

WEST SOUND UTILITY DISTRICT
RESOLUTION 507-14

A RESOLUTION OF THE
WEST SOUND UTILITY DISTRICT BOARD OF COMMISSIONERS
AUTHORIZING THE AWARD OF A CONTRACT TO TENELCO, INC. FOR
THE TRANSPORT AND APPLICATION OF CLASS B BIOSOLIDS SERVICES

WHEREAS, in the operation of the South Kitsap Water Reclamation Facility (SKWRF), the District is in need to execute a new service agreement with a qualified firm to transport and apply Class B biosolids that are produced at the Facility; and

WHEREAS, District staff has sought and obtained competitive quotes from three qualified firms to provide SKWRF with the transport and application of Class B biosolids services; and

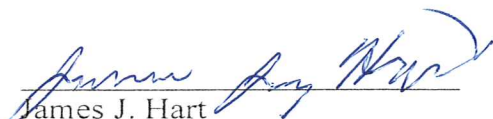
WHEREAS, Tenelco, Inc. has provided the District with the lowest responsible quote of \$52 per wet ton for hauling and disposal of SKWRF's biosolids; NOW THEREFORE,

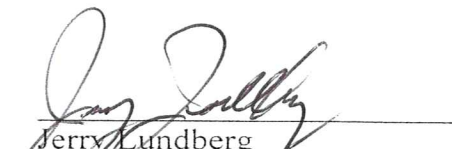
THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT
HEREBY RESOLVES:

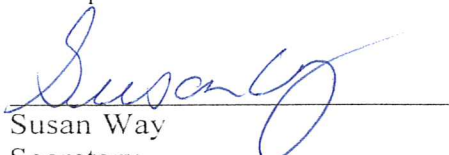
Section 1. West Sound Utility District hereby approves and awards the attached services agreement with Tenelco, Inc. (Exhibit "A"), and further authorizes the General Manager to sign such agreement.

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a regular scheduled meeting on June 16, 2014.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington


James J. Hart
Chairperson


Jerry Lundberg
Vice Chairperson


Susan Way
Secretary

**Services Contract
For the
Transportation and Land Application of Biosolids
And
Other Related Services**

1. Parties. The parties to this contract are West Sound Utility District (Generator), and Tenelco Inc. (Tenelco), a private corporation registered in the State of Washington (UBI 601 553 220), that provides Biosolids Horticultural Services. Tenelco operates a Beneficial Use Facility, as defined in WAC 173-308-080. Tenelco has the ability to perform land application of biosolids in a lawful manner in appropriate sites and has obtained all necessary permits to do so.

2. Biosolids Production and Use. The parties acknowledge and agree that:

- The generator produces sewage sludge in the form of Class B biosolids (biosolids) as a by-product of its sanitary sewage treatment processes.
- The generator desires that its biosolids be used beneficially as defined by WAC 173-350-100, i.e. in a manner that does not pose a threat to human health or the environment.

3. Contract to Transport and Apply Biosolids Beneficially. In consideration of the mutual promises and covenants in this contract and on the terms and conditions of this contract, Tenelco agrees to receive, transport and perform beneficial land applications of the generators biosolids in compliance with federal, state and local laws, rules and regulations.

4. Scope of Services. Tenelco will manage and operate the class B land application program for the Generator, including but not limited to compliance requirements with federal, state, and local laws, rules and regulations necessary therefore. All management activities will be coordinated through the following person:

Cathy Tenold-Eldredge
PMB A-28 621 SR 9 NE
Lake Stevens, WA 98258
Phone 425-397-7770
Email: teri_tenelco@aol.com

5. Tenelco Services. With respect to any Class B biosolids tendered by the Generator to Tenelco, Tenelco shall:

- Take possession of and transport the biosolids to Tenelco facilities or other locations for beneficial use through land application of the biosolids, which may include use thereof on agricultural lands, generally in Eastern Washington as a nutrient based soil amendment or compost ingredient;
- Provide and furnish at Tenelco's cost and expense, all materials, machinery, equipment, tools, superintendence, labor, insurance and other accessories and services necessary to provide the beneficial use services in strict conformance with the conditions and prices stated in this contract;
- Collect and test all necessary soil samples on application sites;

- Provide information to complete all biosolids reports, annual or otherwise, related to the land application as required by any governing agency, including, but not limited to, the State of Washington Department of Ecology (DOE) and the United States Environmental Protection Agency (USEPA);
- Tenelco will maintain in good standing all applicable and necessary permits, licenses and approvals of any federal, state and local government, including and especially a permit to operate a Beneficial Use Facility from the Washington State Department of Ecology;
- Pay all costs for mobilization, demobilization, transportation, and application. This will include all cost associated to fuel, labor, repairs, maintenance, permit fees, insurance and other associated costs.
- Tenelco will transport biosolids in trailers capable of hauling 23-29 wet tons.
- Prior to tender, test the tendered biosolids in accordance with testing procedures that are required by any applicable federal, state and local law and regulations and provide Tenelco all information required by law or that otherwise necessary for Tenelco to use and manage application of the biosolids in a safe, consistent and reliable manner. Such information may include test results that show on a dry ton basis, the level of trace metals and pathogens for which testing is required, the percent of solids by weight, and nitrogen content as expressed in terms of total Kjeldahl nitrogen (TKN), ammonium or ammonia and nitrates and nitrites, and a certification that the biosolids meet at a minimum Class B standards and vector attraction reduction standards as set forth by DOE and USEPA.

