjustments to Meter Readings for Crossover Connections.** Orem, Lindon and Vineyard are adjacent communities with irregular boundaries that do not lend themselves to the total separation of sewer systems. In some cases, sewer users located in Orem may be connected directly to the Lindon or Vineyard Sewer Collection Systems and sewer users located in Lindon or Vineyard may be connected directly to the Orem Sewer Collection System. These types of direct connections to another party's sewer collection system shall be referred to as "crossover connections". Because crossover connections are not reflected in the master meter readings, the parties agree to an annual reconciliation to the meter readings, as follows:

3.5.1.3.1. **Annual Inventory of Crossover Connections.** Orem shall, at the end of each fiscal year, conduct an inventory of all sewer users and determine the number of crossover connections from Orem to Lindon and Vineyard, and the number of crossover connections from Lindon and Vineyard to Orem. Orem staff shall conduct the Lindon inventory with Lindon's staff present. Likewise, Orem staff shall conduct the Vineyard inventory with Vineyard staff present. For the sake of simplicity, projects or developments with five or less residential crossover connections, or the equivalent thereto, created at any time during a given fiscal year will be treated as if they were present for the entire fiscal year. For projects or developments with more than five residential crossover connections, or the equivalent thereto, the adjustment shall be applied from the time the crossover connections were hooked-up to the sewer collection systems. (Vineyard sewer users north of 400 South on Geneva Road who connect directly to the Orem Sewer System will not be included in these calculations because they will be billed separately pursuant to other provisions of this Interlocal Agreement. However, the direct connecting Geneva Road sewer users north of 400 South will continue to count against Vineyard's allocation limits.)

3.5.1.3.2. **Estimate of Sewage Discharge by Crossover Connections.** Orem shall estimate the amount of sewage generated by each of the crossover connections. Orem will estimate the discharge of each residential crossover connection (each household unit) by assuming that the average discharge per residential unit will be 400 gallons of sewage per day. Orem will estimate the discharge of each non-residential crossover

connection by determining the amount of water used by that non-residential crossover connection. The cities shall provide one another with water meter records from the previous December, January and February to estimate the amount of sewage discharged by each non-residential crossover connection. For new crossover connections that do not have water usage records for the months listed herein, the cities shall provide water usage records to one another for the most recent time periods that would equitably show an accurate reflection of water used and discharged into the sewer collection system.

3.5.1.3.3. **Adjustments.** If the amount of sewage generated by crossover connections from Orem to the Lindon Sewer Collection System or the Vineyard Sewer Collection System respectively (sewage that would otherwise be charged to Lindon or Vineyard based on the metering station readings), exceeds the amount of sewage generated respectively by crossover connections from Lindon or Vineyard to the Orem Sewer Collection System (sewage that would not otherwise be charged to Lindon or Vineyard because it does not flow through the metering stations), then Orem shall give Lindon and/or Vineyard an appropriate credit during the annual reconciliation. If the amount of sewage generated by crossover connections from Orem to the Lindon Sewer Collection System or the Vineyard Sewer Collection System respectively (sewage that would otherwise be charged to Lindon or Vineyard based on the master meter readings) is less than the amount of sewage generated respectively by crossover connections from Lindon or Vineyard to the Orem Sewer System (sewage that would not otherwise be charged to Lindon or Vineyard because it does not flow through the metering stations), then Orem shall bill Lindon and/or Vineyard the appropriate additional amount during the annual reconciliation.

3.5.1.3.4. **Maintenance.** Each party shall retain full maintenance responsibilities for the portions of their respective sewer systems that are used by the other party pursuant to this section, without reimbursement from any other party.

3.5.1.3.5. **Applicability to Allocation Limits.** The crossover connection data obtained pursuant to this Section 3.5.1.3 will also be used to adjust the amount of each party's sewage discharge when calculating whether a party is within its allocation limits.

3.5.2. **Surcharge for Exceeding Allocation Limitations.** Lindon and Vineyard agree to pay Orem a surcharge over and above the Base Rate if either exceeds its respective daily allocation limitations set forth in Section 4 of this Interlocal Agreement (using the pre- or post-construction allocation, as appropriate) when averaged over an entire calendar month. The surcharge rate shall be one hundred and fifty percent (150%)

of the Base Rate and shall apply to all discharges in excess of the allocation limitations. For example, if Vineyard discharged an average of 300,000 gallons per day in a given month and its daily allocation limitation was 280,000 gallons per day, Vineyard would pay Orem for 280,000 gallons at the regular Base Rate and for 20,000 gallons at the surcharge rate of 150% of the Base Rate. Surcharges shall be billed and paid on a monthly basis. To honor the spirit of pre-OWRF expansion allocations established in previous Interlocal Agreements, Orem agrees to not assess surcharges against Lindon before completion of the OWRF expansion until Lindon's average daily discharge in a given month exceeds 1.155 million gallons per day, and Orem agrees to not assess surcharges against Vineyard before completion of the OWRF expansion until Vineyard's average daily discharge in a given month exceeds 0.250 million gallons per day.

3.5.3. Exception to Normal Billing for Certain Properties in Vineyard on Geneva Road. Orem agrees to provide sewer service to properties in Vineyard that front Geneva Road as follows:

- 3.5.3.1. **Existing Connections.** As a carryover from the August 13, 1991 interlocal agreement between Vineyard and Orem, Orem agrees to continue providing sewer service to properties located in Vineyard that front Geneva Road and connect directly to the Orem Sewer Collection System, even if the properties are located north of Orem's 400 South Street.
- 3.5.3.2. **New Connections.** Orem will also provide, at Vineyard's request, new sewer connections to the Orem Sewer Collection System for properties located in Vineyard that front Geneva Road, even if the properties are north of Orem's 400 South Street.
- 3.5.3.3. **Fees and Charges for Geneva Road Connections.** The properties described in this Section 3.5.3. will pay the following fees and charges:
 - 3.5.3.3.1. **Properties Located South of 400 South Street.** Properties located in Vineyard that front Geneva Road and are south of 400 South Street will be billed directly by Vineyard for sewer service. Vineyard will pay Orem the Facility Fee described in Section 4.17 for new connections in this area.
 - 3.5.3.3.2. **Properties Located North of 400 South Street.** Properties located in Vineyard that front Geneva Road and are north of 400 South Street will be billed directly by Orem for sewer service at a rate equal to 200% of Orem's standard rate for comparable sewer connections located in Orem. Orem agrees to provide this service as an accommodation to Vineyard until Vineyard can provide the infrastructure to reroute this sewer service to the Timpanogos Special Service District. Vineyard will pay Orem the Facility Fee described in Section 4.17 for new connections in this area.

3.5.3.4. **Adjustments.** Sewage flow from all properties served by Orem pursuant to this Section 3.5.3 will count against Vineyard's allocation limits. Crossover connections that are located south of 400 South Street that are billed by Vineyard but served by Orem will be part of the Adjustments to Meter Readings for Crossover Connections described in Section 3.5.1.3.

3.5.3.5. **Connection to Vineyard.** Vineyard agrees to connect the properties described in this Section 3.5.3 to either the Vineyard Sewer Collection System (for properties located south of Orem's 400 South Street) or to the Vineyard sewer collection system delivering wastewater to the Timpanogos Special Service District (for properties located north of Orem's 400 South Street) within ninety (90) days of when the applicable sewer collection system comes within 300 feet of the served property.

3.6. **Maintenance, Repair, Replacement and Expansion of Sewer Collection Systems.**

3.6.1. **Lindon and Vineyard Sewer Collection Systems.** Lindon and Vineyard shall maintain, repair, replace and expand their respective Sewer Collection Systems at their own expense.

3.6.2. **Portions of Orem Sewer Collection System Not Used by Lindon or Vineyard.** Except for portions of the Orem Sewer Collection System used to convey Lindon and/or Vineyard wastewater to the OWRF, Orem shall maintain, repair, replace and expand the Orem Sewer Collection System at its own expense.

3.6.3. **Portions of Orem Sewer Collection System Used by Lindon and/or Vineyard.** Lindon and Vineyard shall reimburse Orem for a percentage of the costs of maintaining, repairing, replacing and expanding portions of the Orem Sewer Collection System used to convey their respective wastewater discharges to the OWRF.

3.6.3.1. **Planned and Completed Projects.** The following specific projects for improvements to jointly used portions of the Orem Sewer Collection System have already been planned, partially completed, or completed by the parties:

3.6.3.1.1. **1000 North Geneva Road Project - Lindon and Orem.** Lindon and Orem agree to construct a lift station at 1000 North Geneva Road.

3.6.3.1.1.1. **Design.** Lindon shall work with its engineer, J-U-B Engineers, Inc., to design the lift station. The facility shall be designed to split the flows from the sewer line in Geneva Road to sewer lines in Geneva Road and 1200 West, while providing redundancies for power and pumping. The purpose of splitting the flows is to avoid the additional cost of reconstructing the Geneva Road

sewer line. Orem has the right to approve or reject any design work on the project.

