

Memorandum of Understanding
June 3, 2014

The Interlocal Agreement (“AGREEMENT”), dated September 17, 2012 by and between the Village of Alburgh (the “VILLAGE”), a Vermont municipality located in Grand Isle County, and South Alburgh Fire District No. 2 (the “DISTRICT”), a fire district located in the Town of Alburgh, shall continue to be the governing document between the two entities.

Information presented below shall represent an understanding between the VILLAGE and DISTRICT of the items discussed and presented at a joint meeting on May 12, 2014, in which the VILLAGE and DISTRICT came to an agreement for the VILLAGE to be responsible for operating the District’s water system in consideration of additional compensation from the DISTRICT as outlined in the revised Exhibit No.’s 2 and 3 of the AGREEMENT, and attached to this document.

1. Construction & Connection

- A. The DISTRICT shall extend its distribution line and shall construct the water system along West Shore Road in accordance with the Project plans, including the installation of a master water meter vault located at the intersection of U.S. Route 2 and West Shore Road. All costs associated with the construction of this water system extension are the financial responsibility of the DISTRICT and its residents.
- B. The VILLAGE shall provide water to the DISTRICT for its use in pressure testing, flushing, disinfecting and ultimately de-chlorinating its water infrastructure for the duration of Construction. The VILLAGE will track the water delivered to the DISTRICT during construction, and bill the DISTRICT for the expense incurred only (water chemicals, electricity, etc.) at an agreed upon rate of not more than \$0.59 per 1,000 gallons.

2. Monitoring, Sampling, Water Quality Testing

- A. The VILLAGE shall provide water quality monitoring and sampling to the extent required by the Drinking Water and Groundwater Protection Division. This regular sampling and testing shall be the financial responsibility of the VILLAGE. The VILLAGE shall notify the DISTRICT of any unacceptable results.
- B. The VILLAGE shall complete daily chlorine residual testing as required by the Drinking Water and Groundwater Protection Division. This regular testing will be the financial responsibility of the VILLAGE. The VILLAGE shall notify the DISTRICT of an unacceptable results.
- C. In the event water quality issues arise, the cause of which is determined to be within the DISTRICT infrastructure, the VILLAGE shall promptly notify the DISTRICT first by phone, and then in writing, and the DISTRICT shall be responsible for any and all repairs, replacement, maintenance, excavation, and construction to return the DISTRICTS infrastructure to a complying condition.

- D. The DISTRICT shall have the ability to work directly with the VILLAGE's water operator (OPERATOR) to obtain the necessary materials, labor and equipment to complete the repair.
- E. The OPERATOR will be responsible for tracking all expenses related directly to either the VILLAGE or DISTRICT separately.
- F. The OPERATOR shall conduct any sampling or testing necessary to document the same at the expense of the DISTRICT. 'Complying condition' shall mean a condition in which potable water can be conveyed through the DISTRICT infrastructure in compliance with applicable drinking water standards, applicable building or life safety codes, and all applicable permits.

3. Village of Alburgh Fees & Charges

- A. During the term of the AGREEMENT, the DISTRICT agrees to be bound by the terms, conditions, and restrictions contained in the current Village of Alburgh Water System Water Ordinance (the "Water Ordinance") as if the DISTRICT was located within the municipal Water Service Area boundaries, and it waives any argument whatsoever that it is not so bound.
- B. In that regard, the DISTRICT agrees, during the term of the AGREEMENT, to receive potable water service only from the VILLAGE during such time as this Agreement is in effect.
- C. The DISTRICT further agrees to pay any and all rates, special charges, and other costs as amended from time to time.
- D. Water delivered to the DISTRICT when the DISTRICT is operating blow-offs and flushing water mains shall be charged to the DISTRICT on the basis of meter measurements at a rate of not more than \$0.59 per 1,000 gallons.

4. Public Notice

- A. The VILLAGE shall be responsible for the issuance of any public notice to the DISTRICT when such notices are required by State and/or Federal regulatory standards.
- B. The DISTRICT shall be responsible for providing public notice to persons served by the DISTRICT infrastructure.

