

**AGREEMENT FOR TREATED
EFFLUENT RATES
BETWEEN
CITY OF RENO, a municipal corporation, and
CITY OF SPARKS, a municipal corporation
AND
TRI GENERAL IMPROVEMENT DISTRICT,
a political subdivision of the State of Nevada**

THIS AGREEMENT (“Agreement”) is made and entered into by and between the City of Sparks (“Sparks”), a municipal corporation; the City of Reno (“Reno”), a municipal corporation (collectively the “Cities”); and TRI General Improvement District (“TRIGID”), a political subdivision of the State of Nevada (collectively the “parties” and each a “party”). The Effective Date of this Agreement is the date upon which the last party to execute it does so.

WHEREAS, in 2017 the parties entered into an Agreement for Treated Effluent (“the Effluent Agreement”) where the Cities agreed to provide treated effluent from the Truckee Meadows Water Reclamation Facility (“TWMRF”) as process water for the TRIGID and its customers within the Tahoe Reno Industrial Center; and

WHEREAS, Article 8 of the Effluent Agreement provides for a rate study to be completed to establish the Base Fee Charge and the Shortage Fee Charge as defined in the Effluent Agreement; and

WHEREAS, Article 8 further provides the established rates can be provided for by agreement of the parties; and

WHEREAS, TRIGID commissioned a rate study, which was performed by Farr West Engineering, now known as DOWL, in July 2022, for the purpose of the parties effectuating Article 8 of the Effluent Agreement (the “Rate Study”). The Rate Study was conducted based on methodologies and principles established by the American Water Works Association (AWWA) in the *Manual of Water Supply Practices M1 – Principles of Water Rates, Fees, and Charges – Manual of Practice No. 27* published by the Water Environment Federation. The rates provided for in this Agreement derive from the Rate Study.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, it is mutually agreed by and between the parties as follows:

Article 1. Base Fee Charge.

The Base Fee Charge is \$1.15 per 1,000 gallons (kgal). This price is comprised of \$0.10 per kgal allocated for TMWRF labor costs, \$0.34 per kgal for electrical costs and \$0.71 per kgal allocated for depreciation.

Article 2. Shortage Fee Charge.

At this time, this fee has been determined to be zero dollars. If the need to revise the Shortage Fee Charge occurs, an amendment to this Agreement will be presented for approval establishing this fee.

Article 3. Payment.

3.1 Cost Reimbursement. Sparks shall invoice TRIGID for the cost of effluent water provided from TMWRF on a monthly basis, and TRIGID shall pay such invoices within thirty (30) days of receipt. The Cities and TRIGID agree to work in good faith to resolve any disputes over reimbursement of invoices, and Sparks agrees to extend the period for payment for a reasonable time period, not to exceed thirty (30) days, if an extension is needed to accommodate the good-faith resolution of any invoice disputes.

3.2 Depreciation Reconciliation. The Base Fee Charge is based on an assumed cumulative yearly delivered flow which incorporates the annual capital depreciation of effluent pumping facilities and equipment. Within one (1) month of the end of Sparks' fiscal year, Sparks will invoice or credit TRIGID for any difference in the depreciation collected as part of the Base Fee Charge over the previous fiscal year. Annual depreciation must total \$115,000 and will be calculated using the proportions outlined in Article 1.

3.3 Electrical True-Up.

The Base Fee Charge is based on an assumed electrical cost of \$0.14 per kilowatt-hour. Energy rates and demand charges vary with use, time of use, and season. To account for the highly inconsistent electrical costs, a yearly true-up of actual electrical costs will be billed within two (2) months of the end of Sparks' fiscal year. Sparks will invoice or credit TRIGID for any difference in the electrical expenses collected as part of the Base Fee Charge over the previous fiscal year. This will be calculated by the following equation:

$$\text{Electrical True Up } (\$) = kWh \text{ Used} * \left(\text{actual rate} \left(\frac{\$}{kWh} \right) - 0.14 \left(\frac{\$}{kWh} \right) \right)$$

where kWh Used is the total kilowatt-hours used over the entire fiscal year and the actual rate is the cumulative total of all electrical bill cost over the fiscal year divided by the total kilowatt-hours during that period.

An electric bill and its associated power usage are considered to be included within a given fiscal year if the end date of the invoice period falls within that fiscal year.

3.4 Cost Reimbursement Between Cities. Sparks will reimburse Reno its proportion of the Base Fee Charge and Shortage Fee Charge per the established flow split percentages. So long as TRIGID has paid Sparks as required by Article 3.1, TRIGID shall have no obligation to pay Reno.

3.5 Fee Adjustments. The TMWRF labor portion of the Base Fee Charge defined in Article 1 shall increase annually by 2.9% commencing on July 1, 2025 and on the 1st day of July every year thereafter. The Base Fee Charge and Shortage Fee Charge may be adjusted by the Directors of the Cities, if necessary, to capture TMWRF actual costs. Such adjustment could be made no more than once every three (3) years this Agreement is in effect and shall be based upon a rate study conducted according to AWWA methodologies and principles.

Article 4. Miscellaneous Provisions.

4.1. Binding Nature. This Agreement shall be binding on and shall inure to the benefit of the parties to this Agreement and their respective heirs, legal representatives, successors and permitted assigns.

4.2 Governing Law. The laws of the State of Nevada shall govern this Agreement without regard to conflicts of law principles. This Agreement shall be construed and interpreted in accordance with the laws of the State of Nevada.

4.3 Duplicate Originals/Counterparts. This Agreement may be executed simultaneously in one or more duplicate originals or counterparts and is binding on a party only when all parties have signed.

4.4 Due Authorization. Each party represents that all required authorizations have been obtained to execute this Agreement and for the compliance with each and every term hereof. Each person signing this Agreement warrants and represents to the other parties that he or she has the actual authority to execute this Agreement and bind the party for whom he or she is signing.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

TRI GENERAL IMPROVEMENT DISTRICT, a political subdivision of the State of Nevada

CITY OF SPARKS, a municipal corporation

By: _____
Julian "Jay" Carmona, President

By: _____
Ed Lawson, Mayor

Date: _____

Date: _____

ATTEST:

Lisa Hunderman, City Clerk

APPROVED AS TO FORM:

Wes Duncan, Sparks City Attorney

CITY OF RENO, a municipal corporation

By: _____
Hillary L. Schieve, Mayor

Date: _____

ATTEST:

By: _____
Mikki Huntsman, City Clerk

APPROVED AS TO FORM

By: _____
Susan Ball Rothe, Deputy City Attorney