- 3.6.3.1.1.2. **Construction.** Orem shall advertise the project, hire the contractor, and inspect the contractor's work on the project. The parties agree to complete the project on or before June 30, 2011.
- 3.6.3.1.1.3. **Design and Construction Costs.** Lindon shall pay 100% of the design costs related to the project. Lindon shall pay 80% of the construction costs related to the project and Orem shall pay 20% of the construction costs related to the project. Orem shall calculate each party's share of the construction costs. Lindon shall provide Orem with satisfactory proof that its share of the construction costs are properly secured and set aside for the project, and Lindon shall agree to a progress payment schedule, before Orem signs the construction contract. For change orders and other changes to the total cost of construction, the parties agree to work in good faith to reconcile all amounts owed or to be paid pursuant to the same 80/20 split, with additional payments or reimbursements made within 30 days of the date that the Construction Engineer closes out the project.
- 3.6.3.1.1.4. **Ownership and Maintenance.** Orem shall own, operate, maintain, repair and replace the completed facility. Future maintenance, repairs, or replacements to the completed facility will be funded as part of the Base Rate or pursuant to Section 3.6.3.2, as determined by Orem pursuant to this Interlocal Agreement.
- 3.6.3.1.2. **Pressure Sewer Main Project.** Lindon and Orem have already shared costs in constructing a new pressure sewer main in 800 North Street from 1200 West to 1500 West. Lindon and Orem agree to construct the remaining portion of the pressure sewer main to the lift station at 1000 North Geneva Road.
 - 3.6.3.1.2.1. **Design.** Orem shall design the project. Orem shall consult with Lindon in the design of the project.
 - 3.6.3.1.2.2. **Construction.** Orem shall advertise the project, hire the contractor, and inspect the contractor's work on the project. The parties agree to complete the project on or before December 31, 2010.
 - 3.6.3.1.2.3. **Design and Construction Costs.** Orem shall pay 100% of the design costs related to the project. Lindon shall pay 80% of the

construction costs related to the project and Orem shall pay 20% of the construction costs related to the project. Orem shall calculate each party's share of the construction costs. Lindon shall provide Orem with satisfactory proof that its share of the construction costs are properly secured and set aside for the project, and Lindon shall agree to a progress payment schedule, before Orem signs the construction contract. For change orders and other changes to the total cost of construction, the parties agree to work in good faith to reconcile all amounts owed or to be paid pursuant to the same 80/20 split, with additional payments or reimbursements made within 30 days of the date that the Construction Engineer closes out the project.

3.6.3.1.2.4. **Ownership and Maintenance.** Orem shall own, operate, maintain, repair and replace the completed pressure sewer main. Future maintenance, repairs, or replacements to the pressure sewer main shall be funded as part of the Base Rate or pursuant to Section 3.6.3.2, as determined by Orem pursuant to this Interlocal Agreement.

3.6.3.1.3. **Vineyard West Outfall Line Project.** Orem and Vineyard completed the Vineyard West Outfall Line pursuant to Section 2.2 of the February 4, 2003 interlocal agreement between Vineyard and Orem. Orem acknowledges that Vineyard has paid its share of the expenses related to the Vineyard West Outfall Line. Vineyard shall own, maintain, repair, and replace the Vineyard West Outfall Line at its own expense, except for the metering station, which shall be owned, maintained, repaired and replaced by Orem pursuant to Section 3.4 of this Interlocal Agreement. Orem hereby grants Vineyard the right to use Orem's access (the cart paths at the golf course) to maintain and repair any portion of the Vineyard West Outfall Line that traverses Orem property. Vineyard shall notify Orem and coordinate with Sleepy Ridge Golf Course when it needs to maintain or repair the Vineyard West Outfall Line. Except when immediate access is needed for emergency repairs, Orem may restrict the timing and method of maintaining and repairing the Vineyard West Outfall Line to minimize disruption to the golf course. Vineyard shall, at its own expense, make a good faith effort to restore to its original condition any landscaping, golf course feature, or property that is disturbed during the maintenance or repair, and shall coordinate such efforts with the Sleepy Ridge Golf Course.

3.6.3.1.4. **Sleepy Ridge Sewer Line.** Section 2.3 of the February 4, 2003 interlocal agreement between Vineyard and Orem gave Vineyard the option to upsize the Sleepy Ridge Sewer Line to accommodate sewage flow from expected development in Vineyard. Vineyard elected to not upsize the

Sleepy Ridge Sewer Line. If Orem determines that the Sleepy Ridge Sewer needs to be upsized to accommodate flows from Vineyard, Vineyard agrees to pay for all costs of the upsizing attributable to Vineyard's needs.

3.6.3.2. **Maintenance, Repair and Replacement of Jointly Used Portions of Orem Sewer Collection System.** Orem shall maintain, repair and replace the jointly used portions of the Orem Sewer Collection System that are not specifically listed above. (Orem shall also maintain, repair and replace the above-listed Lindon/Orem projects after completion of construction.) Maintenance, repair and replacement costs shall be calculated as provided in Section 5 of this Interlocal Agreement.

3.6.3.2.1. **Routine Maintenance and Repair.** Costs related to routine maintenance and repair of the jointly used portions of the Orem Sewer Collection System will be included in the Base Rate and will not be separately billed to Lindon and Vineyard. Routine maintenance and repair may include the replacement of any component of the jointly used portion of the Orem Sewer Collection System.

3.6.3.2.2. **Non-Routine Maintenance, Repair and Replacement.** Costs related to non-routine maintenance, repair and replacement of the jointly used portions of the Orem Sewer Collection System will be billed by Orem to the parties. Lindon and Vineyard shall each reimburse Orem for their respective share of the costs in maintaining, repairing and replacing the affected portion of the Orem Sewer Collection System. Each party's share of the costs for maintaining, repairing or replacing the jointly used portions of the Orem Sewer Collection System shall be based on each party's projected build-out flows in the affected portion of the Orem Sewer Collection System as a percentage of the combined projected build-out flows of the repaired or replaced portion of the Orem Sewer Collection System. For example, if Orem replaces a pipe in the Orem Sewer Collection System, and if the projected build-out flow from Vineyard accounts for 10% of the combined projected build-out flows in the new pipe and the projected build-out flow from Lindon equals 40% of the combined projected build-out flows in the new pipe, then Vineyard would pay Orem 10% of the cost of replacing the pipe, Lindon would pay Orem 40% of the cost of replacing the pipe, and Orem would pay 50% of the cost of replacing the pipe. Provided that the non-routine maintenance, repair and/or replacement to the jointly used portion of the Orem Sewer Collection System does not involve an emergency situation requiring immediate attention, Orem shall provide the affected party with notice of the estimated cost of the non-routine maintenance, repair and/or replacement project and sufficient time to budget for the expected cost of the project in its next fiscal year budget. Costs related to the non-routine

maintenance, repair and/or replacement of the jointly used portions of the Orem Sewer Collection System shall be billed to Lindon and Vineyard upon completion of the work. Lindon and Vineyard shall pay such costs to Orem within 30 days of receipt of the invoice.

3.6.3.2.3. **Routine v. Non-Routine Costs.** After consulting with the affected party, Orem shall determine, in its sole discretion, which maintenance, repair and replacement costs are routine and which maintenance, repair and replacement costs are non-routine. However, in no event shall a party be billed twice for the same service. Maintenance, repair and replacement costs related to jointly used portions of the Orem Sewer Collection System will either be included in the Base Rate or billed separately to the parties.

3.6.4. **Sewer Collection System Standards.** Each party shall take steps to ensure that its respective Sewer Collection System (1) strictly complies with all state and federal laws and regulations relating to sewer systems, and (2) minimizes the amount of inflow and infiltration into the system.

4. **Orem Water Reclamation Facility.** Orem owns and operates the Orem Water Reclamation Facility ("OWRF"). The OWRF treats wastewater and discharges the treated wastewater to Utah Lake through Powell Slough.

4.1. **Brief History of OWRF.** Orem constructed the original OWRF in 1958. All of the unit processes from the 1958 construction are still in use today. In 1984, Orem added a second treatment train utilizing oxidation ditches. The 1984 improvements increased the hydraulic capacity and the biological capacity of the OWRF and were designed to meet treatment needs through 2003. Since the last major upgrade in 1984, Orem has completed many improvements to the OWRF. Most of these improvements focused on solids handling processes and headworks facility upgrades. None of the post-1984 improvements significantly increased the hydraulic capacity or the biological capacity of the OWRF.

4.2. **Current Status of OWRF.** Increased hydraulic and biological loading have placed additional stresses on the OWRF. Current and anticipated environmental regulations require upgrading of some of the OWRF's processes. The original trickling filters have reached the end of their useful life and will be decommissioned with the planned expansion project. The OWRF is currently operating at approximately 70% of its hydraulic capacity and 100% of its biological capacity. The solids handling capacity of the OWRF is inadequate and must be expanded. The parties acknowledge that the OWRF needs significant improvements to effectively and legally handle anticipated future wastewater discharges from the parties.

4.3. **Stimulus Money.** Orem became aware that federal stimulus money, administered through the State of Utah, may be available to help fund the needed improvements to the

OWRF. The stimulus money would not be an outright grant, but would take the form of a 0% interest loan, payable over a twenty (20) year term. Orem consulted with Lindon and Vineyard and the parties agreed to apply for the loan to complete the OWRF improvements. The State notified Orem (1) that the OWRF would be one of the State's top funding priorities, (2) that to qualify for 0% interest financing the project would have to be fast-tracked, and (3) that Orem would have to immediately proceed with the design of the OWRF improvements.

