

SECOND AMENDMENT TO AGREEMENT BETWEEN THE LAKE COUNTY
SANITATION DISTRICT AND THE CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT

This amendment to the AGREEMENT is made and entered into this
5th day of June, 2001, between Lake County Sanitation
District, hereinafter referred to as "LACOSAN", and The City of Lakeport Municipal Sewer
District, hereinafter referred to as "CLMSD".

WHEREAS, the parties hereto have previously entered into an Agreement
dated September 12, 1995 for the purposes of providing mutual sewage treatment and
disposal services, and

WHEREAS, the Agreement dated September 12, 1995 was modified by
Amendment 1 approved by LACOSAN and CLMSD in October 1995 to adjust the
boundary of lands served by LACOSAN to include those lands shown in Exhibit "G" of
said Amendment 1; and

WHEREAS, the LACOSAN Northwest Regional Wastewater Treatment
system is currently under a Cease and Desist Order issued by the Central Valley
Regional Water Quality Control Board in 1994, amended in 1996, to correct treatment,
storage, and disposal capacity; and

WHEREAS, said existing Agreement identifies the construction of new
facilities for expansion/additional capacity; and

WHEREAS, LACOSAN has completed the environmental review, finalized
plans and obtained bids for the facility expansion to correct capacity deficiencies and to
accept the sewage flows from the northern portion of CLMSD, and

WHEREAS, LACOSAN has received approval for a six million dollar (\$6,000,000) State Water Resources Control Board (SWRCB) loan to finance the construction of the facility expansion improvements (Basin 2000 Project); and

WHEREAS, the SWRCB loan requires an identified revenue source to demonstrate that the loan can be repaid, and

NOW, THEREFORE, it is mutually agreed by the parties hereto that the September 12, 1995 Agreement is amended as follows:

1. Add to the End of Section II of the Agreement Dated September 12, 1995, the Following Conditions:

12. CLMSD agrees to pay LACOSAN a fee of \$2.00 each month for a replacement fund contribution for each RUE that CLMSD has in the area shown in Exhibit "E" (of the 9/12/95 Agreement), including existing and future accounts. The fee shall be paid to LACOSAN by CLMSD quarterly.
13. CLMSD agrees to pay to LACOSAN a fee of \$7.50 each month for the pro rata repayment of the \$6,000,000 SWRCB loan for the Basin 2000 Project cost for each RUE that CLMSD has in the area shown in Exhibit "E", including existing and future accounts. The fee shall be paid to LACOSAN by CLMSD quarterly.
14. CLMSD and LACOSAN agree that the schedule for payment of the fees described in numbers 12. and 13. above in this Section shall commence on the following dates:

- A. For the RUEs located in the area shown in Exhibit "E" that are currently flowing by gravity to LACOSAN, payment by CLMSD to LACOSAN shall begin immediately after adoption of the proposed CLMSD rate increase which provides for those fees.
- B. For the remaining CLMSD RUEs located in the area shown in Exhibit "E", whose sewer flow is currently being pumped south to the CLMSD treatment facilities, payment by CLMSD to LACOSAN shall begin after the Basin 2000 Project is completed, becomes fully operational, and, in addition, after the adoption of the proposed CLMSD rate increase which provides for those fees.
15. CLMSD and LACOSAN agree that the loan repayment fee shall continue until the \$6,000,000 SWRCB loan is paid off. For RUEs described in 14.A. and 14.B. above CLMSD agrees that the total number of payments to be made shall be equal to the number of payments made for similar accounts in the LACOSAN service area.
16. LACOSAN agrees that the \$7.50/mo. loan repayment fee shall discontinue when the \$6,000,000 SWRCB loan is repaid. The estimated time that the loan repayment fee will be in place is approximately 20 years.
17. LACOSAN agrees that any additional funding obtained by LACOSAN to help pay for the \$6,000,000 SWRCB loan for the Basin 2000 Project shall be used to uniformly reduce the loan repayment amount for both LACOSAN and CLMSD customers.

18. CLMSD agrees that an audit shall be prepared by CLMSD each quarter and submitted to LACOSAN that provides and certifies the following information:

- A. The average number of total RUEs in the area shown in Exhibit "E" for which the \$9.50/mo. is collected.
- B. The total amount collected for the quarter in the area shown in Exhibit "E" for the purposes of repaying the loan.
- C. The total amount collected for the quarter in the area shown in Exhibit "E" for the purposes of contributing to the LACOSAN replacement fund.
- D. The total amount to be paid to LACOSAN for both loan repayment and the replacement fund for the quarter.

19. LACOSAN agrees that an audit shall be prepared by LACOSAN each quarter and submitted to CLMSD that provides and certifies the following information:

- A. The average number of RUEs in the LACOSAN service area (not counting those located in the area delineated in Exhibit "E") served by the Basin 2000 Project for which the loan repayment amount is collected.
- B. The total amount collected from the LACOSAN customers (excluding those located in the area delineated in Exhibit "E") for the purpose of the \$6,000,000 SWRCB loan repayment.

- C. The total amount to be paid to the SWRCB (including the contribution from those located in the area delineated in Exhibit "E") for the repayment of the \$6,000,000 SWRCB loan.

- 20. LACOSAN agrees that all loan repayment revenues received from existing and new services shall be used for the sole purpose of retiring the loan.

2. Delete Section III.2. of the Agreement Dated September 12, 1995, and Replace it With the Following:

- 2. The term of this Agreement shall be twenty-five (25) years from the date of execution of this Amendment 2 by both parties.

Except as specifically modified herein, all other terms and conditions of the September 12, 1995 Agreement and Amendment 1 thereto shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

LAKE COUNTY SANITATION DISTRICT

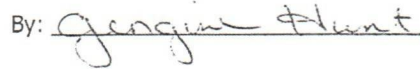

CHAIR, Board of Directors

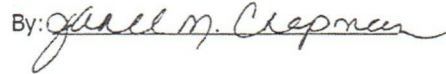
CITY OF LAKEPORT MUNICIPAL
SEWER DISTRICT


CHAIR, Board of Directors

ATTEST: Kelly F. Cox
Clerk of the Board of Supervisors

ATTEST: Janel M. Chapman
City Clerk

By: 

By: 

APPROVED AS TO FORM
Cameron L. Reeves, County Counsel



APPROVED AS TO FORM
Steven J. Brookes, City Attorney

By: 



STEVE B.

U. STEVENSON
2/15/01

CLMSD North RUE Cals
LUSD APN's 26-031-18, 24, 28, 37
Westshore Pool

Basewash water goes to the
sewer

$$\text{Water Usage} = 471600 \text{ ft}^3 / 48 \text{ mos} \\ = 9825 \text{ ft}^3 / \text{mo}$$

$$\text{RUE} = \frac{9825}{800} = 12.3 \text{ RUE}^2$$

Lkpt Elementary School 16.9 RUE²

Clear Lake High School 22.3 RUE²

Tennace School 8.0 RUE²

total 59.5 RUE²

778 total as of 2/15/01

22-141 50 SHEETS
22-142 100 SHEETS
22-144 200 SHEETS