5. Notice of Contamination

- A. The VILLAGE shall provide public notice to the DISTRICT in the event the VILLAGE learns that a violation of drinking water standards exists, if the Secretary of the Agency of Natural Resources determines that a condition exists that may present a risk to public health, or any other time such notice is necessary and/or required by law.
- B. The DISTRICT shall be responsible for providing public notice to persons served by the Fire District.

6. Confidence Reports

- A. The VILLAGE shall provide Consumer Confidence Reports to the DISTRICT directly related to the water quality provided to the residents of the DISTRICT.
- B. The VILLAGE shall provide Consumer Confidence Reports to the residents of the DISTRICT in conformance with the State of Vermont Rules, and shall issue them concurrently with reports issued to the residents of the VILLAGE.

7. Names of Connected Users

- A. Upon request, the DISTRICT shall provide the VILLAGE with a current list of names and mailing addresses for the Prudential Committee members of the DISTRICT.
- B. The DISTRICT shall also provide the VILLAGE with a current list of the names and mailing addresses for all persons served by the water system. However, nothing herein shall obligate the VILLAGE to provide individual notice to persons served by the Fire District.

8. Infrastructure Maintenance on SHARED FACILITIES

- A. In the AGREEMENT, shared facilities have been defined and include the water treatment plant, water storage tank, and distribution main that runs from the treatment plant to the Storage tank and along US Route 2 to West Shore Road.
- B. The VILLAGE and DISTRICT have agreed to share in the cost of improvements to those lines as defined in the Agreement.

9. Infrastructure Maintenance by VILLAGE

- A. The VILLAGE shall be responsible for the overall maintenance of the Alburgh Village water system to the point at which the District's infrastructure connects to the Village's (at the meter assembly). In other words, the VILLAGE shall be responsible for maintaining the components of the Alburgh Village water system up to the Meter assembly and vault.
- B. Any necessary and/or required repairs, improvements, and construction involving the Alburgh Village water system shall be coordinated and overseen by the VILLAGE.

- C. The OPERATOR shall track expenses directly related to the VILLAGE separately from the expenses of the DISTRICT, or of the SHARED FACILITIES. Any and all costs associated with the repairs or improvements shall be the financial responsibility of the VILLAGE and shall not be included for review in the annual review of rates between the VILLAGE and the DISTRICT.

10. Infrastructure Maintenance by DISTRICT

- A. The DISTRICT shall be responsible for the maintenance, repair, and effective operation of the DISTRICT infrastructure and all costs associated therewith.
- B. The DISTRICT infrastructure shall be defined as all water infrastructure and improvements along West Shore Road, including all distribution lines to connected properties that are located before the individual meter assembly, beginning at the master water meter assembly within the valve vault, including but not limited to any related construction, maintenance, repairs, and replacement and testing (other than testing which is the responsibility of the VILLAGE as provided herein) of the components of the DISTRICT's infrastructure, and all costs associated with such work.
- C. In the event of water supply disruption caused directly by distribution faults within, or other malfunctions of, the DISTRICT infrastructure, the DISTRICT shall be responsible for the necessary repairs, excavation, construction, and testing on its premises to return the system to a complying and operational state (as defined above).
- D. The DISTRICT shall provide the VILLAGE with a least seven-day notice of any work related to such a distribution fault or malfunction, but shall at all times remain solely liable to property owners and other affected persons or entities for damages arising from such faults or malfunctions and the work necessary to repair the same.
- E. In the event that the DISTRICT fails or refuses to fulfill its obligations under this line item, the VILLAGE shall have the right to charge the DISTRICT for all water consumed for the duration of the distribution fault or malfunction.
- F. The VILLAGE may have the ability to waive in part or in whole, any large water consumption, directly related to a distribution fault or malfunction within the DISTRICT's infrastructure, resulting in a large water bill, provided that any repair work is coordinated with the OPERATOR, and completed in a timely manner, such that an undue burden will not be placed on the VILLAGE or its residents.
- G. Unpaid bills may be enforced in the same manner as unpaid rates, charges and fees under the Ordinance and 24 V.S.A. §3306.