- 4.4. **Aqua Engineering Design.** Orem hired Aqua Engineering, Inc. ("Aqua") to design the upgrades and improvements to the OWRF. Lindon, Vineyard and Orem each calculated and communicated their anticipated future capacity needs so that Aqua could design a facility according to the anticipated future needs of each of the parties. Aqua completed the final design documents for upgrades to the OWRF. Lindon, Vineyard and Orem have had an opportunity to review these designs and each party approves the Aqua design documents.
- 4.5. **Bond Amount.** The 0% interest stimulus money loan for improvements to the OWRF will take the form of \$11,899,000.00 in taxable sewer revenue bonds issued by the City of Orem and purchased by the State of Utah Department of Environmental Quality, Division of Water Quality, Water Quality Board (the "Bond"). The \$11,899,000.00 in bond money (the "Bond Money") represents the maximum amount of 0% money that the State was willing to lend Orem for the project. The Bond Money will be used to pay all but \$200,000.00 of the Aqua design costs and most of the construction costs for improvements to the OWRF, as well as certain costs related to the issuance of the bonds.
- 4.6. **Construction Bids.** Orem solicited bids from contractors interested in completing the OWRF improvements. Prospective contractors were requested to prepare their bids in a manner that would allow Orem to eliminate certain design elements ("deducts") if there were insufficient funds to complete them. Orem opened the construction bids on January 26, 2010. Although a final construction contract has not yet been formally negotiated or awarded, and although all costs have not yet been set, the parties acknowledge that the Bond Money will be insufficient to complete all elements of Aqua's design plan for the OWRF. In addition to the general contractor's bid amount, the parties will need to budget and pay for several items not included in the bid amount, including the following:
 - (1) Aqua's design costs not pre-paid by the parties;
 - (2) the cost of construction management to be performed by Aqua;
 - (3) design, labor and equipment costs for electrical components of the OWRF improvements that will be completed by SKM, Inc. (a subsidiary of Aqua);
 - (4) Orem-supplied equipment (prior to soliciting bids, at the suggestion of Aqua, Orem pre-selected and received price commitments from contractors and providers for specified components of the OWRF improvements. These pre-selected components of the OWRF improvements, which are referred to as the "Orem-supplied equipment" in the Aqua design documents, were not included in the construction bids and must be added back in to the project costs);

- (5) Bond issuance costs; and
- (6) a contingency fund.

The parties agree that they will not be able to complete the ultraviolet light disinfection component of the Aqua plans, the sewer re-use component of the Aqua plans, or the biosolids building expansion included in the Aqua plans. The parties agree to complete the components of the Aqua plans that are necessary to increase the hydraulic and biological capacities of the OWRF as planned and to produce Class A biosolids. To complete these improvements, the parties acknowledge that they will each have to contribute funds in addition to the Bond Money. The amount of money needed to complete the OWRF improvements that exceeds the amount of the Bond Money will be referred to as the "Supplemental Funds", which term is further defined in Section 4.12.

4.7. **Construction Contract.** Lindon and Vineyard agree that Orem will negotiate and sign the final construction contract with the general contractor. Although Orem will have final say in determining the specific improvements to be made to the OWRF, Orem agrees to consult with Lindon and Vineyard during the construction contract negotiation process to ensure that Lindon and Vineyard have input into the final design elements to be completed with the Bond Money and the Supplemental Funds. The OWRF improvements to be completed will be referred to as the "Project". The parties agree that the amount of the final construction contract will not exceed the amount of the Bond Money and the Supplemental Funds, less the costs described in Section 4.6., which will be paid outside of the construction contract. Aqua anticipates that the Project will be completed within eighteen (18) months of commencing the work.

4.8. **Capacity Increases.** The parties agree that all elements of the Aqua design plans that increase the hydraulic and biological capacity of the OWRF will be included in the final construction contract for the OWRF. After construction (assuming current flow rates) the OWRF will be operating at approximately 59% of its hydraulic capacity (down from the current 70% of hydraulic capacity) and at approximately 53% of its biological capacity (down from the current 100% of biological capacity). Existing and expected post-construction capacities of the OWRF can be summarized as follows:

<u>Parameter</u>	<u>Existing OWRF</u>	<u>Post-Construction OWRF</u>
Hydraulic Capacity	12.26 MGD	13.50 MGD
BOD Loading	20,824 lbs/day (203 mg/L)	39,407 lbs/day (350 mg/L)
TSS Loading	21,542 lbs/day (210 mg/L)	39,407 lb/day (350 mg/L)
Ammonia Nitrogen Loading	1,890 lbs/day (18 mg/L)	4,504 lbs/day (40 mg/L)

The parties acknowledge that the numbers listed above represent the OWRF operating at 100% of capacity. Current State of Utah guidelines would require the parties to expand the OWRF when it reaches 85% of capacity. The parties agree to work together to ensure that the OWRF continues to meet State of Utah and federal requirements after construction of the Project.

4.9. **Allocation of Hydraulic Capacity of OWRF.** The parties agree to allocate the hydraulic capacity of the OWRF as follows:

4.9.1. **Pre-Construction Allocation Limits.** Except as otherwise provided in this Interlocal Agreement, until completion of the Project, each party may discharge the following amounts of wastewater (“allocation limits”) to the OWRF (the amount of Lindon’s and Vineyard’s wastewater discharge will be measured at their respective metering stations, as adjusted for crossover connections as set forth in this Interlocal Agreement):

Orem	9.300 million gallons per day
Lindon	1.070 million gallons per day
<u>Vineyard</u>	<u>0.000 million gallons per day</u>
Total	10.370 million gallons per day

These pre-construction allocations are based on current estimated flows at the OWRF. Although Vineyard’s initial allocation is zero, the parties agree that Vineyard may discharge wastewater from the nominal number of sewer connections expected in Vineyard before completion of the Project, provided that Vineyard pays any applicable fees and charges for these connections and discharges. To honor the intent of higher pre-construction allocation limits provided to Lindon and Vineyard in previous agreements, Orem agrees to waive surcharges for exceeding these pre-construction allocation limits to the extent provided in Section 3.5.2 and agrees to allow discharges in excess of these pre-construction allocation limits up to the amount of the pre-OWRF expansion surcharge limits established in Section 3.5.2.

4.9.2. **Post-Construction Allocation Limits and Post-Construction Allocation Percentages.** After completion of the Project, each party may discharge the following amounts of wastewater (“allocation limits”) to the OWRF (the amount of Lindon’s and Vineyard’s wastewater discharge will be measured at their respective metering stations, as adjusted for crossover connections as set forth in this Interlocal Agreement):

Orem	11.550 million gallons per day
Lindon	1.650 million gallons per day
<u>Vineyard</u>	<u>0.280 million gallons per day</u>
Total	13.480 million gallons per day

Each party’s allocation of the post-construction capacity of the OWRF equates to the following percentages, which shall be referred to as the “Post-Construction Allocation Percentages:

Orem	85.68%
Lindon	12.24%
<u>Vineyard</u>	<u>2.08%</u>

Total 100.00%

- 4.9.3. **Limitation on Connections.** Lindon agrees that it will not allow any new connections to the Lindon Sewer Collection System if daily discharges from the Lindon Sewer Collection System to the Orem Sewer Collection System, averaged over a calendar month, exceed the applicable daily allocation limits set forth in Sections 4.9.1 and 4.9.2 of this Interlocal Agreement. Vineyard agrees that it will not allow any new connections to the Vineyard Sewer Collection System if daily discharges from the Vineyard Sewer Collection System to the Orem Sewer Collection System, averaged over a calendar month, exceed the applicable allocation limits set forth in Sections 4.9.1 and 4.9.2 of this Interlocal Agreement. This moratorium on development applies only when a jurisdiction has exceeded its allocation limits for seven months during a rolling twelve month period. It shall not apply before completion of the Project unless a party exceeds its pre-construction surcharge limits described in Section 3.5.2. Discharge amounts will be based on meter readings, as adjusted for crossover connections as set forth in this Interlocal Agreement. A certain number of sewer connections in Vineyard connect to the Lindon Sewer Collection System before connecting to the Orem Sewer Collection System. For purposes of simplicity, these Vineyard connections routed through Lindon will count against Lindon's allocation limits unless Lindon and Vineyard agree on specific and accurate flow data for these connections, in which case they will count against Vineyard's allocation limits.
- 4.9.4. **Restriction on Addition of Large User.** Because of current and projected capacity constraints of the OWRF, and to give Orem an opportunity to plan for and permit large users, Lindon and Vineyard agree to not approve any site plan, building permit or other development approval for any potential user who is expected to discharge in excess of two hundred fifty thousand (250,000) gallons per day into their respective Sewer Collection Systems unless or until Orem gives its written approval for the connection. Orem shall not withhold its approval unless Orem reasonably believes that the addition of such a user would cause Lindon or Vineyard to exceed its applicable pre-construction or post-construction discharge limitations. If the addition of the new large user would require the expansion of the hydraulic or biological capacity of the OWRF, or would require the expansion of a portion of the Orem Sewer Collection System, the jurisdiction with the new large user will be responsible for all costs related to the required expansion. The jurisdiction seeking the expanded capacity will coordinate the expansion with Orem and will incorporate design and construction recommendations required by Orem so as not to interfere with or diminish the existing operations or capacity of the OWRF and/or the affected portion of the Orem Sewer Collection System. The jurisdiction seeking expansion for a large user may allow other cities to participate in paying for the costs of the expansion to increase capacity to meet build-out projections. The right to use the expanded capacities will be allocated to the cities based on how much each city contributes to the cost of expansion.