6. Tender of Biosolids. The Generator will regularly tender all of its biosolids that, at the sole discretion of the Generator, are intended for land application as defined in WAC 173-308-080 to Tenelco. The Generator shall not be required to tender any biosolids that are not intended for land application. With respect to any biosolids tendered by the Generator to Tenelco, the Generator shall:

- Dewater the biosolids and properly and evenly load the biosolids into transport vehicles provided by Tenelco. The Generator shall use its best efforts to load the biosolids transport vehicles to maximum capacity. (see compensation section);
- Ensure that at the time of tender the tendered biosolids meet federal, state, and local standards that govern biosolids, as they currently exist or are hereafter amended;
- Generator will be responsible for any damages to Tenelco equipment during loading at their cost for repair.

7. Tenelco Warranties. Tenelco warrants and represents that it has sufficient facilities, equipment and personnel who are sufficiently trained, skilled, knowledgeable, and experienced to perform all functions that are reasonably necessary to lawfully and effectively transport biosolids, operate a beneficial use facility, and apply biosolids in a beneficial manner. Tenelco warrants that its equipment and facilities are and will be maintained in a safe condition, and that they are and will be fit for the particular purposes for which they are used or operated. Tenelco warrants that its personnel will work in a prudent and workmanlike manner. In addition, Tenelco warrants that it has a permit to operate a Beneficial Use Facility from the Washington State DOE, and that it shall maintain the permit in good standing. In the event Tenelco's permit is suspended or revoked for any reason without having other permitted options available for biosolids application, Tenelco shall notify the Generator within forty eight (48) hours of the time

of suspension or revocation and the Generator shall have the option of terminating this Agreement immediately.

8. Initial Term and Renewal Term. The initial term of this Agreement shall commence on June ____ 2014 through June ____ 2016 or job completion. This Agreement shall automatically terminate, without liability to the Generator for breach or default for the termination, and without any recourse, remedy or compensation to Tenelco.

9. Compensation for Services. The Generator shall pay Tenelco fifty two dollars (\$52.00) per wet ton for each scale ton of biosolids tendered by the Generator to Tenelco that Tenelco receives, transports and beneficially applies pursuant to the provisions of this contract. In any instance where the Generator loads a transport vehicle with biosolids in excess of its rated maximum weight capacity, then the Generator may remove any excess biosolids or pay any penalties that arise from the excess loading.

10. Adjustment of Compensation. On an annual basis, the parties may renegotiate the price for services on the basis of changes in the annual CPI for Urban Wage Earners and Clerical Workers. Any adjustments based on the CPI shall occur only in whole cents. In the event the parties cannot reach a mutually agreeable compensation adjustment, either party may, upon 180 day advance written notice to the other, terminate this Agreement without any recourse, remedy or compensation to the parties for the termination. During the 180 day termination period, the compensation amounts shall not change.

11. Billing. Tenelco shall provide to the Generator, a billing statement that details the services provided hereunder, including the amount of the Generator's biosolids transported by Tenelco during the billing period, relevant load documentation, and any other information that the Generator may reasonably require. Tenelco shall retain records of billing, costs and other charges pertaining to the Generators account under this agreement for inspection by representatives of the Generator for a period of three (3) years after final payment. Copies of said records shall be made available upon request.

12. Payment. The Generator shall pay Tenelco the above identified compensation within thirty (30) days after Tenelco provides an invoice for such services to the Generator. Any payment not made when due shall accrue interest at the rate of one percent (1%) per month or the highest rate permitted by applicable law, whichever is less.

13. Taxes. Each party shall be responsible for the payment of all taxes of whatever nature and source; to the extent that each party is responsible of any such taxes pursuant to law.

14. Safety. Tenelco shall comply with all applicable safety rules and regulations adopted by the United States Department of Labor Occupational Safety and Health Administration (OSHA) or the Industrial Commission of the State of Washington, whichever is more restrictive. The Generator assumes no duty to insure that Tenelco follows the safety rules and regulations.

15. Regulations, Orders and Conditions. Tenelco shall comply with all applicable state, federal, or local laws, regulations, rules, or any other sources of authority, including, but not

limited to, court orders, administrative rulings, the regulations in WAC 173-308 and 40 CFR Part 503, the conditions of any applicable beneficial use permit, and so forth.

16. Notices. All notices required under this contract shall be personally delivered or mailed by certified or registered mail, postage prepaid to the following address or to such other address as either party shall specify in written notice so given:

Tenelco Inc.:

Generator:

Tenelco Inc.
Cathy Tenold-Eldredge
PMB A-28
621 SR 9 NE
Lake Stevens, WA 98258
425-397-7770
teri_tenelco@aol.com

West Sound Utility District
South Kitsap Reclamation Facility
1165 Beach Drive East
Port Orchard, WA 98366
360-895-2440
rscrews@wsud.us

17. Insurance. Throughout the term of this agreement, Tenelco shall obtain and maintain sufficient levels of liability insurance for bodily injury, death and property damage, and any other insurance that is reasonably necessary to effectuate the purpose of this contract.

18. Assignment. Neither party shall voluntarily assign or otherwise transfer any of its rights, interests or obligations in, to or under this contract without the prior written consent of the other party.

19. Cumulative Rights. The rights and remedies of each party set forth in any provision of this contract are in addition to and do not in any way limit any other rights or remedies afforded to such party by law.

20. Survival. The obligations of the parties under the provisions of this contract that may reasonably be interpreted or construed as surviving the completion, termination or cancellation of this contract shall survive the completion, termination or cancellation of this agreement.

Tenelco Inc.

Dated _____

By: _____
Catherine A Tenold-Eldredge

West Sound Utility District

Dated _____

By: _____
Michael R. Wilson, General Manager