11. Quantity of Water Supply

- A. The VILLAGE shall be responsible for the overall quantity of water delivered to the DISTRICT. Currently, the VILLAGE has provided an allocation of 27,000 gallons per day to the DISTRICT for average daily consumption over each calendar month.

12. Meters.

- A. The OPERATOR shall record the master meter reading on a daily basis to determine the water usage by the DISTRICT, and shall inform both the DISTRICT and the VILLAGE of any water consumption differing significantly from the average daily consumption.
- B. The OPERATOR shall read the individual water meters for connected properties within the district on at least a quarterly basis to determine the water usage by DISTRICT residents, and shall inform both the property owner and the DISTRICT of any water consumption differing from the average daily consumption.
- C. The OPERATOR shall make note of any defective or malfunctioning meters, and promptly notify the DISTRICT. Any tools, materials, and equipment required for maintenance shall be reviewed with the DISTRICT prior to purchase.
- D. The DISTRICT shall be financially responsible for the repairs completed to water meters and their associated components, but shall have the ability within its ordinance to pass such charges on to owner of the property for which the repair was made.

13. Billing

- A. The VILLAGE shall prepare and submit all bills for water use and all other rates, charges and fees incurred and covered under the DISTRICT's jurisdiction to the individual properties within the DISTRICT.
- B. The VILLAGE shall establish a single account for the DISTRICT and the DISTRICT shall be responsible for all costs associated with said account. Unpaid rates, charges and fees may be enforced in accordance the Ordinance and 24 V.S.A. §3306.
- C. The VILLAGE shall establish sub accounts "ganged" to the single account for the DISTRICT for each property connected to the DISTRICT's water system.
- D. Each connected customer of the DISTRICT system shall be responsible for paying the rates, charges and fees as enforced by the Ordinance, directly to the VILLAGE.
- E. The VILLAGE shall be responsible for depositing the dues paid by customers within the DISTRICT to the DISTRICT's operating account.
- F. The VILLAGE shall be responsible for preparing a quarterly summary of all water consumption with the DISTRICT, including a complete list of all accounts with past due balances.

- G. The VILLAGE will provide the DISTRICT with a list of delinquent water bills, for which the DISTRICT is responsible for collecting.
- H. The DISTRICT will be responsible for hiring their own collector of unpaid water bills, separate from the operating agreement with the VILLAGE.
- I. The DISTRICT will have their own treasurer and associated financial ledger. The DISTRICT and VILLAGE treasurers will be in direct communication throughout the year, regarding the status of the DISTRICT's account.
- J. The DISTRICT will be financially responsible to the VILLAGE for the unpaid delinquent accounts of its users.

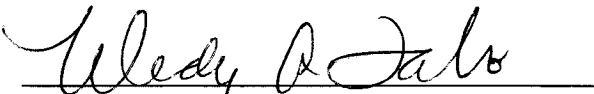
14. Flushing of Water Mains

- A. The OPERATOR shall flush distribution lines within DISTRICT at least twice per year, and shall do so at such times and frequency as to coincide with the VILLAGE's water main flushing schedule.
- B. The OPERATOR shall use good faith efforts to conduct any flushing at such times to reduce the impact to the connected users and residents within the DISTRICT. It is expected that the flushing will be completed in the spring (May) and fall (October) of each year.
- C. Except in case of emergency, if the VILLAGE is required to flush water mains outside of the periods specified above, and such flushing has reasonable potential to impact residents of the DISTRICT, it shall provide the DISTRICT with 30-day advance notice of its intended flushing schedule so that the DISTRICT may plan accordingly.

This Memorandum of Understanding shall be effective upon the signature of authorized officials of the VILLAGE and FIRE DISTRICT and will be evaluated on an annual basis at a joint meeting between the Trustees of the VILLAGE and the prudential committee of the FIRE DISTRICT.

Dated: 6-10-14

BY: VILLAGE OF ALBURGH TRUSTEES


Wendy Tatrow, Chair

Dated: 6-10-14

BY: SOUTH ALBURGH FIRE DISTRICT NO. 2 PRUDENTIAL COMMITTEE

A handwritten signature in cursive script, appearing to read "Paul Hansen", written over a horizontal line.

Paul Hansen, Chair