4.9.5. **Bond Allocation Percentages.** The amount of each party's share of the Bond payment, and the amount of each party's share of other OWRF construction costs, are calculated by taking each party's Post-Construction Allocation Limits, subtracting their Pre-Construction Allocation Limits, and then taking that difference as a percentage of the total increase in hydraulic capacity of the completed OWRF. The parties agree that these percentages, which shall be referred to as the "Bond Allocation Percentages", will be as follows:

Orem	72.35%
Lindon	18.65%
<u>Vineyard</u>	<u>9.00%</u>
Total	100.00%

4.10. **Costs to be Paid at Bond Closing.** The terms of the Bond require Orem to pay the following amounts in cash, outside of the Bond Money, at the Bond closing (the Bond is scheduled to close on February 16, 2010):

1. \$200,000.00 of Aqua's design costs (total design costs = \$670,000.00).
2. A loan origination fee of 0.5% on the \$11,889,000.00 Bond.

These costs will be paid by the parties in accordance with the Bond Allocation Percentages, as follows:

<u>Cost</u>	<u>Orem</u>	<u>Lindon</u>	<u>Vineyard</u>	<u>Combined</u>
Design Advance	\$144,700	\$37,300	\$18,000	\$200,000
<u>0.5% Loan Origination</u>	<u>\$43,008</u>	<u>\$11,087</u>	<u>\$5,350</u>	<u>\$59,445</u>
TOTAL	\$187,708	\$48,387	\$23,350	\$259,445

Lindon shall pay Orem \$48,387 and Vineyard shall pay Orem \$23,350 on or before February 16, 2010 so that Orem can pay the design advance and the loan origination fee at the Bond closing.

4.11. **Bond Payments.** The parties acknowledge that Orem will be issuing the \$11,889,000.00 Bond to fund most of the improvements included in the Project. The parties further acknowledge that Orem would not have taken on this debt obligation were it not for Lindon's and Vineyard's commitment to pay their share of the annual payments on the Bond and to pay the other costs set forth in this Interlocal Agreement. The Orem Water Reclamation Facility Expansion Project spreadsheet, which is attached hereto as Exhibit "A" and incorporated herein by reference (the "Repayment Schedule"), shows the annual payment each party is required to make on the Bond. The Repayment Schedule allocates each party's annual payment obligation on the Bond according to the Bond Allocation Percentages. Orem must make each total annual payment on or before February 1st of the year it is due. To ensure that Orem has received each party's share of the total annual Bond payment before the payment due date, each party shall pay its share of the Bond payment (as shown on the Repayment Schedule) to Orem on or before

January 10th of the year in which the payment is due. (For example, for the first Bond payment, which is due on or before February 1, 2013, Lindon and Vineyard shall each pay its share of the total Bond payment on or before January 10, 2013.) Orem agrees to invoice Lindon and Vineyard for the required Bond payments and the parties agree to timely make the annual Bond payments required by the Repayment Schedule and this Interlocal Agreement. Failure to do so will be considered a material breach of this Interlocal Agreement. Each party's annual payment on the Bond consists of three components:

- 4.11.1. **Principal.** The first component of the annual payment is the principal payment on the Bond. The annual principal payment amount is approximately 1/20th of the total amount borrowed.
- 4.11.2. **Reserve.** The second component of the annual payment is a reserve required by the Bond lender (the "Reserve"). The annual Reserve payment amount is equal to one principal payment paid equally over a ten year period. The parties will contribute to the Reserve for the first ten annual Bond payments, after which they will have accumulated the equivalent of one annual principal payment. The parties agree to use the Reserve to pay the 20th and final principal payment on the Bond.
- 4.11.3. **Emergency Fund.** The third component of the annual payment is an emergency fund required by the Bond lender (the "Emergency Fund"). The purpose of the Emergency Fund is to pay for unforeseen emergency repairs to the OWRF and jointly used portions of the Orem Sewer Collection System. The amount of the annual Emergency Fund payment is shown on the Repayment Schedule. The parties will contribute to the Emergency Fund for the first ten annual Bond payments. If any portion of the Emergency Fund is used, the parties agree to replenish the Emergency Fund as required by the Bond documents. However, the parties hereby express their intention to fund any emergency repairs pursuant to this Interlocal Agreement, without using the Emergency Fund. The Emergency Fund will be returned to the parties according to the Bond Allocation Percentages after the Bond is retired.

Orem will hold all money required for the Reserve and the Emergency Fund in accordance with the Bond documents. Because of the difficulty of tracking the amount of interest earned by money set aside for the Reserve and the Emergency Fund, Lindon and Vineyard agree that no interest will accrue to their benefit for any money held by Orem pursuant to this Section 4.11.

- 4.12. **Supplemental Funds.** The total estimated amount of Supplemental Funds needed to complete the Project (funds in addition to the Bond Money), including a contingency to provide for contract uncertainties, is \$1,250,000.00. This figure represents the parties' best conservative estimate of the amount of Supplemental Funds that will be needed to complete the Project. The actual amount is uncertain, because the actual Project costs have not yet been determined. The actual amount of Supplemental Funds needed to complete the Project may be more or less than \$1,250,000.00. Orem will pay the

Supplemental Funds as necessary to complete the Project. Lindon and Vineyard will repay Orem their respective shares of the Supplemental Funds over five years according to the schedule provided in the Repayment Schedule, which calculates each party's share of the estimated \$1,250,000.00 in Supplemental Funds according to the Bond Allocation Percentages. Lindon and Vineyard acknowledge that the Repayment Schedule requires them to begin repaying their respective shares of the Supplemental Funds before the Bond payments begin. When the actual amount of Supplemental Funds needed to complete the Project is firmly determined, Orem shall adjust each party's Supplemental Fund payment on the Repayment Schedule to ensure that each party pays its share (based on the Bond Allocation Percentages) of the total Supplemental Funds expended.

- 4.13. **Ownership of OWRF.** The OWRF and all portions of the Orem Sewer Collection System shall be owned solely by Orem, regardless of any contribution toward the cost of such facilities which is made by Lindon and/or Vineyard. However, Lindon and Vineyard shall have the right to use such facilities pursuant to the terms and conditions set forth in this Interlocal Agreement.
- 4.14. **Orem Discretion for Operation of OWRF.** All decisions concerning the operation of the OWRF (including maintenance, repairs and required upgrades), shall be made in the sole discretion and judgment of Orem. Orem shall use its best efforts to notify Lindon and Vineyard of significant operational decisions concerning the OWRF.
- 4.15. **Operation, Maintenance, Repair and Replacement of OWRF.** Orem shall operate, maintain, repair the OWRF, and replace components of the OWRF. Operation, maintenance, repair and replacement costs shall be calculated as provided in Section 5 of this Interlocal Agreement.
 - 4.15.1. **Routine Operation, Maintenance and Repair.** Costs related to routine operation, maintenance and repair of the OWRF will be included in the Base Rate and will not be separately billed to Lindon and Vineyard. Routine operation, maintenance and repair may include the replacement of any component of the OWRF.
 - 4.15.2. **Non-Routine Maintenance, Repair and Replacement.** Costs related to non-routine maintenance, repair, and replacement of components of the OWRF will be billed by Orem to the parties. Lindon and Vineyard shall each reimburse Orem for their respective share of the costs in maintaining, repairing, and replacing components of the OWRF. Each party's share of the costs for maintaining, repairing, or replacing components of the OWRF will be based on their respective Post-Construction Allocation Percentages. For example, if Orem repairs a component of the OWRF, and if the cost of the repair is \$100,000.00, then Lindon will pay Orem \$12,240.00 of the repair cost and Vineyard will pay Orem \$2,080.00 of the repair cost, based on their respective Post-Construction Allocation Percentages of 12.24% and 2.08%. Provided that the non-routine maintenance, repair, or replacement of a component of the OWRF does not involve an emergency situation requiring

immediate attention, Orem shall provide Lindon and Vineyard with notice of the estimated cost of the non-routine maintenance, repair and/or replacement project and sufficient time to budget for the expected cost of the project in their next fiscal year budget. Costs related to the non-routine maintenance, repair and/or replacement of components of the OWRF shall be billed to Lindon and Vineyard upon completion of the work. Lindon and Vineyard shall pay such costs to Orem within 30 days of receipt of the invoice.

- 4.15.3. **Routine v. Non-Routine Costs.** Orem shall determine, in its sole discretion, which maintenance, repair, and replacement of component costs are routine and which maintenance, repair, and replacement of component costs are non-routine. However, in no event shall a party be billed twice for the same service. Maintenance, repair, and replacement of component costs related to the OWRF will either be included in the Base Rate or billed separately to the parties. As a general rule, capital improvements that are not included in Orem's capital projects fund will be treated as routine costs and will be included in the Base Rate; capital improvements that are included in Orem's capital projects fund will be treated as non-routine costs and will not be included in the Base Rate, but will be billed separately to the parties.
- 4.16. **Post-Construction Expansion of OWRF.** The parties agree to negotiate in good faith regarding any future expansion (expansions considered after the expansion described in this Interlocal Agreement) of the OWRF. If an expansion of the OWRF is required to increase the hydraulic capacity of the plant, each party shall contribute to the expansion costs according to the amount that it contributed to the need for the expansion. For example, if Lindon, Vineyard and Orem respectively needed an additional 1.00, 0.50 and 0.50 MGD of hydraulic capacity, for a total of 2.00 MGD, they would be responsible to pay 50% (1.00/2.00), 25% (0.50/2.00) and 25% (0.50/2.00) of the expansion costs. If an expansion of the OWRF is required to increase the biological capacity of the plant, each party shall contribute to the expansion costs according to the Post-Construction Allocation Percentages. Costs of future expansions required to increase both the hydraulic and the biological capacity of the OWRF will be negotiated by the parties, attempting to incorporate the payment responsibility principles set forth in this Section.
- 4.17. **Vineyard Facility Fee.** Vineyard acknowledges that Orem and Lindon have already contributed substantial sums toward the construction and upgrade of the existing OWRF. Vineyard has not contributed toward the construction and upgrade of the existing OWRF. Therefore, in addition to Vineyard's share of the Bond payment and the Supplemental Funds payment, Vineyard shall pay Orem a "Facility Fee" (referred to as a "buy-in fee" in previous agreements) to pay a portion of Vineyard's share of the costs for previous improvements to the OWRF. The amount of the Facility Fee is \$942,875.00, which was calculated by approximating the buy-in formula used in the February 4, 2003 interlocal agreement between Vineyard and Orem (the formula could only be approximated because pre- and post-construction flow allocations are structured differently in this Interlocal Agreement than the February 4, 2003 interlocal agreement and because Orem gives Vineyard full credit against the Facility Fee for Bond payments

and Supplemental Funds payments in this Interlocal Agreement). Vineyard shall pay Orem the Facility Fee by paying Orem \$1,370.00 for each connection to the Vineyard Sewer Collection System and for each new direct connection to the Orem Sewer Collection System by a user located in Vineyard. This number was calculated by dividing the Facility Fee (\$942,875.00) by the number of expected connections to the Vineyard Sewer Collection System (688). Orem has agreed to allow Vineyard to pay the Facility Fee in this manner to allow Vineyard to assess impact fees to pay the Facility Fee. However, Vineyard shall pay the Facility Fees for each connection to the Vineyard Sewer Collection System, whether or not Vineyard has an impact fee in place. Vineyard shall pay Orem the Facility Fees for all connections during a given calendar month on or before the last day of the following calendar month. Vineyard agrees to provide Orem with updated accurate records showing all connections by sewer users located in Vineyard on a monthly basis. Vineyard shall not be assessed interest on the unpaid balance of the Facility Fee. However, if any portion of the Facility Fee remains unpaid after February 1, 2032 (the last Bond payment due date), then Vineyard shall pay Orem the entire unpaid balance of the Facility Fee on or before March 31, 2032. Any unpaid balance of the Facility Fee remaining after March 31, 2032 will accrue interest at the rate of twelve percent (12%) per annum.

5. **Calculation of Operation, Maintenance, Repair and Replacement Costs.** Whenever this Interlocal Agreement refers to operation, maintenance, repair and/or replacement costs, such as in Sections 3.4.6 (with respect to metering stations), 3.5.1 (with respect to the Base Rate), 3.6.3.2 (with respect to portions of the Orem Sewer Collection System used by Lindon and/or Vineyard), and 4.15 (with respect to the OWRP), the operations, maintenance, repair and replacement costs shall be calculated by adding the following costs:
 - 5.1. **Materials and Supplies.** The cost of materials and supplies used in the operations, maintenance, repair or replacement.
 - 5.2. **Orem Employees.** The Actual Hourly Rate of Orem employees performing the operations, maintenance, repair or replacement, based on the number of hours spent on the operations, maintenance, repair or replacement. The "Actual Hourly Rate" means the total salary and benefits that Orem pays a given employee, calculated as an hourly rate. Salary and benefits mean the dollar value of every financial remuneration or benefit that Orem pays or sets aside for its employees, including salary, wages, overtime, comp time, health insurance, life insurance, State retirement, alternate retirement, deferred compensation, Medicare, Social Security, long and short term disability, unemployment, vacation, sick leave, and holiday pay. The intent of this definition is to be all-inclusive; any type of employee compensation inadvertently left out of this definition shall be included in the Actual Hourly Rate. The Actual Hourly Rate for a given employee shall change as the employee's salary and benefits change, and may even change part way through Orem's fiscal year.
 - 5.3. **Contractors.** The actual cost of any contractors hired by Orem to perform the operations, maintenance, repair or replacement.

- 5.4. **Equipment.** Orem's standard hourly rate for any equipment used by Orem in completing the operations, maintenance, repair or replacement, plus the actual cost of any equipment leased by Orem to complete the maintenance, repair or replacement.
- 5.5. **Administrative Charge.** An administrative charge on all of the above costs equal to the rate charged by Orem to its enterprise funds (currently twelve percent (12%)). The administrative charge compensates Orem for the cost of the administrative, financial, legal, and supervisory services provided by Orem. (Because the administrative charge is already part of the total Base Rate calculation, the administrative charge will not be assessed a second time for individual operations, maintenance, repair and replacement projects that are paid out of the Base Rate.)
6. **Enactment of Orem Wastewater Ordinances.** Lindon and Vineyard shall enact wastewater ordinances as set forth herein.
- 6.1. **Acknowledgment.** The parties acknowledge that they cannot legally bind the current or future Lindon City Councils or Vineyard Town Councils to pass specific ordinances. However, the parties agree that Lindon and Vineyard must pass specific ordinances to make this Interlocal Agreement cost effective for Orem and to enable Orem to perform this Interlocal Agreement and comply with applicable Federal and State laws and regulations. Therefore, although Orem cannot legally require Lindon or Vineyard to enact or amend the ordinances required by this Interlocal Agreement, the parties agree that Lindon or Vineyard's failure to enact, amend or maintain any of the required ordinances as required by this Interlocal Agreement shall be considered a material default by the non-enacting party and shall be grounds for termination of this Interlocal Agreement by Orem. Orem has no obligation to provide the services set forth in this Agreement to a party unless that party adopts and maintains the required ordinances.
- 6.2. **Ordinance.** Lindon and Vineyard shall each enact a wastewater ordinance mirroring Orem's wastewater ordinance. Vineyard may limit the applicability of the ordinance to properties in Vineyard that discharge wastewater, directly or indirectly, to the Orem Sewer Collection System.
- 6.3. **Amendments.** Lindon and Vineyard shall amend the ordinance described in Section 6.2. under the following circumstances:
- 6.3.1. **Orem Law.** When the corresponding Orem ordinance is amended or updated. For example, if Orem amends its wastewater ordinance, Lindon and Vineyard shall make corresponding amendments to their respective wastewater ordinances.
- 6.3.2. **Mandate.** When a Federal or State mandate requires a law to be enacted or amended. For example, if the State of Utah requires Orem to amend its wastewater ordinance, Lindon and Vineyard shall make corresponding changes to their respective wastewater ordinances.

- 6.4. **Time Requirements.** Lindon and Vineyard shall enact (if they haven't already) the wastewater ordinance required by this Interlocal Agreement as follows:
- 6.4.1. **Initial Requirement.** Lindon and Vineyard shall enact the wastewater ordinance initially required by this Agreement within thirty (30) days of when this Interlocal Agreement is executed by all parties.
 - 6.4.2. **Amendments.** Lindon and Vineyard shall amend all wastewater ordinances within thirty (30) days of when the event requiring the amendment takes place. Orem agrees to give written notice to Lindon and Vineyard in the event it amends its waste water ordinance.
- 6.5. **Remedy for Failure to Enact or Amend.** If Lindon or Vineyard fails to enact or amend any ordinance as required by this Interlocal Agreement, within the time periods specified in this Interlocal Agreement, Orem may, at its option, either terminate this Interlocal Agreement as to the non-complying party or discontinue providing the service affected by the ordinance. Before terminating this Interlocal Agreement or discontinuing the service, Orem shall provide the affected party written notice of the failure and thirty (30) days to cure the failure before terminating this Interlocal Agreement or discontinuing the service. If Orem either terminates this Interlocal Agreement or discontinues providing a particular service, the affected party shall indemnify and hold Orem harmless from and against all claims, suits and judgments based on Orem's refusal or failure to provide the applicable service(s) in that jurisdiction.
7. **Pretreatment Administration and Enforcement.** Lindon and Vineyard agree that Orem will administer a wastewater pretreatment enforcement program in their respective jurisdictions and that Orem and its designated employees shall have the following powers, duties and responsibilities:
- 7.1. **Permits.** All Lindon and Vineyard Class 2 and Class 3 Users must obtain a Discharge Permit for Industrial Wastewater from Orem before discharging to the applicable Sewer Collection System. Lindon and Vineyard shall design their business license and development approval processes in a manner that ensures that no Class 2 or Class 3 User will obtain a business license or a certificate of occupancy until that user has obtained a Discharge Permit for Industrial Wastewater from Orem.
 - 7.2. **Compliance Schedule.** Orem shall assist Lindon and Vineyard industrial users in developing a compliance schedule for installing technology required to meet applicable pretreatment standards and requirements.
 - 7.3. **Notices and Reports.** Orem shall require notices and self-monitoring reports from Lindon and Vineyard industrial users to assess and assure compliance with pretreatment standards and requirements.

- 7.4. **Inspections.** Orem shall carry out all inspections, surveillance and monitoring procedures necessary to determine, independent of information supplied by industrial users, compliance or noncompliance with applicable pretreatment standards and requirements.
- 7.5. **Right to Enter Premises.** Representatives of Orem shall be authorized to enter any premises of any Lindon or Vineyard industrial user in which a discharge source or pretreatment system is located or in which records are required to be kept under Federal, State or local law to ensure compliance with pretreatment standards. In the event that any Lindon or Vineyard industrial user refuses to allow authorized Orem personnel to enter and inspect any part of the premises of the industrial user, Orem and the affected jurisdiction shall work together to prevent said industrial user from discharging into the affected jurisdiction's Sewer Collection System and/or the Orem Sewer Collection System.
- 7.6. **Permit Required.** Lindon and Vineyard agree that they will not permit a Class 2 User or a Class 3 User to connect to their respective Sewer Collection Systems and will not permit industrial wastes to enter said systems without the issuance of a Discharge Permit for Industrial Wastewater by Orem.
- 7.7. **Prevention of Unlawful Discharges.** Lindon and Vineyard agree that upon notification and presentation of sufficient evidence by Orem of violations by their respective industrial users of Federal, State or local pretreatment standards, that each party shall take such steps as are necessary, including immediate severance of the sewer connection, to prevent or minimize any damage to the Orem Sewer Collection System and to prevent any unlawful discharge and/or upset to the OWRF.
- 7.8. **Pretreatment Enforcement Costs.** Pretreatment enforcement costs shall be handled as follows:
- 7.8.1. **Routine Pretreatment Enforcement Costs Included in Base Rate.** The following routine pretreatment enforcement costs are included in the Base Rate and shall not be billed separately to Lindon or Vineyard:
- 7.8.1.1. **Sampling for Class 1 and Class 2 Users.** Any sampling required for Class 1 Users and Class 2 Users.
- 7.8.1.2. **Minimal Sampling for Class 3 Users.** Minimal sampling required for Class 3 Users. Minimal sampling is the amount of sampling that would be required if the Class 3 User always stayed in compliance with its pretreatment permit.
- 7.8.1.3. **General Pretreatment Enforcement for Class 1 and Class 2 Users.** General pretreatment enforcement actions (any enforcement actions such as site visits, correspondence, and show cause hearings) taken against Class 1 Users and Class 2 Users.)

7.8.2. **Pretreatment Enforcement Costs Not Included in Base Rate.** Orem may bill the individual users for Orem's actual enforcement costs (defined in Section 7.8.3) for the following pretreatment enforcement costs (these items are not included in the Base Rate):

7.8.2.1. **Additional Sampling for Class 3 Users.** Any sampling required for Class 3 Users beyond the minimal sampling described in section 7.8.1.2.

7.8.2.2. **General Pretreatment Enforcement for Class 3 Users.** General pretreatment enforcement actions taken against Class 3 Users (any enforcement actions taken once a Class 3 User is found to be in non-compliance, such as site visits, correspondence, and show cause hearings).

7.8.2.3. **Pretreatment Enforcement Against Certain Class 1, Class 2 or "Zero Discharge" Users.** Any pretreatment enforcement actions taken against a Class 1 User, Class 2 User, or other user on a "Zero Discharge" Permit when the user discharges Class 3 Waste to the Vineyard Sewer System.

7.8.3. **Actual Enforcement Costs.** Orem's actual enforcement costs for pretreatment actions will be calculated by adding the following costs:

7.8.3.1. **Materials and Supplies.** The cost of materials and supplies used in the enforcement.

7.8.3.2. **Orem Employees.** The Actual Hourly Rate of Orem employees participating in the enforcement action, based on the number of hours spent on the enforcement action. The "Actual Hourly Rate" means the total salary and benefits that Orem pays a given employee, calculated as an hourly rate. Salary and benefits mean the dollar value of every financial remuneration or benefit that Orem pays or sets aside for its employees, including salary, wages, overtime, comp time, health insurance, life insurance, State retirement, alternate retirement, deferred compensation, Medicare, Social Security, long and short term disability, unemployment, vacation, sick leave, and holiday pay. The intent of this definition is to be all-inclusive; any type of employee compensation inadvertently left out of this definition shall be included in the Actual Hourly Rate. The Actual Hourly Rate for a given employee shall change as the employee's salary and benefits change, and may even change part way through Orem's fiscal year.

7.8.3.3. **Contractors.** The actual cost of any contractors hired by Orem to assist with the enforcement action.

7.8.3.4. **Equipment.** Orem's standard hourly rate for any equipment used by Orem in the enforcement action, plus the actual cost of any equipment leased by Orem to complete the maintenance.

- 7.8.3.5. **Administrative Charge.** An administrative charge on all of the above costs equal to the rate charged by Orem to its enterprise funds (currently twelve percent (12%)). The administrative charge compensates Orem for the cost of the administrative, financial, legal, and supervisory services provided by Orem.
- 7.9. **Fines.** Fines assessed against Lindon or Vineyard sewer users by Orem as part of Orem's pretreatment enforcement program shall be retained by Orem.
- 7.10. **Transfer of Fines and Enforcement Costs.** If Orem is unable to assess or collect any of the fines or enforcement costs set forth herein because a jurisdiction has failed to enact the ordinances required by Section 6 of this Interlocal Agreement, then the jurisdiction failing to enact the required ordinances shall be liable to Orem for the amount of the fines and enforcement costs that would have been assessed against the sewer user.
8. **Interlocal Cooperation Act.** The parties enter into this Interlocal Agreement pursuant to the terms set forth in the Interlocal Cooperation Act (U.C.A. §11-13-101, et seq.). To comply with the requirements of the Interlocal Cooperation Act, the parties address the listed issues as follows:
- 8.1. **No Separate Entity.** This Interlocal Agreement does not establish a separate legal or administrative entity.
- 8.2. **Financing and Budget.** Financing and budgeting for obligations incurred pursuant to this Interlocal Agreement will be handled by each party as part of their independent budget processes. Each of the parties to this Interlocal Agreement acknowledges that the financial obligations established pursuant to this Interlocal Agreement are related to proprietary functions and will be binding on future Town and City Councils.
- 8.3. **Filing.** Each of the parties shall immediately file a copy of this Interlocal Agreement with the keeper of the records for their respective entities.
- 8.4. **Joint Board.** The parties hereby establish a joint board (the "Joint Board") to administer this cooperative undertaking. The board shall consist of three (3) members. Lindon, Vineyard and Orem shall each appoint one (1) board member to the Joint Board. A party may change its board member at any time and shall notify the other parties in writing when the party changes its board member. The Joint Board shall meet as necessary to discuss the implementation of this Interlocal Agreement and to attempt to resolve any disputes related to this Interlocal Agreement.
- 8.5. **Property.** Each of the parties shall retain ownership of its respective real and personal property. As set forth in this Interlocal Agreement, Orem will own and operate the OWRf and the Orem Sewer Collection System, Lindon will own and operate the Lindon Sewer Collection System, and Vineyard will own and operate the Vineyard Sewer Collection System.

9. Term.

- 9.1. **Initial Term.** The initial term of this Interlocal Agreement shall begin on the date that it is executed by both parties and shall continue until June 30, 2034. This Interlocal Agreement may be terminated before June 30, 2034 as provided in this Interlocal Agreement.
- 9.2. **Renewal Terms.** Upon expiration of the initial term, this Interlocal Agreement shall be automatically renewed for up to five (5) additional terms of five (5) years per term. This Interlocal Agreement shall not be automatically renewed for additional terms if any party gives the other parties at least ninety (90) days' written notice of its intention to terminate this Interlocal Agreement upon expiration of the initial term or upon the expiration of any renewal term. This Interlocal Agreement would then be considered terminated after the last day of the initial term or renewal term. For example, if any party desired to terminate this Interlocal Agreement upon expiration of the first renewal term (on June 30, 2039), the terminating party must provide written notice to the other party at least 90 days before June 30, 2039. If Orem provides notice of an intent to terminate this Interlocal Agreement pursuant to this Section 9.2, the Interlocal Agreement shall terminate as to all parties. If Lindon or Vineyard give written notice of an intent to terminate this Interlocal Agreement pursuant to this Section 9.2, the Interlocal Agreement shall terminate only as to the jurisdiction giving notice, and shall be renewed as between Orem and the remaining jurisdiction which has not given such notice.
- 9.3. **Enforcement After Termination.** Any outstanding obligations, such as the obligation to make payments pursuant to this Interlocal Agreement, may be contractually enforced after the expiration of a term or after termination of this Interlocal Agreement.
10. **Payments and Billing.** For all payment obligations set forth in this Interlocal Agreement that have a defined due date, Lindon and Vineyard agree to pay Orem their respective payments on or before the due date. For all payment obligations set forth in this Interlocal Agreement that do not have a defined due date, Lindon and Vineyard agree to pay Orem their respective payments within thirty (30) days of receiving a bill from Orem.
- 10.1. **Non-payment.** Orem shall be entitled to a monetary judgment against any party failing to make a required payment pursuant to this Interlocal Agreement. The amount of the judgment will include accrued interest on the amount owed. Orem may also avail itself of any other remedy available at law or equity to enforce its rights under this Interlocal Agreement. Notwithstanding any other provision to the contrary, if any payment owed to Orem remains unpaid for a period of more than ninety (90) days past the due date, Orem may, in addition to any other available remedy, including seeking and collecting a monetary judgment, terminate this Interlocal Agreement as to the non-paying party. Before terminating this Interlocal Agreement for non-payment, Orem shall give written notice to the applicable party and thirty (30) days to bring all payments and interest

current. The failure of any resident(s) or business in Lindon or Vineyard to pay sewer fees and/or impact fees when due shall not relieve Lindon or Vineyard of the obligation to make timely payments to Orem.

- 10.2. **Interest.** Interest shall accrue on any payment more than 60 days delinquent at the rate of 12% per annum.

11. **General Provisions.**

- 11.1. **Lawful Agreement.** The parties represent that they have lawfully entered into this Interlocal Agreement, having complied with all relevant statutes, ordinances, resolutions, by-laws and other legal requirements applicable to their operation.
- 11.2. **Utah Law.** This Interlocal Agreement shall be interpreted pursuant to Utah law.
- 11.3. **Time of Essence.** Time shall be of the essence of this Interlocal Agreement.
- 11.4. **Attorney's Fees.** If any party retains, uses or consults an attorney because of the default, breach or failure to perform of any other party to the Interlocal Agreement, or to enforce or defend its rights pursuant to this Interlocal Agreement, then the non-breaching or non-defaulting party shall be entitled to a reasonable attorney's fee, whether or not the matter is actually litigated.
- 11.5. **Interpretation of Interlocal Agreement.** Whenever the context of any provision shall require it, the singular number shall be held to include the plural number, and vice versa, and the use of any gender shall include any other and all genders. The paragraph and section headings in this Interlocal Agreement are for convenience only and do not constitute a part of the provisions hereof.
- 11.6. **No Presumption.** All parties have participated in preparing this Interlocal Agreement. Therefore, the parties stipulate that any Court interpreting or construing the Interlocal Agreement shall not apply the rule of construction that the Interlocal Agreement should be more strictly construed against the drafting party.
- 11.7. **Amendments.** This Interlocal Agreement may be modified or amended by written agreement only. No oral modifications or amendments shall be effective.
- 11.8. **No Assignment.** This Interlocal Agreement shall not be pledged or assigned without the prior written consent of all other parties.
- 11.9. **Binding Agreement.** This Interlocal Agreement shall be binding on the heirs, successors, administrators and assigns of each of the parties.

- 11.10. **Integrated Contract.** The parties acknowledge and agree that this Interlocal Agreement, including the referenced attached exhibits, constitutes a complete integrated contract between the parties and is intended to be the final expression of their agreement.
- 11.11. **Incorporation of Recitals.** The Recitals to this Interlocal Agreement are hereby incorporated into the Covenants section of this Interlocal Agreement as if fully set forth herein.
- 11.12. **Governmental Immunity.** Nothing in this Interlocal Agreement shall be interpreted to limit or restrict the parties respective protections under the Governmental Immunity Act.
- 11.13. **Indemnification.** Orem agrees to provide sewer service to Lindon and Vineyard according to the same standards that it provides such services to Orem residents. Lindon and Vineyard acknowledge and accept that disruptions in service sometimes occur and that Orem will not be liable to Lindon or Vineyard or their respective residents for any such disruptions in service, provided that Orem attempts to resolve the disruption in service according to the same standards that it resolves disruptions in service to the portions of the Orem Sewer Collection System serving Orem residents. Lindon and Vineyard agree to indemnify and hold Orem, its officers, employees, agents and volunteers harmless from and against any claim, suit or damage (1) related to a failure or other problem with their respective Sewer Collection Systems, (2) resulting from a disruption in sewer service to Lindon or Vineyard, (3) in any way related to events that occur within the boundaries of Lindon or Vineyard (such as a backed-up sewer line for a user located in Lindon or Vineyard, or fines assessed against Orem resulting from discharges originating in Lindon or Vineyard), or (4) caused by the make-up of the sewage discharged from Lindon or Vineyard sewer users. Orem will not seek compensation from Lindon or Vineyard for damages caused by the make-up of sewage discharged from Lindon or Vineyard sewer users until Orem has first attempted to collect the money from the entity discharging the sewage. The parties agree to apportion any liabilities incurred by Orem related to occurrences at the OWRF in accordance with the Post-Construction Allocation Percentages. The parties agree to apportion any liabilities incurred by Orem related to occurrences involving a jointly used portion of the Orem Sewer Collection System in accordance with each party's percentage usage of the jointly used portion of the Orem Sewer Collection System. Orem agrees to indemnify and hold Lindon and Vineyard, and their respective officers, employees, agents and volunteers harmless from and against any claim, suit or damage in any way related to like events that occur within the boundaries of Orem (such as a backed-up sewer line in Orem), unless the problem occurring in Orem resulted from an action or inaction in Lindon or Vineyard.
- 11.14. **Easements.** Vineyard hereby grants Orem an easement to use 400 South Street/East Holdaway Road and any other public road in Vineyard to construct, maintain and replace sewer lines designed to serve Orem residents and businesses. Vineyard agrees that Orem may also negotiate and use private easements in Vineyard for such purposes. Orem shall provide notice to Vineyard before negotiating any such private easement. Orem shall not exercise eminent domain in Vineyard to acquire any such private easement without Vineyard's written consent.

11.15. **Notices and Reports.** All notices and reports related to this Interlocal Agreement shall be delivered to the following party representatives. Any party may unilaterally change its designated representative(s) upon written notice to the other parties.

City of Orem

Jim Reams
City Manager
56 North State Street
Orem, UT 84057
(801) 229-7035

and

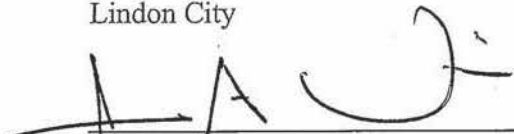
Bruce Chesnut
Public Works Director
56 North State Street
Orem, UT 84057
(801) 229-7506

Lindon

Town of Vineyard

Signed and entered into this 11 day of February, 2010.

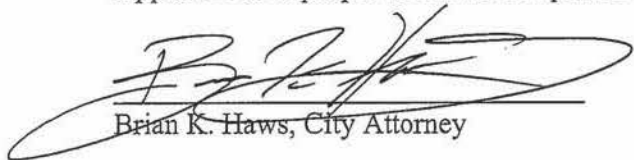
Lindon City


By: James A. Dain, Mayor

ATTEST:

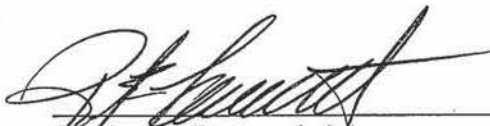

Debra Cullimore, City Recorder

Approved as to proper form and compliance with applicable law:



Brian K. Haws, City Attorney



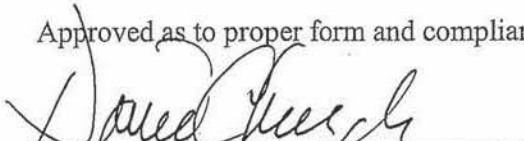
Town of Vineyard


By: Randy Farnworth, Mayor

ATTEST:


Dan Wright, Town Clerk


Approved as to proper form and compliance with applicable law:


David L. Church, Vineyard Town Attorney






City of Orem


By: Jerry C. Washburn, Mayor

ATTEST:


Donna R. Weaver, City Recorder

Approved as to proper form and compliance with applicable law:


Greg W. Stephens, Deputy City Attorney

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Exhibit 'A'

Orem Water Reclamation Facility Expansion Project

Loan Principal, Loan Reserve, Emergency Repair & Replacement, and Supplemental Funds Payment Schedule

February 9, 2010

Loan Payment Number	Payment Due Date	Loan Principal Balance	Loan Principal Payment	Orem's Payment Responsibility					Lindon's Payment Responsibility					Vineyard's Payment Responsibility					Total Payment Summary								
				Loan Principal Payment	Loan Reserve Payment	Emergency Repair & Replacement Payment	Supplemental Funds Payment	Total Annual Payment	Loan Principal Payment	Loan Reserve Payment	Emergency Repair & Replacement Payment	Supplemental Funds Payment	Total Annual Payment	Loan Principal Payment	Loan Reserve Payment	Emergency Repair & Replacement Payment	Supplemental Funds Payment	Total Annual Payment	Loan Principal Payment	Loan Reserve Payment	Emergency Repair & Replacement Payment	Supplemental Funds Payment	Total Annual Payment				
	1-Feb-2011						\$133,143.86	\$133,143.86					\$34,321.53	\$34,321.53				\$16,569.01	\$16,569.01							\$184,034.40	\$184,034.40
	1-Feb-2012						\$133,143.86	\$133,143.86					\$34,321.53	\$34,321.53				\$16,569.01	\$16,569.01							\$184,034.40	\$184,034.40
1	1-Feb-2013	\$11,889,000.00	\$594,000.00	\$429,742.77	\$43,046.62	\$15,916.40	\$133,143.86	\$621,849.65	\$110,778.14	\$11,096.46	\$4,102.89	\$34,321.53	\$160,299.02	\$53,479.10	\$5,356.91	\$1,980.71	\$16,569.01	\$77,385.74	\$594,000.00	\$59,500.00	\$22,000.00	\$184,034.40	\$859,534.40				
2	1-Feb-2014	\$11,295,000.00	\$594,000.00	\$429,742.77	\$43,046.62	\$15,916.40	\$133,143.86	\$621,849.65	\$110,778.14	\$11,096.46	\$4,102.89	\$34,321.53	\$160,299.02	\$53,479.10	\$5,356.91	\$1,980.71	\$16,569.01	\$77,385.74	\$594,000.00	\$59,500.00	\$22,000.00	\$184,034.40	\$859,534.40				
3	1-Feb-2015	\$10,701,000.00	\$594,000.00	\$429,742.77	\$43,046.62	\$15,916.40	\$133,143.86	\$621,849.65	\$110,778.14	\$11,096.46	\$4,102.89	\$34,321.53	\$160,299.02	\$53,479.10	\$5,356.91	\$1,980.71	\$16,569.01	\$77,385.74	\$594,000.00	\$59,500.00	\$22,000.00	\$184,034.40	\$859,534.40				
4	1-Feb-2016	\$10,107,000.00	\$594,000.00	\$429,742.77	\$43,046.62	\$15,916.40		\$488,705.79	\$110,778.14	\$11,096.46	\$4,102.89		\$125,977.49	\$53,479.10	\$5,356.91	\$1,980.71		\$60,816.72	\$594,000.00	\$59,500.00	\$22,000.00		\$675,500.00				
5	1-Feb-2017	\$9,513,000.00	\$594,000.00	\$429,742.77	\$43,046.62	\$15,916.40		\$488,705.79	\$110,778.14	\$11,096.46	\$4,102.89		\$125,977.49	\$53,479.10	\$5,356.91	\$1,980.71		\$60,816.72	\$594,000.00	\$59,500.00	\$22,000.00		\$675,500.00				
6	1-Feb-2018	\$8,919,000.00	\$594,000.00	\$429,742.77	\$43,046.62	\$15,916.40		\$488,705.79	\$110,778.14	\$11,096.46	\$4,102.89		\$125,977.49	\$53,479.10	\$5,356.91	\$1,980.71		\$60,816.72	\$594,000.00	\$59,500.00	\$22,000.00		\$675,500.00				
7	1-Feb-2019	\$8,325,000.00	\$594,000.00	\$429,742.77	\$43,046.62	\$15,916.40		\$488,705.79	\$110,778.14	\$11,096.46	\$4,102.89		\$125,977.49	\$53,479.10	\$5,356.91	\$1,980.71		\$60,816.72	\$594,000.00	\$59,500.00	\$22,000.00		\$675,500.00				
8	1-Feb-2020	\$7,731,000.00	\$594,000.00	\$429,742.77	\$43,046.62	\$15,916.40		\$488,705.79	\$110,778.14	\$11,096.46	\$4,102.89		\$125,977.49	\$53,479.10	\$5,356.91	\$1,980.71		\$60,816.72	\$594,000.00	\$59,500.00	\$22,000.00		\$675,500.00				
9	1-Feb-2021	\$7,137,000.00	\$594,000.00	\$429,742.77	\$43,046.62	\$15,916.40		\$488,705.79	\$110,778.14	\$11,096.46	\$4,102.89		\$125,977.49	\$53,479.10	\$5,356.91	\$1,980.71		\$60,816.72	\$594,000.00	\$59,500.00	\$22,000.00		\$675,500.00				
10	1-Feb-2022	\$6,543,000.00	\$594,000.00	\$429,742.77	\$43,046.62	\$15,916.40		\$488,705.79	\$110,778.14	\$11,096.46	\$4,102.89		\$125,977.49	\$53,479.10	\$5,356.91	\$1,980.71		\$60,816.72	\$594,000.00	\$59,500.00	\$22,000.00		\$675,500.00				
11	1-Feb-2023	\$5,949,000.00	\$594,000.00	\$429,742.77			\$429,742.77		\$110,778.14				\$110,778.14	\$53,479.10				\$53,479.10	\$594,000.00		\$22,000.00		\$675,500.00				
12	1-Feb-2024	\$5,355,000.00	\$595,000.00	\$430,466.24			\$430,466.24		\$110,964.63				\$110,964.63	\$53,569.13				\$53,569.13	\$595,000.00		\$22,000.00		\$675,500.00				
13	1-Feb-2025	\$4,760,000.00	\$595,000.00	\$430,466.24			\$430,466.24		\$110,964.63				\$110,964.63	\$53,569.13				\$53,569.13	\$595,000.00		\$22,000.00		\$675,500.00				
14	1-Feb-2026	\$4,165,000.00	\$595,000.00	\$430,466.24			\$430,466.24		\$110,964.63				\$110,964.63	\$53,569.13				\$53,569.13	\$595,000.00		\$22,000.00		\$675,500.00				
15	1-Feb-2027	\$3,570,000.00	\$595,000.00	\$430,466.24			\$430,466.24		\$110,964.63				\$110,964.63	\$53,569.13				\$53,569.13	\$595,000.00		\$22,000.00		\$675,500.00				
16	1-Feb-2028	\$2,975,000.00	\$595,000.00	\$430,466.24			\$430,466.24		\$110,964.63				\$110,964.63	\$53,569.13				\$53,569.13	\$595,000.00		\$22,000.00		\$675,500.00				
17	1-Feb-2029	\$2,380,000.00	\$595,000.00	\$430,466.24			\$430,466.24		\$110,964.63				\$110,964.63	\$53,569.13				\$53,569.13	\$595,000.00		\$22,000.00		\$675,500.00				
18	1-Feb-2030	\$1,785,000.00	\$595,000.00	\$430,466.24			\$430,466.24		\$110,964.63				\$110,964.63	\$53,569.13				\$53,569.13	\$595,000.00		\$22,000.00		\$675,500.00				
19	1-Feb-2031	\$1,190,000.00	\$595,000.00	\$430,466.24			\$430,466.24		\$110,964.63				\$110,964.63	\$53,569.13				\$53,569.13	\$595,000.00		\$22,000.00		\$675,500.00				
20	1-Feb-2032	\$595,000.00	\$595,000.00	Reserve					Reserve					Reserve					Reserve		\$22,000.00		\$675,500.00				
		\$11,889,000.00		\$8,170,900.32	\$430,466.24	\$159,163.99	\$665,728.29	\$9,426,249.84	\$2,106,276.53	\$110,964.63	\$41,028.94	\$177,607.64	\$2,429,877.74	\$1,016,823.15	\$53,569.13	\$19,807.07	\$82,845.07	\$1,173,044.43	\$11,294,000.00	\$595,000.00	\$220,000.00	\$920,177.00	\$13,029,172.00				

\$1,070,392

APPENDIX C

Lindon's Portion of Future Orem Reclamation Facility Treatment Upgrades



Water Reuse and Nutrient Removal Construction Project

Description	Total
Bid Item 1	
Mobilization / Demobilization	\$500,000
Bid Item 2	
Demolition Work – Removal of surface structures, asphalt, concrete, earth berms, concrete panels, mechanical and electrical equipment, disposal of all spoils	\$215,550
Bid Item 3	
Site excavation, disposal of excavated material and site dewatering including permits	\$954,674
Bid Item 4	
Construction and installation of equipment, site piping, building and site/civil for the new Tertiary Reuse Project excluding the chemical feed pumps	\$637,216
Bid Item 5	
Electrical and Instrumentation and for the Tertiary Reuse Project excluding controls listed in Item No. 6. Included in Item No. 5 will be motor controllers and associated setup/programming	\$11,926,941
Bid Item 6	
Electrical and Instrumentation and for the Tertiary Reuse Project excluding controls listed in Item No. 8. Included in Item No. 7 will be motor controllers and associated setup/programming	\$3,927,549
Bid Item 7	
Utility Power Connection Allowance	\$40,000
Bid Item 8	
Integration services of the control panels as outlined in the SKM Inc. quote. Panels will be provided, installed and wired by the CONTRACTOR.	\$167,965
Bid Item 9	
Tertiary Filter System. Installation of equipment by Contractor to be included in Item 4.	\$1,445,270
Bid Item 10	
QA/QC and Testing	\$76,520
Bid Item 11	
Permit Allowance	\$15,000
Bid Alternate Schedule 1	
Bid Alternate Shchedule 1	\$106,434
Other Costs	
Engineering and Construction Management	\$938,808
Contingency	\$2,000,000
Project Total	\$22,951,927

(If no contingency is used)

\$20,951,927

IF ALL CONTINGENCY IS USED

	<u>Total</u>	<u>Lindon(12.24%)</u>
Reuse (33.3% of total cost)	\$7,650,642	\$0
Tertiary Treatment (66.6% of total cost)	\$15,301,284	\$1,872,877
Lindon portion subtotal		\$1,872,877
Grant Credits		(\$550,000)
Lindon Total		\$1,322,877

APPENDIX D

Estimated Future Project Costs

**Lindon City Capital Facility Plan
Wastewater 10-Year Recommended Improvements
Preliminary Engineers Cost Estimates**

Item	Unit	Unit Price	Quantity	Total Price
10-1. Geneva Road Gravity Line				
Install 12" gravity line	LF	\$ 582	2750	\$ 1,599,840
			Total	\$ 1,599,840
			Engineering & Admin. (10%)	\$ 159,984
			Contingency (10%)	\$ 159,984
			Total to Geneva Road Gravity Line	\$ 1,920,000
10-2. From LS #2 to Anderson Ln down to 150 W Sewer Line				
Install 8" gravity line	LF	\$ 539	910	\$ 490,836
Install 10" gravity line	LF	\$ 559	1400	\$ 782,404
			Total	\$ 1,273,240
			Engineering & Admin. (10%)	\$ 127,324
			Contingency (10%)	\$ 127,324
			Total to From LS #2 to Anderson Ln down to 150 W Sewer Line	\$ 1,528,000
Total Costs				\$ 3,448,000